



IMPORTANCE OF ADDRESSING RISK

STARTUP FOCUSED VIEW



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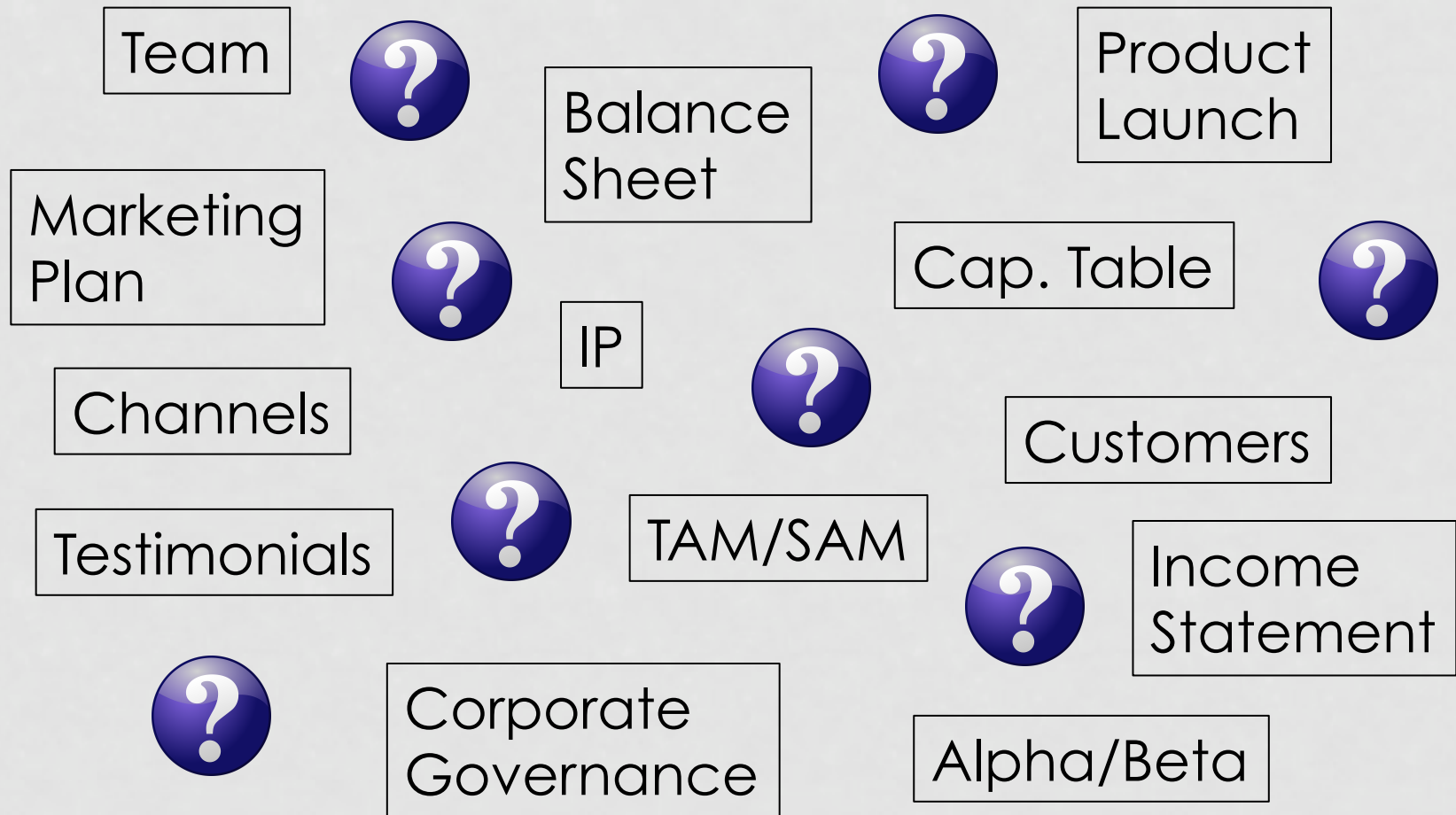
WHY UNDERSTANDING AND ADDRESSING RISK IS SO IMPORTANT

- Investors always search for levels of risk – **Comfort Level**
- Founders should show they understand this - **Experience**
- Understanding levels of risk helps define “stage” - **Fit**
- A well developed risk analysis will shorten cycle - **Time**
- Good risk analysis can show strength - **Investment**
- Participating in effective due diligence - **Success**

INVESTORS ARE LOOKING FOR
EXPERIENCE AND CONFIDENCE



RISK AND DUE DILIGENCE



TYPICAL QUESTIONS RELATING TO RISK

- Do you have the right team to execute your plan?
- What is your Corporate Governance Structure?
- What is your Intellectual Property Strategy?
- How “clean” is your Cap. Table?
- At what stage is your solution (Alpha/Beta/Product ready)?
- Do you have a family of products/solutions?
- What is the competitive nature of your industry?
- How much are you raising and why?

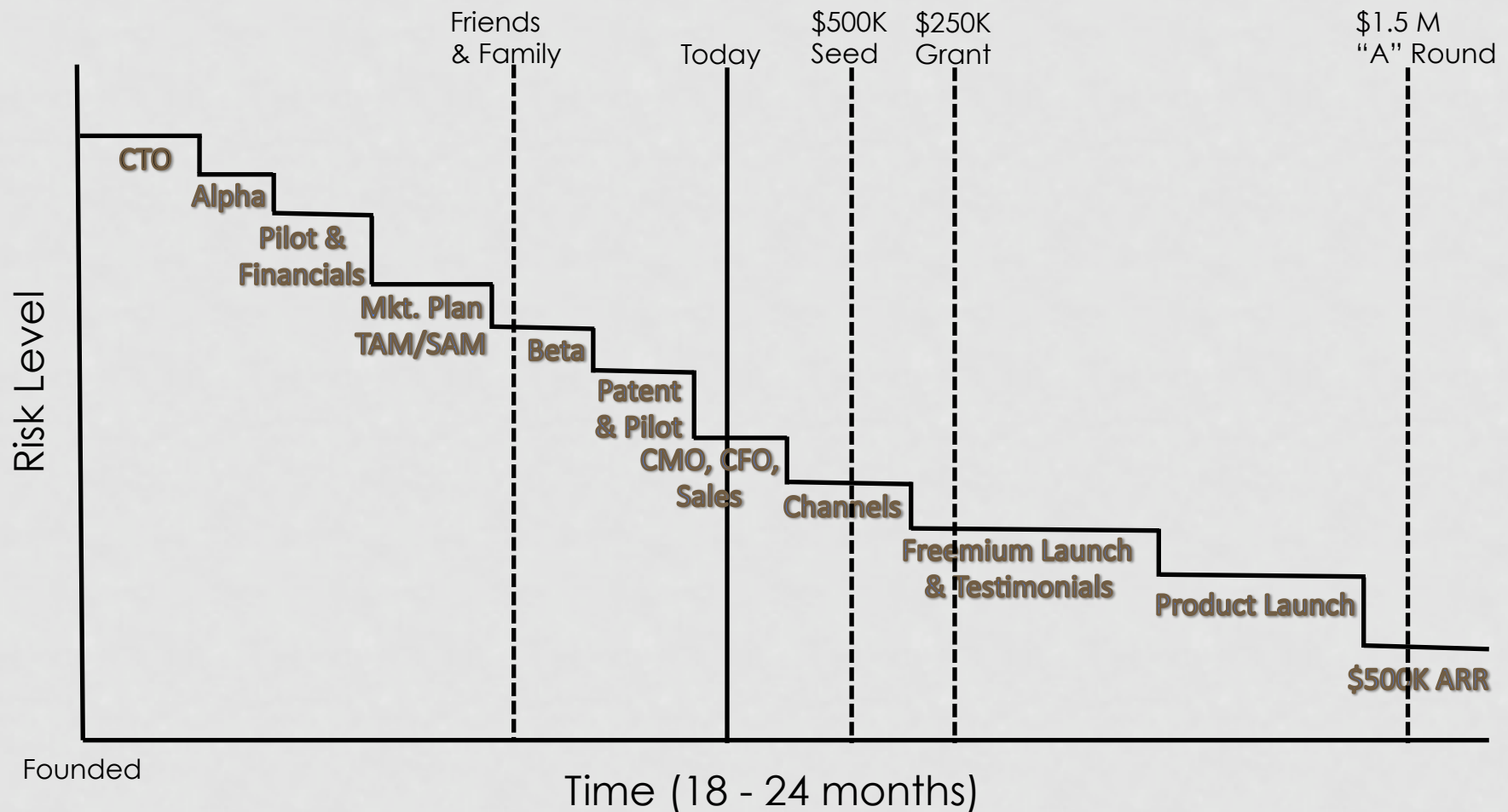
TYPICAL QUESTIONS RELATING TO RISK

- How big is your Total Available Market (TAM), Serviceable Available Market (SAM) and Serviceable Obtainable Market (SOM)?
- What is your Marketing and Sales plan? Channels?
- Do you have customers? Pilots? Strategic Partners?
- What do your financial forecasts look like? Revenues? Margin? EBITDA?
- When will you reach \$500K ARR?
- What is your exit strategy? Acquisition? IPO?

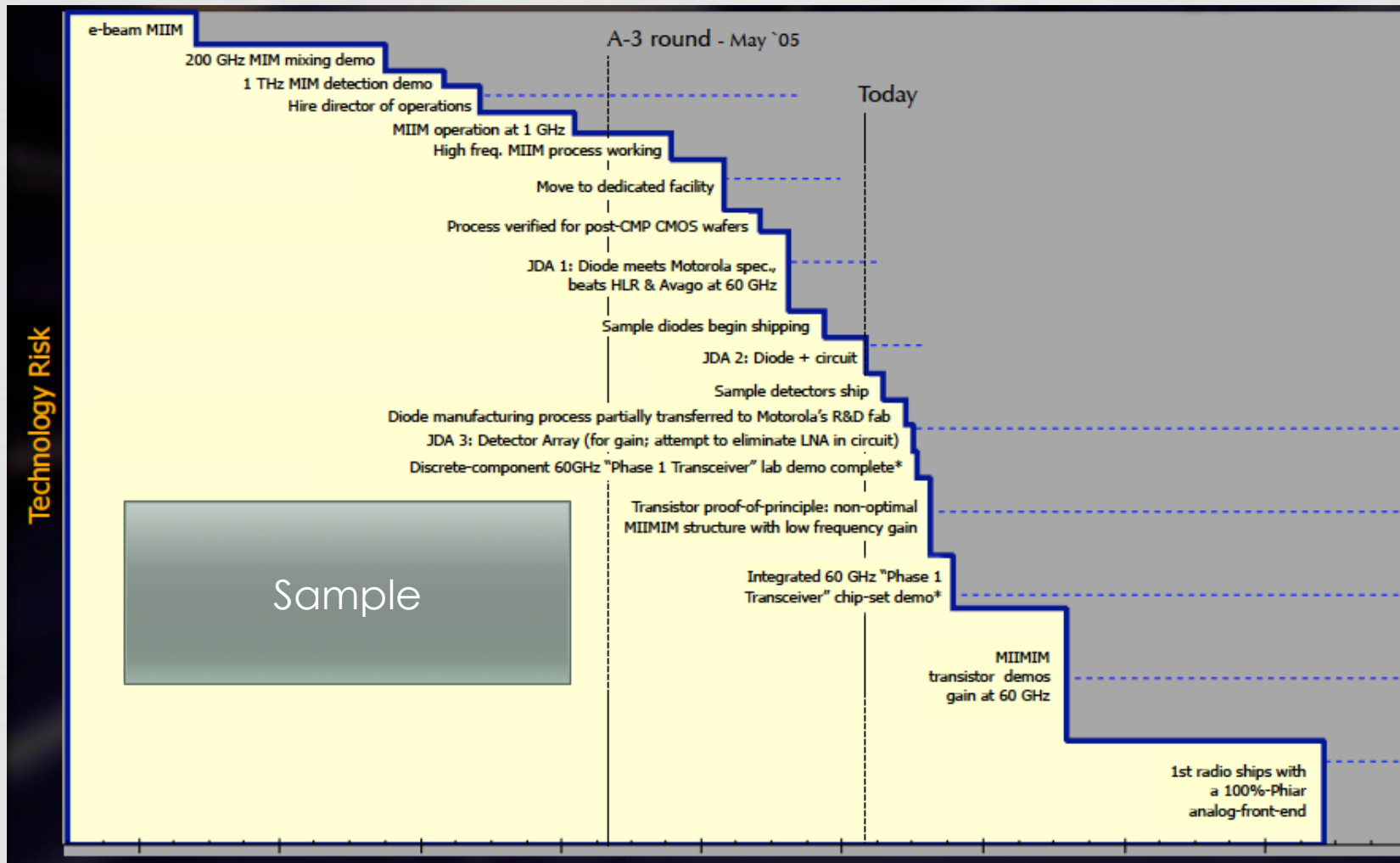
HOW DO I SHOW THAT WE ARE REDUCING “RISK”?



SIMPLE “BUSINESS” RISK REDUCTION TOOL



ACTUAL "TECHNOLOGY RISK" CHART



GET A SOLID HANDLE ON RISK



ADDRESS RISK AND BE SUCCESSFUL!

