

# WHY YOUR TAM IS WRONG

STOP LYING ABOUT  
YOUR MARKET SIZE



# The Big Lie

Top-Down = Wrong Way ⚠

Never start with global market size. It's meaningless for startups.



"Global healthcare is \$8T" tells investors nothing about your opportunity.



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# The Bottom-Up Truth

Start Small, Be Real

Real TAM = (Target Users) x (Realistic Price)  
x (Actual Usage)



10,000 users × \$100/month × 12 months  
= \$12M TAM



# The Red Flags

Signs You're Lying ▶

- "If we get just 1%..."
- "According to Gartner..."
- "Global market size..."
- "Multi-trillion opportunity..."



Dropbox started with "Tech workers in SF" not "Global storage market"

# The Value Rule

Penetration > Size

Better to own 50% of a small market than 1% of a huge one.



Zoom: Started with tech companies, not "global video market"



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# The Growth Path

Expand Later, Not Now

Show how you'll dominate a small market first.  
Then talk expansion.



Amazon: Books first, everything else later.

# The Honest Edge

## Real Numbers Win

- Current customer count
- Actual pricing power
- Real usage data
- Clear expansion path



Shopify: Started with snowboard shops, now powers global commerce.



# The VC Truth

## What Investors Think

- They skip TAM slides
- They do their own math
- They want bottom-up only
- They hate market reports



YC: "Show us real users, not market size"



# The Right Way

## Bottom-Up Formula

1. Count real customers
2. Use actual pricing
3. Show true usage
4. Project realistically



Stripe: Started with YC startups, not "global payments"



# Your TAM Truth

Do:

- Start small
- Show real data
- Build bottom-up
- Prove penetration

Don't:

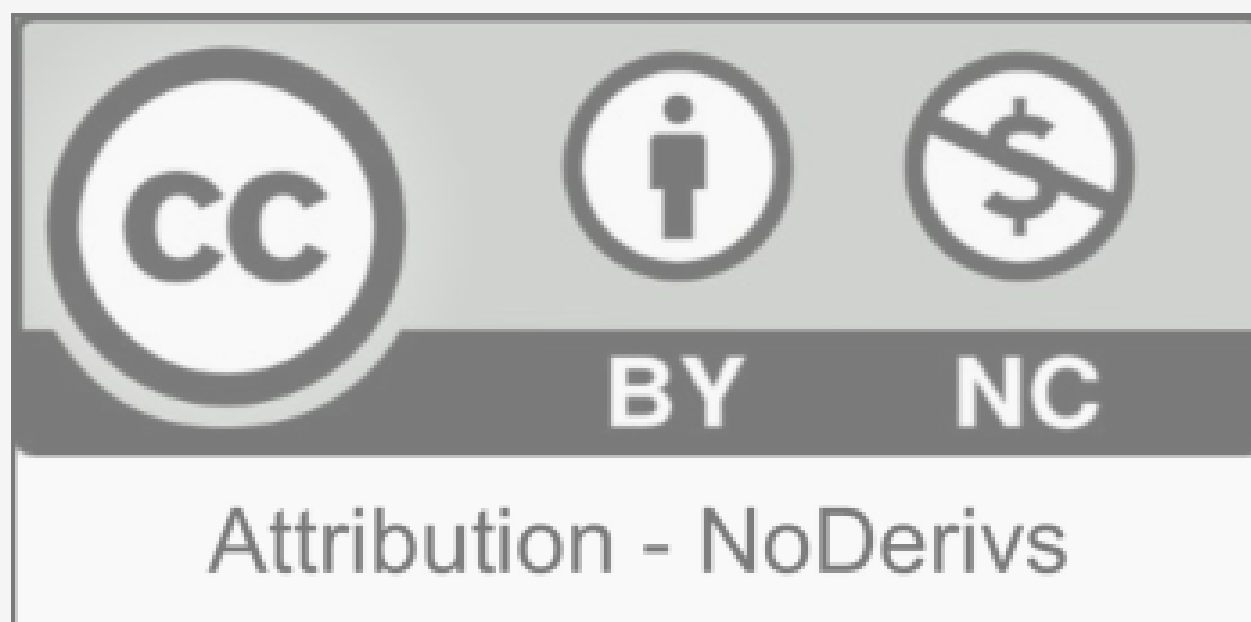
- Quote global markets
- Use "just 1%"
- Cite big reports
- Make assumptions



# PLAIN LANG UAGE



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