

Allectus Capital Limited

Pitch and Diligence FAQ

June 2019

This FAQ document is a non-exhaustive list which we would like to discuss as part of your pitch. We will talk through some of these at a general high level in the initial meeting and then drill down during the data room process. We understand you may not have answers to all the questions, especially at Seed level but this provides a good framework for a potential investee company to assess their direction and preparedness for a capital raising process. We would typically see that anyone at a Series A or later level has at least thought of and critically considered, if not addressed, most or all of the points in this list.

For a more detailed discussion of the contents of your pitch deck you can also read the article available [here](#).

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| 1 | Why | Why are you starting your business and what is your vision?

Where do you want to be in 3-5 years?

Why does this matter to you? |
| 2 | Problem / Market | What is the size of the problem?

Is it a big enough problem?

Who are the target consumers / market both locally and globally? |
| 3 | Solution | What is your solution in one sentence?

Why does it solve the problem?

How do you know it solves the problem?

Are you a pre or post-chasm product i.e do people know about your solution and have budget for it? |
| 4 | Value Proposition | What is unique about your company?

What is unique about your team?

What is unique about the timing /opportunity / other? |
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5	Technology	Tell us about the current product
		Tell us about your vision for the future product and the development roadmap
		How hard is it to build your product? What major upgrades need to be completed?
		Are you building your technology in-house and which parts of the value chain do you own and which do you outsource?
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6	Traction	Describe your traction in both commercial KPIs (users, customers) and financial KPIs (\$ revenue, earnings etc)
		Which KPIs do you track and why?
		What is your "North Star" or overall success metric?
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7	Unit Economics	We will go through your financial model at high level in terms of your underlying assumptions for revenue, costs and cashflow
		We will also go through your operational metrics dashboard and test propositions. For SaaS companies, we would hope to see detailed tracking of LTV, CAC, Churn as a minimum
		The metrics we most look at are different for each industry but we want to get a sense of MRR/ARR at a high level and then unit economics for each marginal transaction
		<ul style="list-style-type: none">- How much do you charge for your product?- What is the direct cost to run the product- What variable costs do you incur- Is there a service component or is it software?
		We will also look at working capital and other sales cycle and cashflow related items
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8	Sales & Support	How many sales people and customer success people do you have? What are their roles?
		How does your pricing model and sales cycle work?
		What is your approach to discounting and bespoke projects?
		Do you track NPS and what customer feedback do you receive? Can you share examples of your most positive feedback?
		How do you track your sales pipeline? Do you have a CRM?
		How long is your typical sales cycle?

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- 9 **Customers** Who are your marquee customers? How did you get those customers?
Who would you like to get as a customer?
What ROI or \$ value do your customers receive from your product?
What is your target customer profile and contract value?
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- 10 **Distribution** What marketing and distribution channels do you have?
Are you running a direct or partnership strategy and why have you chosen your partners?
How much do you pay away to partners?
Are you running a white label strategy?
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- 11 **Security & Privacy** What data do you capture as part of your product?
What are the security and privacy implications of your business?
Have you conducted a penetration test? When was it?
Does GDPR or any other privacy and consent legislation apply to you?
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- 12 **Regulatory** What is the regulatory environment for your product and business and your stakeholders / clients?
How do you keep on top of periodic regulatory change?
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- 13 **Risks** What are the main risks to your business plan?
How do you address and mitigate risks as part of your planning process?
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- 14 **Upside** What are the major potential game changing things that could happen to the business? What are you most excited about?
What do you want to add to your business? New products? Data analytics?
How do you see the logical expansion of your business both locally and globally?
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- 15 **Systems** What are your business planning, forecasting and data capture / analysis systems like?
What are your strongest and weakest systems?
How often do you update your business plan and model?
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- 16 **Competitors** Who are your main competitors?
- How far in front do you think you are of your competition?
- What are your competitors doing to solve the problem you are addressing?
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- 17 **Help & Synergies** Are there any investments in our Portfolio that make sense as a meaningful partnership or synergy opportunity?
- How else can we help you?
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- 18 **The Ask** How much is being raised and at what valuation (including post money % of X on a fully diluted basis including options all being exercised)?
- How much of the round is left?
- How much cash/runway do you have and how much runway will this raise give?
- What is the next milestone in the runway (product/ Series A / launch etc?)
- How much have you raised to date, from whom, and at what valuation?
- How much will Founders own?
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- 19 **Legal & Admin** There are a number of other legal and administrative items we will look for in data room diligence, notably around other shareholders, ESOP, previous funding rounds, appropriate setup of companies and jurisdictions and the like. Typically for startups which are new or formed organically (versus via acquisition), these usually are a procedural matter but we will provide guidance and support where we think it would add value to do so
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