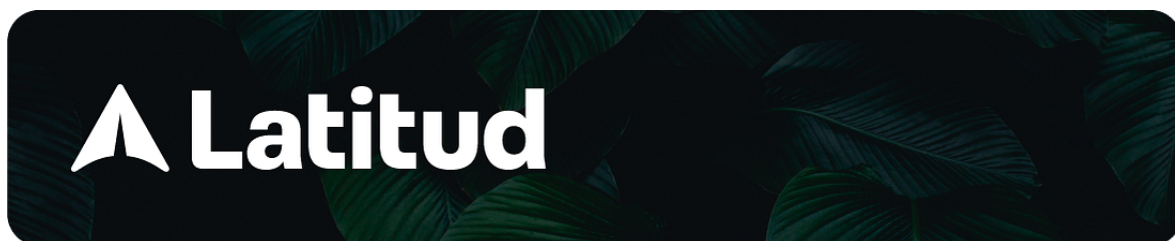


From: Latitud latitudlatam@substack.com
Subject: Nobody believes your TAM
Date: 4 December 2025 at 13:07
To: brutalpip@gmail.com



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Nobody believes your TAM

and that sloppy market sizing might be killing your deals. Check if your math is correct + how to fix it before your next pitch:

LATITUD
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✨ Welcome to the newsletter for LatAm founders **building good sh*t**.
Did someone forward this to you? You must be up to something, huh?

✓ Subscribed

Hey, founder who just screamed WE HAVE A MULTI-BILLION DOLLAR MARKET!!! in your last pitch.

We gotta talk about that ~expensive~ red flag you just waved. 📄 🚩

You know how many decks VCs see every week that open with massive

you know how many decks VCs see every week that open with massive market numbers and zero methodology?

Plenty.

Now, how many make them swipe left?

Even plentier.

Maybe you had all the right pieces (product, traction, even some revenue).

But you failed to communicate 1 critical thing: **that you know wtf you're doing.**

If you haven't sized your market right...

You're playing the startup game blindfolded. Market sizing separates casual dreamers from visionaries.

Now the good news: We asked **Miguel Casares from Aqmen** to break market sizing down for our fellows, and you can have a pocket version of his framework.

Want VCs to stop snoozing in that part of your memo or deck? Here's how:

The 3 Parts of Market Sizing

1. Market Analysis: segments, size, underlying markets, how they'll grow. It tells you where to play.

2. Competitive Landscape: who else is playing and how you position yourself. It helps you find pockets of opportunity and understand if markets are under or over-penetrated.

3. Company Performance: given market and competition, what can you do?

(Finally!) Understanding TAM, SAM, SOM

1. TAM (Total Addressable Market): if everyone would use your product (100% penetration). If you're selling braces, your TAM is everyone who could use braces. Easy peasy!

2. SAM (Serviceable Addressable Market): how many people actually use braces today. That's the number you'd use to calculate market share.

3. SOM (Serviceable Obtainable Market): what's actually obtainable for you. Maybe you're selling braces only in Brazil. Well, China might be the largest market ever... but let's be real that's not obtainable in the short term.

Look at Uber's pitch: Their TAM was the global transportation industry. Their SAM was taxis and limousines in the US. Their SOM was New York and San Francisco. They went **broad on vision, but specific on execution**.

Ok But Like How Does That Apply to Startups?

Sizing the market for a disruptor based on incumbent market share is like sizing the car industry by how many horses there were in 1910.

Story time 🕒: In 1980, AT&T asked McKinsey to assess whether they should go into mobile phones. They concluded there would be 900k users in 20 years, so AT&T decided not to allocate resources to mobile phones

Wellll... McKinsey was wrong. By 100X+. There were around 110M users. AT&T had to acquire McCaw for \$12.6B.

The mistake here: Assuming linear growth on a new technology that was actually exponential.

This is even more true today. With AI, it's uncertain whether the world will go one direction or another. **That makes sizing markets extremely hard.**

The fix? 🛠️

Clearly articulate your market sizing methodology. Show investors

your beliefs, drivers, and how changes can affect projections.

The 6-Step Market Sizing Framework

1. Define Your Market Reach

What's included in your market and what's not? Define your boundaries clearly by setting guardrails.

2. Segment Definition

The market is a cake, and you can cut it in different ways. 🍰 🍰

Cut within a wider market that people can relate to ("I'm tapping into this niche market growing at 36% per year, which is part of this broader market growing at 10%").

3. Define Your Methodology

Will you go top-down or bottom-up? Demand-side or supply-side?

(This is the part where you pretend you're getting it? Hol' up 🙌 :

- **Top-down** starts with a broad number and applies filters to get to your figure. Fast but generic.
- **Bottom-up** builds from granular data on sales by segment, scaling up to the total market. Time-consuming and data-intensive, but accurate and realistic.
- **Supply-side** sizes the market by analyzing how much is sold by existing suppliers. Works better for B2B, especially when there's supplier concentration.
- **Demand-side** sizes the market by analyzing how much is bought by existing customers. Works for B2C or B2B with customer concentration.)

Best practice? Use multiple approaches, including external reports.

4. Derive Assumptions

4. Derive Assumptions

Once you have your structure, establish assumptions for your selected baseline. Aka find **your underlying market + your story inside it.**

This is about quantity drivers (number of companies/people, penetration rates) + price drivers (average spend per segment). Mix public data, surveys, and deeper interviews.

5. Define Trends

Coming up with structure and baseline is the easy part (yeah).

The hardest part is **predicting the future and justifying why your thesis will actually happen.**

That's where we're at now. Form a view of the trends that will impact the market, understanding what levers will be pulled.

6. See Your Expected Growth

Overlaying baseline + trends forms **your view on the historical + expected growth for your market.**

This is your opportunity to build a robust perspective. Find your confidence in where the future is going and what will drive that change... At least, enough to go out there and keep refining it.

Next steps for your market sizing

We'll send you off with the real deal from Miguel.

Market sizing isn't about impressing investors with big numbers. It's about proving you understand where you're going and why you'll win there.

We know. There's too much noise right now. Everyone on LinkedIn thinks they're Steve Jobs. Someone will always seem to be doing what you're doing, and better.

It's not like that. Be focused. Pick something and develop that solution. Trust yourself. You're here for a reason.

The founders who eventually make it aren't the ones with the biggest TAM slides. They're the ones who:

- Put extra effort into structure and get it right from the get-go
- Are thoughtful about their assumptions
- Aren't scared to go niche if that's where the real opportunity lies
- Stay OBSESSIVELY close to their customers
- Trust their gut (while backing it with data)

When you understand your market deeply, you'll know where to play and how to win 🕶.

And pssst, you can start by reading or watching Miguel Casares' full session on market sizing:

Your Intro to Market Sizing

Hot News Ahoy! 🚢

+ Count us in

4 years ago, Jorge Vargas Neto, Fernando Ricco, Vanessa Muglia, and Marcelio Leal saw that giants were asleep and built the future of accounting. Fast forward: **BHub** just closed a **\$10M extension** led by **Next Billion Capital Partners** (with **Valor**, **Monashees** & **Hedosophia** doubling down), **acquired Agrocontar** (Brazil's largest agricultural accounting office), and hit **8,500+ clients with \$28M ARR**. We're proud to have backed them since day one. Day 1 🚀

🧠 Go public or go home

Caetano Lacerda and Raphael Dyxklay did the opposite of every founder

playbook: They built **Barte**'s financial control platform completely in the open as soon as they reached PMF.

The result? **Going from \$1M to \$40M in 2 years.** [In this episode of the Latitud Podcast](#), they break down **how building in public became their moat**, how to separate real feedback from noise, and why admitting you screwed up is actually a competitive advantage.

✨ *Every time you share this newsletter, a founder stops saying it's a huge market without receipts* ✨

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