**Due Diligence Report Template for Early Stage Investors**

**Company:** {Company Name}

**CEO:** {CEO Name}

**Report Date:** {Date}

**Company Description:**

{Insert 1-2 paragraph summary description of company and its market here}

**Due Diligence Assessment:**

{This section is the heart of the due diligence report. For each topic, we provide you with example questions that make for appropriate areas to discuss in the remarks column. This report template is deliberately designed as a table to force the authors to be concise. It’s important to be succinct in your diligence findings summary. Otherwise, you will end up with a long report that investors won’t read through, thus defeating the purpose of the report. If you have important detail or documents that you feel must be included in your findings, you can make them into appendices and refer to them in the report, but can be a slippery slope toward an excessively long package. A better approach is to keep primary research materials and memos in a cloud folder you can make available to the minority of investors who want more detail.}

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| **Topic** | **Rating** | **Remarks** |
| Investment Thesis | [see below] | This section is where you explain the overall logic of the investment and characterize how it is that investors will make money. Questions you may want to cover here include:  Is this a billion dollar IPO opportunity or is it more likely to be acquired for under $50M? Or something in between?  Are there limited number of risks that can be mitigated or is this a moonshot deal with big risk and potentially big reward?  Will it take 10 years to complete the product and get FDA approval, or could this company be acquired in the first couple of years by a big competitor? |
| What Needs To Be Believed (WNTBB) | [see below] | This section is where you boil down all of the key risks that need to be assumed in order to invest (see [companion eBook](http://land.seraf-investor.com/due-diligence-toolbox/) for more detail). If an investor cannot make peace with or cannot believe an item on this list can be overcome, she should not invest. Example WNTBBs might include:  That this market can be disrupted.  That enough customers will find this essential at this price point.  That the company will be successful in transitioning from current niche to mainstream.  That the company can build out a successful go to market plan and demonstrate traction on this round size.  That this management team can scale to pull this off.  That the company can achieve market share before the large competitors crowd them out. |
| Failure Risk | [see below] | This section is where you talk about the main weaknesses in the plan and the degree to which they are mitigated.  If this company fails is it likely for lack of capitalization, inability to make the technology work, competition? |
| Leadership Assessment | [see below] | This section is where you discuss your assessment of the management team. Questions you may want to cover here include:  Does the CEO possess the experience and leadership abilities to succeed?  Do they have skills for where they are going, as opposed to where they have been?  Do the CEO and team have a proven track record?  Does the team possess the appropriate balance of experience and skill sets?  Are the board members and advisors suitable and committed?  What key hires are needed to address gaps? |
| Technology, IP and Product Roadmap | [see below] | This section is where you discuss your assessment of the technology and technology risk as well as the IP situation. Questions you may want to cover here include:  Is the technical team qualified and experienced?  How strong are the technology and IP positions?  Is there a product roadmap and is it achievable?  What are the remaining risks related to technology, IP and product roadmap?  Are their superior technologies on the near term horizon? |
| Customer Need and Go-To-Market Plan | [see below] | This section is where you discuss your assessment of the plan to take the product to market. Questions you may want to cover here include:  Is the GTM plan sufficiently detailed?  Are the assumptions, including required level of sales spend and time lines reasonable?  Is the sales pipeline adequate, and are key metrics for adoption rate, conversion rates, etc. conservative?  Do customers confirm the need and likely adoption rates?  Beyond verifying some demand, do we understand the customers buying priorities? Is this Oxygen, Aspirin or Jewelry?  What are the major risks in marketing awareness, customer adoption rates and sales cycle? |
| Uniqueness and Competition | [see below] | This section is where you discuss your assessment of the overall competitiveness and defensibility of the offering. Questions you may want to cover here include:  Is the company well positioned with respect to current and likely future competitors?  Is the founding team well-informed about their market and industry? Do they have a good competitive sense, or are they unaware of key issues?  What are the major risks in marketing awareness, customer adoption rates and sales cycle? |
| Market Size and Market Opportunity | [see below] | This section is where you discuss your assessment of the actual addressable market. Questions you may want to cover here include:  Are the top-down and bottoms-up market estimates consistent and attractive?  Are the market share projections reasonable?  What are the remaining risks in market development? |
| Financial Projections and Funding Strategy | [see below] | This section is where you discuss your assessment of the financial plan and capital raising strategy. Questions you may want to cover here include:  Does the balance sheet make sense, and are there any showstopper issues?  Are the financial projections reasonable and conservative in light of past performance?  What are the implications of variances in key assumptions?  Is the future financing risk manageable?  What are remaining financial risks?  Are the assumptions about scaling expense (e.g. G&A, etc.) reasonable, or is the model unrealistic? |
| Exit Strategy | [see below] | This section is where you discuss your assessment of the likely exit opportunities. Questions you may want to cover here include:  Is there alignment with the CEO and team on exit goals?  Is the exit strategy reasonable?  Is the assumed timeline reasonable?  What exit multiples can be predicted under representative scenarios?  Does the CEO know people in the industry? Is he/she a networker who will make the relationships and do the thought-leadership necessary to get a buyer interested? |
| Deal Terms and Payoff | [see below] | This section is where you summarize the relationship between the deal terms in the termsheet and the expected investor return. Questions you may want to cover here include:  Is this a low valuation, high risk deal, or a high valuation, low risk deal?  Does the termsheet include specific terms intended to protect this round of investors?  Can you show the desired return multiple based on exit multiples for comparable companies? |

**Individual Assessments:**

{This section of the report is designed to allow each member of the due diligence team to provide some short feedback on their personal opinion of the investment opportunity. You shouldn’t expect everyone’s assessment to be positive. In fact, it’s important to have at least one or two dissenting opinions to add balance to the report. And, make sure to ask for succinct summary comments. It is especially helpful if each commenter ends their comments with a note about whether they plan to invest and why/why not.}

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| **Team Member** | **Rating** | **Summary Remarks** |
| Name 1 | + |  |
| Name 2 | 0 |  |
| Name 3 | ++ |  |

**Rating Key**

**(++) = Very Positive (+) = Positive (0) = Neutral**

**(–) = Negative but issues can be overcome**

**( / )Very Negative, issues cannot be overcome**



This Due Diligence Report Template is designed to result in a short, readable due diligence report. Our goal is to provide our investors with a 2 to 4 page summary report that is readable and comprehensive. It covers all the main areas in diligence and provides the author(s) with a structured approach. We receive very positive feedback on this streamlined diligence template and recommend that investment organizations consider adopting something like it as their standard.

This Due Diligence Report Template is brought to you by Seraf, which is committed to increasing the professionalism of early-stage investing. Seraf is a web-based portfolio management tool for investors in early stage companies. Seraf’s intuitive dashboard gives investors the power to organize all of their early stage activities in one online workspace. To learn more, visit [Seraf-Investor.com](https://seraf-investor.com/).

Anyone is free to use this Google Doc. It is designed to be used in conjunction with our companion eBook. [Stones Unturned: An Investor's Guide to Due Diligence in Early Stage Companies](http://land.seraf-investor.com/due-diligence-toolbox/).

If you want to learn more about angel investing, check out these other resources. <https://seraf-investor.com/compass>