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Presents

**Valuation  
and getting ready for  
Investor Due Diligence**

April 25, 2020  
Aryn Somani  
Angeleca Capital Group



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# INTRODUCTION

## Before:

- Executive management roles as VP/Director/Head of: Customer Service, Finance, HR, IT, Operations, Sales, Marketing
- Board Governance for the community and companies less than \$1 million to over \$3 billion in assets

## Later:

- 5x Startup Founder
- First exit took six years

## Now:

- Business advisor to companies small & large, via Angeleca/BDC/Volition
- Angel investor
- Tech strategy advisor & vCIO



**Aryn Somani**

# Ask the Audience

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What stage are you at  
with your start-up?

# SHOULD YOU FUNDRAISE?

- ❖ **WHAT DO YOU WANT TO ACHIEVE?**
- ❖ **WHAT DOES SUCCESS LOOK LIKE?**



# SHOULD YOU FUNDRAISE?

- ❖ ARE YOU OPEN TO GIVING UP EQUITY/OWNERSHIP?
- ❖ CAN YOU GET CUSTOMERS TO PAY FOR IT?
- ❖ HOW FAST DO YOU NEED TO SCALE?



# WHAT DO YOU WANT TO ACHIEVE?



# Ask the Audience

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What is the most important thing you want to achieve by Fundraising?



# Ask the Audience

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What is the value of your  
company today?

# Ask the Audience

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What will the value of your company be a year from now?

# Ask the Audience

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How did you come up with your valuation number for the last question?



## INVESTOR EXPECTATIONS

Each tick is a de-risk

The more you de-risk the  
opportunity the better  
your chances

# VALUATION

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## **MOST COMMON APPROACHES**

## DCF

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Company Value =  
Net Present Value of FCF

Free Cash Flow to Firm =  
EBIT x (1 - Tax%)  
+ Depreciation and Amortization  
- Net capital expenditure  
- Increase in working capital

# Multiples Or Peer-Value Approach

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Find comparable exits  
Then values the company  
based on metrics such as:  
Top Line Revenue  
EBITDA  
Customer Metrics

## VC Method

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Based on the Peer Method Approach

First calculate valuation

Discount for dilution

Discount for risk



## Other Methods

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First Chicago Method (best, base worst)

Profitability Index  
(aka Value Investment |Ratio)  
– calculated the current value of return  
on each unit invested

+ Others

# Valuation

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## Q&A

# DUE DILIGENCE

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**HAVE YOUR  
DUE DILIGENCE  
DATA ROOM READY**

# Ask the Audience

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When should you start working on  
your Due Diligence Data Room?

## TOPIC ONE

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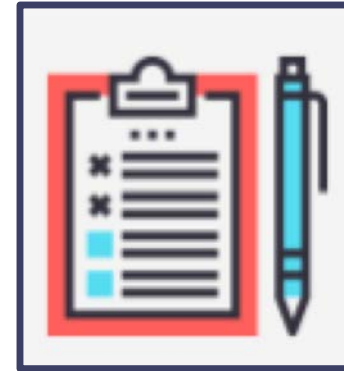
### **BUSINESS PLAN & PITCH DECK**



## TOPIC ONE

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### **INCORPORATION & LEGAL DOCUMENTS**



## TOPIC THREE

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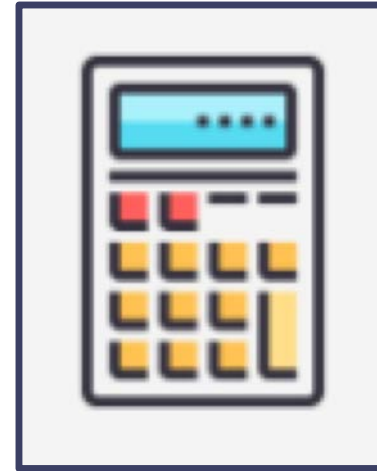
### HR & ADVISOR INFORMATION



## TOPIC FOUR

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### FINANCIAL INFORMATION



## TOPIC FIVE

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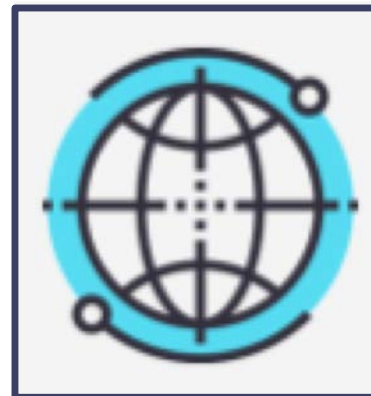
### INVESTOR & SHAREHOLDER INFORMATION



## TOPIC SIX

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### INTELLECTUAL PROPERTY



## TOPIC SEVEN

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### **CUSTOMER & SALES INFORMATION**



## TOPIC EIGHT

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### **TERM SHEET & SUBSCRIPTION AGREEMENT**





# Investor DD Readiness

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## Q&A

READY TO PRACTICE YOUR PITCH?  
or  
NEED MORE HELP?

## **VIRTUAL PITCH NIGHT**

APR 28

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## **VALUATION WORKSHOP**

Next Session TBD

Get on the list at [volitionadvisors.com](https://volitionadvisors.com)



# Prize Time!



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# Thank you.

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