Greetings YC Founders,

During this week we've done office hours with a large number of YC companies. Th
ask whether they should change their plans around spending, runway, hiring, and fu
on the current state of public markets. What we've told them is that economic dow
huge opportunities for the founders who quickly change their mindset, plan ahead,
company survives.

Here are some thoughts to consider when making your plans:

1. No one cannot predict how bad the economy will get, but things don't look

2. The safe move is to plan for the worst. If the current situation is as bad a
economic downturns, the best way to prepare is to cut costs and extend y
next 30 days. Your goal should be to get to Default Alive.

3. If you don't have the runway to reach default alive and your existing invest
are willing to give you more money right now (even on the same terms as
should strongly consider taking it.

4. Regardless of your ability to fundraise, it's your responsibility to ensure yo
survive if you cannot raise money for the next 24 months.

5. Understand that the poor public market performance of tech companies s
VC investing. VCs will have a much harder time raising money and their L
investment discipline.

   As a result, during economic downturns even the top tier VC funds with a
   down their deployment of capital (lesser funds often stop investing or die)
   competition between funds for deals which results in lower valuations, lo
   many fewer deals completed. In these situations, investors also reserve n
   backstop their best performing companies, which further reduces the num
   financings.

   This slow down will have a disproportionate impact on international comp
   companies, low margin companies, hardtech, and other companies with h
   revenue

revenue.

Note that the numbers of meetings investors take don't decrease in proporti total investment. It's easy to be fooled into thinking a fund is actively investi

6. For those of you who have started your company within the last 5 years, q believe to be the normal fundraising environment. Your fundraising experi not normal and future fundraises will be much more difficult.

7. If you are post Series A and pre-product market fit, don't expect another ro until you have obviously hit product market fit. The Series A Milestones w even turn out to be a bit too low.

8. If your plan is to raise money in the next 6-12 months, you might be raising downturn. Remember that your chances of success are extremely low eve doing well. We recommend you change your plan.

9. Remember, that many of your competitors will not plan well, maintain high out they are screwed when they try to raise their next round. You can ofte market share in an economic downturn by just staying alive.

10. For more thoughts watch this video we've created: Save Your Startup durin Downturn

Best,

YC