



EXPERT IQ REPORT: WHY DO STARTUPS FAIL? AN ANALYSIS OF AUTOPSY.IO

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INTRO

When nine out of every ten startups fail, how can a creative team of ambitious entrepreneurs improve their chances of success? Autopsy.io – a site dedicated to failed startups – seeks to help new startups avoid the mistakes made by others. In an effort to gain some insight on key themes of failure, Expert System conducted an analysis of the data submitted to Autopsy.io. Using its Cogito content analysis technology, which works to read, understand and analyze text as humans do, Expert System provides some intelligent insights into the debilitating challenges new startups encounter.

Reasons for Failure:

What are the most common reasons startups fail? Leveraging semantic technology, which works to automatically generate a fast and accurate understanding of text in the proper context, far beyond the limitations of traditional technologies based on keywords or statistics, Expert System determined the top 10 concepts cited when describing failure were Company, Product, Investor, Startup, Money, App, Team, Website, Market, and Client.



Interesting to note that common business factors such as marketing, revenue or employee issues were not among the top 10. Further analysis of the specific words in the sentences including “fail” or “failure” revealed product (15) was mentioned far more often than employee (2), marketing (2), sell (2), and revenue (2) signifying that these factors were not mentioned as predominant reasons for failure.

Post Mortem Mentions:

Further analysis of the most common reasons exposed how often these key topics were brought up or not even brought up at all in the post mortem discussions around startup failures. Data shows that more entries on Autopsy.io include the words money, capital, fund, investor, product, team, and idea, when describing reasons for failure compared to not mentioning these terms at all.

	Mentioned	Not Mentioned
Money or Capital or Fund	67	19
Fail Or Failure	66	20
Product	66	20
Idea	65	21
Team	55	31
Investor or VC	50	36

Keeping it Positive

Entrepreneurs are perpetual optimists it appears, and this holds true when conducting content analysis of their comments with individuals significantly more likely (at a ratio of 3-to-2) to use positive terms than negative terms when discussing their startup failures. In examining the true meaning of their words in context we see a number of positive comments with good (244), great (121), success (77) and opportunity (65) ranking at the top. Further analysis of the content finds sentiment around other positive words such as happy (26), fun (19) and enjoy (13) were less frequent, so while building a startup demonstrates the many business positives, the emotional positives lag far behind.



Where is the Blame?

When analyzing the post-mortem comments to determine the specific reasons for the eventual demise of these companies, entrepreneurs were quick to point out a particular problem (196) that led them to eventually fail (137), failure (95) or failed (28).

Additionally, individuals often recognized their failures admitting to particular mistakes (92), when the business became too difficult (59), or they made a wrong (39) decision.



Actions Speak Volumes

What were these founders trying to do? When describing what they were working to create, four of the top five action words have to do with creating a product (make, build, work, want, start). These failed startups sought to create something new, but did they execute? Words such as launch (102) and sell (80) were mentioned more frequently than deliver (27) and execute (18) suggesting perhaps the aspiration was much bigger than a pure execution. Interesting enough, comments that focused on implement (12), integrate (11) and enable (12) ranked toward the bottom, possibly indicating that many were far from realizing their goal.

Field of Dreams

If you build it, will they really come? Many failed startups have proven that the 'field of dreams' concept rarely works when it comes to taking a product to market. While product (454) was mentioned quite often in the commentary, customers (202) and market (176) were mentioned far less, potentially indicating that there may have been less focus on a true market demand and customer needs and more focus on internal development of a product.

More to Learn

The Autopsy.io site is still fairly new but these collective insights can serve as a valuable source of learnings for entrepreneurs as they go on their startup journey themselves. We will continue to monitor this site and believe its value will increase as more startups are willing to share their lessons learned.

About Expert IQ Reports

Produced using Expert System's Cogito content analysis platform, Expert IQ Reports look to provide deep content analysis from the massive amounts of data from a given current event, person or topic within the enterprise, government, financial, pharmaceutical, and oil and gas industries. Expert IQ Reports look to demonstrate the value of using content analysis technology to automatically generate a fast and accurate understanding of unstructured text, working to read, comprehend and analyze text as humans do by establishing precise connections between not just words, but more importantly, concepts.

About Expert System

Expert System is the semantic software company that specializes in helping organizations gain insight and intelligence from information. Worldwide customers include: Chevron, Eni Group, Eli Lilly, ANSA, Shell, Telecom Italia, Microsoft, Raytheon, US Department of Justice.

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