**Financial Opportunity**

**Return**: Is there a sufficient probability that investing in *this* company will generate the return we seek (baseline for Seed Round: 54% IRR regardless of time)

|  |  |  |  |
| --- | --- | --- | --- |
| **Parameter** | **Measure** | **Show Stopper****Yes / No** | **Deal Killer Yes/No** |
| Proposed Valuation at investment |  |  |  |
| Valuation flexibility |  |  |  |
| Revenue in year 5 (that you believe the company may reach) |  |  |  |
| Market multiple |  |  |  |
| Result |  |  |  |
| Adjusted by subsequent rounds |  |  |  |
| Are you willing to walk away from an overpriced deal? |  |  |  |

**Deal**

|  |  |  |  |
| --- | --- | --- | --- |
| **Parameter** | **Measure** | **Show Stopper****Yes / No** | **Deal Killer Yes/No** |
| Our deal? |  |  |  |
| If other’s, whose? |  |  |  |
| Type of security |  |  |  |
| Governance structure |  |  |  |
| Reporting  |  |  |  |
| Preference |  |  |  |
| Anti-dilution |  |  |  |
| Pro-rata rights |  |  |  |
| Note: Cap |  |  |  |
| Note: Discount |  |  |  |
| Note: Interest Rate |  |  |  |
| Note: Warrants |  |  |  |

**Management**

|  |  |  |  |
| --- | --- | --- | --- |
| **Parameter**  | **Evidence** | **Show Stopper Yes / No** | **Deal Killer Yes/No** |
| Ethical |  |  |  |
| No Legal Entanglements |  |  |  |
| Understands Own Limitations |  |  |  |
| Transparent: Will Continue to Share Information |  |  |  |
| Do they know, not just hypothesize, about the business? |  |  |  |
| Experienced in the business? |  |  |  |
| Do they execute, not just talk? |  |  |  |
| Do they share the wealth: sizeable enough option pool before we invest? |  |  |  |
| Can we work with them? |  |  |  |
| Does management need to control the business? |  |  |  |
| Board composition & assessment |  |  |  |
| Advisory board composition & assessment |  |  |  |
| Have we received all of the information we requested? Including others’ diligence? |  |  |  |
| Overall: Is This a Management Team You Believe In? |  |  |  |

**Market**

**Market Opportunity**

|  |  |  |  |
| --- | --- | --- | --- |
| **Parameter** | **Measure** | **Show Stopper****Yes / No** | **Deal Killer Yes/No** |
| Is the market sufficiently large to enable the business grow to a size big enough to provide the necessary return? |  |  |  |
| Does management truly know the competitive landscape? |  |  |  |
| Do they know what likely competitor moves will be? |  |  |  |

**Go-To-Market Strategy + Execution Plan**

|  |  |  |  |
| --- | --- | --- | --- |
| **Parameter** | **Measure** | **Show Stopper Yes / No** | **Deal Killer Yes/No** |
| Does the company have a clear go-to-market strategy? |  |  |  |
| Do you believe it is a good one? |  |  |  |
| Do you believe they know how their customers buy? |  |  |  |
| Do you believe they can get to their customers? |  |  |  |
| Do you believe they know how to execute the sales & marketing strategy? |  |  |  |
| Do you believe they can execute it? |  |  |  |

**Does the Company Solve a Big Problem for its Customers?**

|  |  |  |  |
| --- | --- | --- | --- |
| **Parameter** | **Measure** | **Show Stopper Yes / No** | **Deal Killer Yes/No** |
| What is the big value add for the customer? |  |  |  |
| Do you believe it matters to the customer? |  |  |  |
| How important is price to the customer value proposition? |  |  |  |
| If price matters significantly, do you believe they can reasonably sell enough units to grow to a sufficient size to make our required return? |  |  |  |
| Who is the first customer group (1-3 years) |  |  |  |
| Is it the right target group? |  |  |  |
| Are there subsequent customers?  |  |  |  |
| Do these make sense? |  |  |  |

**Product**

**IP**: Does the company have valuable IP?

|  |  |  |  |
| --- | --- | --- | --- |
| **Parameter** | **Measure** | **Show Stopper****Yes / No** | **Deal Killer Yes/No** |
| Is IP critical to success (med device) or is customer list the primary valuable? |  |  |  |
| Patents Issued |  |  |  |
| Patents Applied |  |  |  |
| Trade Secrets / Know HowDeal Killer: trade secret as basis for licensing revenue  |  |  |  |
| First mover advantage? |  |  |  |

**Product Itself**

|  |  |  |  |
| --- | --- | --- | --- |
| **Parameter** | **Measure** | **Show Stopper Yes / No** | **Deal Killer Yes/No** |
| Do you have access to product? |  |  |  |
| Did you look at the code or device? |  |  |  |
| Do you believe it works as advertised? |  |  |  |
| Do you think it will scale without a rebuild? |  |  |  |
|  |  |
| **For Manufactured / Assembled Product** |  |  |  |
| What stage is the product? |  |  |  |
| Does the company have a sensible supply chain plan? |  |  |  |
| Who is the small scale manufacturer? What is your assessment of it? |  |  |  |
| Does the company have a sensible fulfillment plan? |  |  |  |

**For Life Science Products**

|  |  |  |  |
| --- | --- | --- | --- |
| **Parameter** | **Measure** | **Show Stopper Yes / No** | **Deal Killer Yes/No** |
| What approval is required? Do you agree with this? |  |  |  |
| What is the plan for obtaining approval from the FDA? (how long, how much?) |  |  |  |
| Where are they in the process? |  |  |  |
| Does the company have competent regulatory advisors? |  |  |  |
| Do reimbursement codes exist? If so, what are they and what are the amounts allowed? If not, what is the plan to obtain them? |  |  |  |
| If no reimbursement codes are planned, do you believe the company’s plan for being paid? |  |  |  |

**Financial**

**Capitalization**

|  |  |  |  |
| --- | --- | --- | --- |
| **Parameter** | **Measure** | **Show Stopper Yes / No** | **Deal Killer Yes/No** |
| How much skin does management have in this game? |  |  |  |
| Is this enough? |  |  |  |
| Is there existing debt other than convertible notes that will convert? |  |  |  |
| How many existing shareholders? |  |  |  |
| What, if any, are issues with existing shareholders? |  |  |  |
| How much cash is in the bank today? |  |  |  |
| What is the burn rate today? |  |  |  |
| How much runway does the company have? |  |  |  |
| What is management compensation? Is this acceptable? |  |  |  |

**Exit Plan**

|  |  |  |  |
| --- | --- | --- | --- |
| **Parameter** | **Measure** | **Show Stopper Yes / No** | **Deal Killer Yes/No** |
| Does the company know who are its likely acquirers? |  |  |  |
| Does the company have contacts at any of them? |  |  |  |
| Do you believe this is the right list? |  |  |  |
| When do you think the company may be acquired? |  |  |  |

**Summary**

I (we) plan to invest (not to invest) for the following reasons: