ABSTRACT

The Baylor Angel Network: Angel Investing in Early Stage Startups

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Angel investing constitutes an alternative asset in the portfolios of many high net worth individuals. Although angel networks are relatively uncommon, the Baylor Angel Network provides a unique value proposition to not only Baylor University, the students and faculty, but also the entrepreneurs looking for funding. This thesis follows the work of two Senior Analysts within the Baylor Angel Network, and their coverage of entrepreneur pitches for funding, as well as review of portfolio companies for investor screening.

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THE BAYLOR ANGEL NETWORK: ANGEL INVESTING IN EARLY STAGE STARTUPS

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By

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PART I

Introduction

The Baylor Angel Network provides an internship opportunity available to high achieving students within the Hankamer School of Business at Baylor University. The Baylor Angel Network (BAN) is unique in the value proposition it offers four parties: the individual angel investors, the student interns (typically referred to as analysts), the entrepreneurs looking for financing and Baylor University. As a student analyst interning for BAN, there is a steep learning curve that demands a commitment to the educational experience and large workload. This thesis seeks first to define and describe the four aforementioned parties and the role of BAN in the angel investing process while also providing a summary of the students' experience as analysts with BAN.

Each of the four parties involved in BAN have a unique and critical role to play in the angel investing process. Angel investors are ultimately seeking an alternative asset in their personal portfolio for diversification purposes. Additionally, a typical angel frequently identifies venture investing as a means to maintain a more active involvement in their investment of a portfolio company. Due to the highly speculative nature of early venture financing, angels are typically wealthy individuals desiring high returns on their investments. Angel investors are dynamic and independent individuals, and their participation in early venture financing plays a critical role in the entrepreneurial foundation of the economy.

Angels provide a critical source of financing with respect to their capital contributions for entrepreneurial ventures. From our experience, we have seen angels invest $10,000 to $100,000 per investment round. Although there is relatively little data on angels and their investing habits, the development of angel networks has facilitated not only the early venture investment process, but also the ability to collectively provide better information on angel networks.

An angel network is a group of angel investors who form an association with the purpose of promoting efficiencies through collaboration. The establishment of angel networks provides a better deal source for angels searching for better and more diverse deals. Additionally, by networking with other angels, individuals are better able to effectively assess specific deals by relying on the individual expertise of the other angels in the network. In addition to providing a more effective process for angels through collaboration, angel networks are also a more efficient source of funds. For example, the median investment from an angel network in 2011 was $700,000, and the average was $1,110,000 (Dickey, Walsh, and Sanwal, 2012). This is because the network allows entrepreneurs to solicit funds from many angel investors at one time. On a basic level, BAN functions as an angel network; however, it contrasts other networks in its approach to the investing process.

BAN currently has more than forty angels and multiple fellows involved in the network. These angels and fellows have broad and diverse industry experience that significantly contributes to the overall effectiveness of the deal process. In addition to bringing their experience and skill set in the deal screening process, many of the angels also mentor analysts during their internship. This mentorship is highly rewarding as an analyst responsible for screening (typically referred to as "covering") the respective companies because the angels offer a unique understanding of the application companies. The mentorship between the angel and analyst focuses on a particular company engaged in the screening process. An angel with expertise in the general space of the deal typically volunteers himself or herself to participate in the initial conference call in which the analyst speaks with the entrepreneur and develops an understanding of the deal. Often times, the analyst and angel will follow-up and discuss their respective thoughts regarding the deal, and from this the analyst will develop his or her objective summary of the deal to present to the Screening Committee. The analysts' role with BAN is highly unique and pivotal to the function of the network.

The analyst responsibilities with BAN are separated into two specific roles: the Junior Analyst and the Senior Analyst. The Senior Analyst maintains the burden of the operational responsibilities with BAN, and is primarily responsible for the following activities: deal screening, event planning, member engagement and analyst recruitment. The Junior Analyst role functions as an avenue for new analysts to develop a better understanding of the nature of BAN. Additionally, the responsibilities of Junior Analysts are less significant as they are required to take, or have previously taken, Entrepreneurial Finance, maintain a minimum 3.5 grade point average and shadow the Senior Analysts. The most significant value added by the analysts revolves around their role in the deal screening process.

The BAN deal screening process greatly differs from those of other angel networks throughout Texas. For example, The Central Texas Angel Network, another established angel network in central Texas, has a more traditional model where companies are asked to go through a brief five-minute pitch or elevator speech occurring after the company has been screened. Following the initial pitch, companies will be further evaluated upon which decisions will be made regarding whether or not the company is appropriate to invite for a full presentation. BAN is different in that the analysts develop a deeper understanding of individual companies and then make a presentation to the Screening Committee. The process was created to cultivate discussion directly between investors and entrepreneurs. This directly benefits the entrepreneur by providing more opportunity for direct feedback from angel investors. At the completion of the Screening Committee call, the angels choose four to five companies they want to bring to the presentation meeting to hear a pitch.

Typically the presentation meeting occurs one week after the Screening Committee Call. Each year there are four presentation meetings that take place in Dallas, Houston or Waco. At these meetings, the entrepreneurs are given fifteen minutes to pitch their company immediately followed by a fifteen minute question and answer session for the angels to better understand the deal. The analyst engagement at the presentation meetings is typically passive in that they are not actively engaged in the interactions with entrepreneurs. However, the analysts are also responsible for ensuring the meetings run in a smooth and time sensitive manner. Immediately following the presentation meetings, the Board for BAN will meet to discuss the strategic plan for the future. Analysts are present for these meetings, and are at times asked to provide feedback concerning BAN and its effectiveness of engaging the analysts in the process. The presentation meetings function as the climax of the analysts' concerted screening efforts, and the angels determine whether or not to move into due diligence with the prospective companies following the interest generated by the pitches.

Following the presentation meeting, the Executive Director of BAN will collect soft commitments for each individual investment. For example, if five companies present to forty Angels, there might be $100,000 of soft interest in each deal. This type of soft interest in investment may be more typical for a larger network operating at full capacity. BAN is still relatively new, however, and observed soft interest will typically be lower per investment cycle. If there is sufficient interest in an individual deal after collecting soft commitments, angels will begin to proceed with further research. This part of the investment process involves an extremely detailed assessment of the specifics of each company, often referred to as "due diligence." Inherent to this element of the investment process is a detailed analysis of legal documentation pertaining to each deal with the sole intention of establishing an understanding of the true nature of the prospective investment. By the end of the due diligence process, the angels and entrepreneur will engage in the term sheet negotiations pertaining to the impending investment.

The term sheet is a document that details the nature of the investment and relevant legal terms associated with the offering. BAN has developed a standard term sheet that communicates key information important to its angels. The most important term for the vast majority of the angels involved in BAN is the pre-money value, which is the value of the company seeking investment. Often times, BAN will screen companies of pre-money values less than four million dollars; however, occasionally there will be a deal in excess of the aforementioned value. Additionally, another important term to BAN's angels is the makeup of the Board of Directors of a prospective investment, because this represents an executive control of the company. Often times, a round of investment will receive a board member as stipulated in the term sheet. Because BAN frequently functions within a syndicate of other angel networks, there may be limited room for term sheet negotiations. However, in the event BAN leads an investment, the angels will be more involved in the negotiation of the term sheet. Although different angel networks function independently, BAN tends to recognize many of the same terms considered to be important and critical to deal structure as indicated by the syndicate of networks it typically invests alongside.

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PART II

Company Analyses

Part II is a review of our analysis from selected company submissions. As analysts we choose the companies we would like to cover for a deal cycle, and our relevant deliverables are presented below. Our company analyses are summarized into a document titled, “Screening Committee Summary,” which is sent to the angels participating in the Screening Committee. The angels review the analyst produced summary prior to the call and make necessary notes and questions for the analyst covering each company. During the screening call each analyst will take one minute to briefly describe the important elements of his or her company for the angels. Based on the analyst’s description of the company on the call, the Screening Committee Summary Document (See Appendix C) and the relevant questions and answers pertaining to the submission, the Angels will decide whether or not to invite the company to come to the presentation meeting for a detailed pitch and review session. Our analyses follow:

Baylor Angel Network	**Screening Committee Summary**

B2B Software Company

Entrepreneur(s)	*John Doe*
Referred By	*Anonymous*
Portfolio Segment	*Information Technology*
Location	*Round Rock, TX*
Founded	*2010*
Raise Amount	*$1M in new funding*
Pre-Money Value	*$3M*
Post-Money Value	*$4M*
Percent Ownership	*25%*
Brief Overview	*B2B Software Company creates software that allows enterprises to quickly deploy business critical web applications.*

INVESTMENT OPPORTUNITY

What do they do?	• *They develop solutions for large companies to more easily push applications from development to consumers* • *Angel had lots of questions about the actual market size of this segment.* • *Total Market: $4B "Web Applications Infrastructure"* • *Targeted Market: (Their words) 20% of the market has biz critical web apps ($800M)* • *Even if they capture 10% of Fortune 1000 companies, this only gives them about $5,000,000 in sales*
How will/do they make money?	• *They make about $51k/sale along with a reoccurring "service" fee of 20 or 28% of the initial sale* • *They are going into a young market, so they must heavily compete with current competitors*
Who are the customers?	• *Mainly targeting enterprise customers now...*

	Fortune 100 – Fortune 1000 • *Had first 3 deals close in December 2011* • *They have "established partnerships" with IBM, Microsoft, Redhat, Oracle, etc.*
What do the financials look like?	• *They ramp up very quickly… Interesting to see the impact of a 180 day sales cycle vs. the currently forecasted 90 day sales cycle*
Who is behind the deal?	• *John Doe: CEO/Co-Founder* • *Robert Doe: CTO/Co-Founder* • *Joe Doe: Chief Architect/Co-Founder* • *Jennifer Doe: Marketing Director* • *All of these were formerly with a company called BuildForge that did essentially the same business… It was founded in 2001, received $6M in Series B funding from Austin Ventures (Mike Doe on the board, but no longer with AV) on 9/2005, and then sold to IBM 5/2006.*
Do they have any intellectual property?	• *Not really important*
How quickly and easily can they grow?	• *There is concern that their sales cycle will be significantly longer than they are projecting… Also very difficult to close deals as large as they are projecting in 90 days* • *Not a 1st mover and no clear competitive advantage in documents. Said that they beat their largest competitor in a deal last month… The main reason was because of ease of installation—B2B Software Companies can be up and running in less than a day*

INVESTMENT RISKS

Who are the competitors? How are they different?	• *They argue that their differentiation is that they approach application deployment from an IT Operations perspective: not sure this means anything.* • *UrbanCode: leader in the market since 2001. They have 25 of the Fortune 100 companies as customers—founded in 1996… B2B Software Company argues that they cover a wider range*

	of services, but I am unsure of if this is truly accurate.
What are the barriers to entry?	• *Right now, the barrier to entry looks to be about $800k in software development. The real barriers to entry happen when B2B Software Company deploys their software to customers* • *It will reasonably take about a year to a year and a half to develop the depth of product that they current have*
Other risks?	• *Currently being used by 3 paying customers, so the real risk seems to be sales execution. Bruce thinks that their sales cycle will be significantly longer than the 90 days that they are currently projecting.*

DEAL SPECIFICS

Has this company received any past funding?	• *Completely founder funded until now. (800K)*
How much money is this company requesting?	• *$1M… includes a conversion of founder equity*
What will they use the money for?	• *Hiring an internal sales force to sale the product* • *Continued development of the product*
Potential Exits?	• *Competitor/Partner buyouts* ○ *BMC/Electric Cloud* • *Shooting for a $30-40M exit in 2 years*
Incubation Space?	• *Not currently in incubation*
Other Items?	• *Bruce thinks that they cannot achieve a 30-40M valuation in 2 years… instead a 1-3 bagger in approx. 2-5 years would be more likely.*

Analyst Investment Recommendation	☐ **YES** ☐ **NO**

Recommendation Assessment	• *Why was it a Yes/No decision for you?* • *What makes this deal a Winner/Loser?*
Angel/Mentor Investment Recommendation	☐ **YES** ☐ **NO**
Recommendation Assessment	• *Why was it a Yes/No decision for you?* • *What makes this deal a Winner/Loser?*

ACTION ITEMS

☐ **Invite For Meeting**	*Possible Dates/Times?*
☐ **Reconsider next meeting**	Vote at the next meeting
☐ **Pass**	No Further Action Required

ADDITIONAL NOTES

Screening Committee Summary

Communications Company

Entrepreneur(s)	*John Doe*
Referred By	*Anonymous*
Portfolio Segment	*Defense ; Electronics/Communications*
Location	*San Bernardino, CA*
Founded	*1995 (EC division in 2010)*
Raise Amount	*$1,000,000*
Pre-Money Value	*3,000,000*
Post-Money Value	*4,000,000*
Percent Ownership	*25% (very negotiable on valuation and ownership %)*
Brief Overview	*Communications Company has developed the Tactical Cross Domain Solution (TACDS), which mounts to military vehicles and enables selective tactical information to securely cross domains and pass between unclassified and classified networks, while being tamper proof and infiltration resistant. This product is currently in the process of becoming the only certified cross domain defense solution.*

INVESTMENT OPPORTUNITY

What do they do?	• *What pain does this product/service solve?* • Tactical bi-directional cross domain solution • Solves military need for info exchange across classified networks (cross domain) • Reduce warfare and logistics costs • Could relay back vehicle maintenance info to base, thus allowing parts to be ordered before it having to be inspected. • Save lives through superior information sharing • Tamper proof, ensures security, prevents malicious code • How big is that opportunity (i.e. market size)? • Large - USMC, DOD, Contractors, NATO, etc. • 500,000 vehicles; 800,000 soldiers • Army/Marine: mid 100m's • Std ally equip: 100m
How will/do they make money?	• Get known by program managers and prime integrators • Sell initial units for testing • Complete certification/Cross domain acceptance • Procurement sales • USMC-ALE Certification sponsor (w/ $10m budget) • Already contract with Army NIE • *What is the revenue model?* • Sell large government procurement contracts • Unit Prices: 1=$40,000; 25=$12,500; 100=$9,750
Who are the customers?	• *Type of customers (enterprise/consumer)?* • Government and Gov't contractors • *Who are the current customers?* • Army NIE; USMC – ALE; Lockheed • (Early adopters for military) • *Future targeted customers?* • Gov't and Contractors: • US Navy Logistics, Army, USMC, SAIC, Northrop
What do the financials look like?	• *How much money are they spending every month right now (i.e. burn rate)?* • $305,000 (all divisions?) • *What is the revenue? (see detailed financials)*

	• *Year to date? Year two, three, four, etc. (projections)?* • 2010=$15,000; 2011=1.2m; 2012=7.8m; 2013=13.3m; 2014=24m; 2015=39.3m; 2016=48m (for EC division) • *Breakeven date?* • EBITDA: 2010=-176,849; 2011=-1m; 2012=1.4m; 2013=2.1m; 2014=4.2m; 2015=7.2m; 2016=9.6m
Who is behind the deal?	• *Management team* • *John Doe, CEO (Communications Company since 1995, executive experience)* • *Mike Doe, VP EC (Bus Dev., USAF, DOD Acquisition professional)* • *Jeff Doe, VP AT (Prog Mgmt., Navy, etc.)* • *Brad Doe, EC Programs Director (Cross Domain Specialist, Northrop Grumman, new hire 2010)* • *Advisory board*
Do they have any intellectual property?	• *Pending or Approved?* • *How many filings?* • *Didn't take gov't funding, thus maintaining rights over TACDS* • Main issue is being 1st certified; currently in process
How quickly and easily can they grow?	• *Is their business model and strategy scalable?* • IF they can shift to meet increased demand • *Are they a 1st mover?* • *1st in certification process – still uncertified* • *What is their competitive advantage?* • Working product • In certification, others not; have certification sponsor, others don't

INVESTMENT RISKS

Who are the competitors? How are they different?	• *How are they different?* • *How are they similar?* • Northrop Grumman: no sponsor; product doesn't work • Rockwell Collins: No certification sponsor; lots

	of money • AR Labs: Sweetheart contract, uncertified device, devise only single directional
What are the barriers to entry?	• *Cost of entering market?* • *Time to enter market?* • Need for certification; however can continue sales without certification • Certification likely May/June • IF certification, effective monopoly and large barrier to entry for others
Other risks?	• *Product/Technology: Has the product actually been used/tested?* • Yes – testing last year found two issues, which have now been remedied in order to secure certification • *Regulatory: Does the product require regulatory approval or oversight?* • Requires certification

DEAL SPECIFICS

Has this company received any past funding?	• *How much?* • $1.5m invested in R&D +500k start-up costs • *From who?*
How much money is this company requesting?	• *Range?* • *Specific amount?*850k
What will they use the money for?	• Mainly: #1 Working capital, #2 Inventory • Also: #3 reserve margin, #4 product improvement, #5 Sales/marketing, #6 IT; #7 Reorganization
Potential Exits?	• *Competitor/partner acquisition?* • *IPO?* • 1.9-2.5x on revenue • Synergistic Exit from integration contractor: Boeing, SAIC, Northrop, GD, Lockheed, etc.
Incubation Space?	• *Are they currently being incubated?* • *Do they need incubation space?*

Other Items?	• *Anything else…*

Analyst Investment Recommendation	■ **YES** ☐ **NO**
Recommendation Assessment	• *Yes.* • *Like the area of Defense/Aerospace* • *Strong management team: While not as entrepreneurial, did start the company in 1995. Very strong in technical skills, program management, executive experience, government/DOD contract acquisition specialization, cross domain expertise.* • *Definite market – government identified this need, and Communications Company pursued filling it. Market size for this product is large and of high strategic value.* • *Product itself working, continues to be improved; does as required* • *Near certification, giving competitive advantage over competitors; have certification sponsor* • *Pre-existing sales: Have contracts with USMC ALE, Army NIE, and have identified future contracts to be pursued with gov't and DOD contractors* • *Highly negotiable on valuation and exit* • *Defined exit plan to one of the big players in government contracting – interest even shown by SAIC*
Angel/Mentor Investment Recommendation	☐ **YES** ☐ **NO**
Recommendation Assessment	• *Why was it a Yes/No decision for you?* • *What makes this deal a Winner/Loser?*

ACTION ITEMS

☐ **Invite For Meeting**	*Possible Dates/Times?*
☐ **Reconsider next meeting**	Vote at the next meeting
☐ **Pass**	No Further Action Required

ADDITIONAL NOTES

Screening Committee Summary

E-Rewards, Inc.

Entrepreneur(s)	*Jimmy*
Referred By	*The Executive Director*
Portfolio Segment	*Internet Services*
Location	*Austin, TX*
Founded	*2010*
Raise Amount	*700,000*
Pre-Money Value	*3,500,000*
Post-Money Value	*4,200,000*
Percent Ownership	*17%*
Brief Overview	*E-Rewards is an internet services company that uses the consumer social network to reward referrals and reviews that result in purchases.*

INVESTMENT OPPORTUNITY

What do they do?	• *Consumers spend $3.5 trillion per year with projected growth of 2% and they are not rewarded for their reviews or referrals* • *E-Rewards reward consumers for their referrals and reviews in order to monetize the consumer process* • *Prototype will be launched in Austin in late October and expand to all major metropolitan areas in Texas, followed by expansion to the six largest states in the U.S.*
How will/do they make money?	• *Main revenue comes on a per transaction basis from purchases made from consumers with enrolled merchants* • *Additional revenue flows from breakage, point leverage, points exchange, and special ad placement* • *Acquire new consumers via paid online and*

	viral channels; merchant enrollment will be accomplished through direct sales force and partnerships with non-competing organizations with similar target • *No identified channels or strategic partners – possibly Alamo Drafthouse*
Who are the customers?	• ***Consumers*** • *Targeting adults that are comfortable using internet or a mobile device to look for information and connect with friends* • *Pilot customers will be Smartphone users which understand the usefulness of earning and redeeming rewards with social networks* • ***Merchants*** • *Top-rated retail businesses that have a passion for customer satisfaction* • *Pilot enrolling small and medium local businesses in the area*

What do the financials look like?	• *Monthly net burn of $10,000*
	• *Projected Revenue*
	  • *Year 1, $50 K*
	  • *Year 2, $4,111 K*
	  • *Year 3, $76,873 K*
	  • *Year 4, $382,323 K*
	  • *Year 5, $844,740 K*
	  • *Projected breakeven at Year 3*

Who is behind the deal?	• ***Management team*** • *Carlo, CEO* • *Jimmy, VP Product Engineering* • *Al, VP Business Development* • *George, VP Software Development* • ***Advisory board*** • *Matt, Lawyer*
Do they have any intellectual property?	• *Filing provisional business method patent*
How quickly and easily can they grow?	• *Their business model is scalable to large consumer cities* • *Competitive advantage is that E-Rewards predicts that they can incentivize consumers to purchase through their service once a week rather than Groupon's once a month*

INVESTMENT RISKS

Who are the competitors? How are they different?	• *Groupon, Facebook, Foursquare, LinkedIn, Yelp, Kactoos, and merchant owned reward programs* • ***Advantages include**:* • *better value for the consumer through consolidated reward accumulation* • *Clear network effect as members increase* • *E-Rewards says that their company has a change in strategy from the Groupon model that will allow them to become a major competitor quickly before the other can adapt (2-3 years)*
What are the barriers to entry?	• *Low barriers to entry, no clearly defined costs to entering market* • *Not a first mover in the market*
Other risks?	• *Product is still awaiting pilot program launch*

DEAL SPECIFICS

Has this company received any past funding?	• *No*
How much money is this company requesting?	• *700,000*
What will they use the money for?	• *Rollout for consumers* • *Merchant acquisition* • *Product development to tackle learning's from pilot*
Potential Exits?	• *Sale to larger established players in the Social Network space or players in the Social CRM arena*
Incubation Space?	• *No*

Other Items?	• *iPhone and Android apps are nearly complete and the website should be rolled out within the next 2 weeks*

Analyst Investment Recommendation	☐ **YES** ☒ **NO**
Recommendation Assessment	• *This was a No for me because there are very low barriers to entry, they are late getting into the markets, and their product has little/no protection* • *Their key strategic factor is that they think their idea is better and that it will take competitors 2-3 years to adapt to their strategy*
Angel/Mentor Investment Recommendation	☐ **YES** ☐ **NO**
Recommendation Assessment	•

ACTION ITEMS

☐ **Invite For Meeting**	*Possible Dates/Times?*
☐ **Reconsider next meeting**	Vote at the next meeting
☐ **Pass**	No Further Action Required

ADDITIONAL NOTES

Exercise Company

Baylor Angel Network	**Screening Committee Summary**

Exercise Company

Entrepreneur(s)	*John Doe*
Referred By	*"Anonymous Submission"*
Portfolio Segment	*Consumer Products and Services*
Location	*Austin, Texas*
Founded	*Year the company started*
Raise Amount	*$1,000,000*
Pre-Money Value	*$3,000,000*
Post-Money Value	*$4,000,000*
Percent Ownership	*25%*
Brief Overview	*Exercise Company combines high intensity interval strike training with gaming and an online community to provide a full interactive fitness experience*

INVESTMENT OPPORTUNITY

What do they do?	• *People think of isometric workouts (weight lifting on machines) as boring. Exercise Company combines strength and cardio training into a gaming experience that mimics having a personal trainer without paying for one* • *Workouts can be done for home, similar to P90X and Insanity which have both taken off in the past few years* • *Total fitness market: $9 billion* • *Domestic Customer fitness market: $4.2 billion* • *They claim total market size is $58 billion; this is composed by adding up the fitness equipment, video gaming, and online social gaming markets and I think it is over stated.*
How will/do they make money?	• *Go-To-Market strategy is Direct-to-Consumer*

	• *This is done using TV ads, Online advertising such as Google Adwords and Facebook Ads, and Email Marketing* • *They utilize TAG Fitness to distribute to gyms and other fitness clubs and will reach out to these potential customers through trade shows and fitness events* • *This product has been endorsed by two different Mixed Martial Artist (MMA)* • *There are two different products: Home model retails for $2,295 and the Commercial Model retails for $3,000. In the future there might be upgrades to current technology functions that could be revenue streams*
Who are the customers?	• *Consumer is potential user as well as gyms and other fitness places that would implement this type of equipment* • *They have already sold 42 Household units and 2 Commercial units* • *They are in the process of selling products to both potential customers and are being helped by the UFC MMA endorsements* • *Current plan doesn't include potential revenues from International Sales which they are pursuing right now*
What do the financials look like?	• *Burn Rate: $250,000* • *2011 Revenue: $89,000* • *2012 Projected Revenue: $27,460,000* • *2013 Projected Revenue: $107,445,000* • *2014 Projected Revenue: $174,057,000* • *2015 Projected Revenue: $270,220,000* • *Breakeven Projected in 2012*
Who is behind the deal?	• *Team:* • *John Doe CEO- 20 years of DTC experience and has worked as an entrepreneur, developing and selling the Loadhandler. Co-Founded Manufacturing LLC, a design, tooling, manufacturing and marketing company that produces the Exercise Company system* • *Robert Doe CMO-23 years of Direct Response Marketing experience. Founded a marketing company that reached over $25m in annual revenue.*

	• *Donald Doe CSO- 17 years of sales experience; Worked for Blowflex and grew sales from $57m to $104m during his tenure; Experienced in internet marketing* • *William Doe CFO and COO-16 years of experience in tech development and strategy; Acton MBA graduate and has a Master's degree in Electrical Engineering* • *Directors:* • *Mike Doe: Director of Exercise Company since 2009; Angel Investor and principle in Movie, LLC which helps fund Hollywood Films* • *Rick Doe: Angel, served as VP of Finance at Cisco Systems; Worked with Fortune 100 and VC firms in the past*
Do they have any intellectual property?	• *Licenses US Patent from Bally Technology, Inc. for "Boxing Arcade Game"* • *5 Provisional Patents that have been combined into 1 Utility Patent; This was issued in December* • *Have filed 1 continuation-in-part Patent and they claim more will be filed in the future* • *Trademark on Name and Slogan*
How quickly and easily can they grow?	• *If customers can be reached through TV and internet ads, this product can scale quickly. They have a team that has sold similar products (Bowflex) which was a scalable venture.* • *While not the first mover in at home fitness equipment, this is unique in its focus of high interval strike training* • *Patent protection, strong endorsements, combination of gaming and exercise, potential viral nature of the product*

INVESTMENT RISKS

Who are the competitors? How are they different?	• *Competitors include Bowflex, Total Gym, P90X, and any other home fitness product* • *There has been little innovation to products since they were launched years ago, and most*

	do not combine cardio and strength training • *You can purchase a personal trainer to help you with this type of training, but when combined with a gym membership, this can get expensive quickly*
What are the barriers to entry?	• *Cost of entering market and developing technology* • *Getting an experienced sales team that knows the space is also a challenge*
Other risks?	• *Product is in use and has been tested extensively*

DEAL SPECIFICS

Has this company received any past funding?	• *In December 2010 they raised $1.55M in a Series A round* • *In June 2011 they raised $2.25m in Convertible Debt*
How much money is this company requesting?	• *$1,000,000 from both Equity and Debt; Debt comes from product orders and not a loan*
What will they use the money for?	• *Inventory, Marketing, and Sales Growth* • *Debt used to acquire inventory and will be secured through purchase orders from commercial customers* • *Equity will fund sales and marketing, inventory, and future product development and provide operating capital*
Potential Exits?	• *Possible acquirers in current partners though nothing concrete or serious has been established* • *IPO is possible if sales take off similar to Bowflex*
Incubation Space?	*N/A*
Other Items?	• *Strong team, raised money in the past, unique product (I'd use it!)*

Analyst Investment Recommendation	☒ **YES** ☐ **NO**
Recommendation Assessment	• *This is an innovative product in a growing market.* • *They have sales and a strong potential for international sales which aren't functioned into the projections.* • *Over ½ of funds are already committed showing traction in the investment space.* • *Strong team with past performance in this industry.*
Angel/Mentor Investment Recommendation	☒ **YES** ☐ **NO**
Recommendation Assessment	• *Why was it a Yes/No decision for you?* • *What makes this deal a Winner/Loser?*

ACTION ITEMS

☐ **Invite For Meeting**	*Possible Dates/Times?*
☐ **Reconsider next meeting**	Vote at the next meeting
☐ **Pass**	No Further Action Required

ADDITIONAL NOTES

Questions over ability to reach projected sales goals, management team's quality, and exit multiples of similar companies.

BAN Baylor Angel Network	**Screening Committee Summary**

Financial Software, LLC

Entrepreneur(s)	*John Doe (CEO) Robert Doe (President & CTO)*
Referred By	*"Anonymous Submission"*
Portfolio Segment	*Software (SaaS)*
Location	*Dallas, TX*
Founded	*2011*
Raise Amount	*$1mm)*
Pre-Money Value	*$8.16mm*
Post-Money Value	*$11.16mm*
Percent Ownership	*30%*
Brief Overview	*Financial Software Company has the exclusive license to rebrand and sell I5's i5 suite (rebranded as BankNote) to financial institutions with less than $250mm (can market to banks with higher asset values without exclusivity). I5 is currently used by 13 of the top 20 largest banks in the world and only marketed to this segment of banks.*

INVESTMENT OPPORTUNITY

What do they do?	• *Increased regulatory pressure being felt especially by small community banks. Numerous banks have been shut down since 2008. Also, small banks often lack software with the capability to (a) process loans end-to-end and (b) actively monitor the status of existing loans. I5 addresses all of these issues.* • *Rebranding i5 as "BankNote" because i5 is associated with big banks.* • *FDIC-regulated market size: 4,930 banks in exclusive market, 2,356 banks in non-exclusive market* • *Market increases to 20,000 when including institutions regulated at state level*

How will/do they make money?	• *Go-to-market: current pipeline of 212 banks in Texas, many of which the executive leadership can leverage existing relationships to make approach* • *Plan to leverage existing relationships with national forums (ABA, ICBA) and local organizations (IBAT, TBA).* • *Charge a fee of $160 / user / month. Estimates that the average bank will have 35 users per month = $5,600 / month for any given bank. 50/50 split of revenues with Third Pillar.* • **Number of Users, not the number of banks, drives the revenue model**
Who are the customers?	• *2 existing clients, 2 in contact phase, 5 in qualification phase* • *Future targeted customers will be predominately those within the exclusivity range, but will also market to mid-sized banks that are above the range.*

What do the financials look like?	• *Projected costs of $1.9mm in 2012*
	• *Revenue*
	  ◦ *2012: $1,274,000*
	  ◦ *2013: $8,623,000*
	  ◦ *2014: $23,980,000*
	  ◦ *2015: $50,550,000*
	  ◦ *2016: $89,250,000*
	  ◦ *2017: $141,300,000*
	  ◦ *Cash Flow Positive in 2013*

Who is behind the deal?	• *<u>John Doe</u> – CEO – 10 years entrepreneurial experience with IT start-ups and sales* • *<u>Robert Doe</u> – President, CTO – 9 years in IT industry, BS from Johns Hopkins and MS from Duke* • *<u>Donald Doe</u> – CFO – leading the raise, 11 years in financial services, President of Box Insurance, Masters in Accountancy from Baylor* • *<u>Brandon Doe</u> – CMO – 30+ years IT market experience; 25 years in sales, business development, marketing* • *<u>Chris Doe</u> – Senior Advisor – 30 years of banking experience; Owner, Consulting LLC;*

	Former President, Bank Texas Dallas Houston Bank; Senior VP, The Independent BankersBank (TIB)
Do they have any intellectual property?	• *All IP is licensed and backed by I5 Pillar patents*
How quickly and easily can they grow?	• *Their business model is easily scalable. Part of their agreement with Third Pillar (TP) is that TP will create a dedicated customer support team that will cover all BankEdge customers. FPT mainly needs to build up sales force and make sales to scale.* • *Not a first mover, other software solutions out there* • *Competitive Advantage: No other product offers end-to-end loan processing, no other product actively monitor a loan portfolio and automatically flags any loan that has breached covenants. I5/BankNote is constantly updated to maintain regulatory compliance and automatically documents everything in IRS and SEC compliant format.*

INVESTMENT RISKS

Who are the competitors? How are they different?	• *Six Main competitors, only 3 are based on a SaaS business model. The other 3 require significant upfront costs.* • *Baker Hill, Jack Henry, McCoy Myers, Fiserv, FIS, Wolters Kluwer* • *I5/I5could also be considered a competitor in the >$250mm space. Currently only marketed to top 20 largest banks.*
What are the barriers to entry?	• *Main cost to entering market is the $1.5mm licensing fee* • *Protected by exclusivity agreement* • *Beginning to approach potential clients*
Other risks?	

DEAL SPECIFICS

Has this company received any past funding?	• *This is the company's first found to raise*
How much money is this company requesting?	• *$1mm*
What will they use the money for?	• *Exclusivity agreement* • *Hiring additional sales and technical staff* • *Operating expenses*
Potential Exits?	• *Plan to sell within 2-3 years* • *Third Pillar buyout: pre-arranged trigger of 3.5 x (cash + fees to TP + value of contracts)* • *Sell to Market buyer*
Incubation Space?	• *No*
Other Items?	•

Analyst Investment Recommendation	☒ **YES** ☐ **NO**
Recommendation Assessment	• *Recommend bringing in for Presentation Meeting* • *<u>Business Model</u> – Business model driven by number of users, could very quickly scale revenue if a few, key, large banks sign on. For example, in discussions with a potential 1,400 user bank (equivalent to 40-50 banks in their financial projections). Quickly scalable.* • *<u>Relationship with Third Pillar</u> – Very close ties. TP originally wanted to bring on Mark to start a new "small bank division." Eventually decided that it would be best to Mark to start it as a separate company. Mark and Mary are both close friends with Jonathan and Pat* • *<u>Recent addition of Chris to the Team</u> – 30 years of banking experience. Former bank President with 130-150 bank Presidents as contacts. Taking an active role in product roll-out.* • *<u>Valuation</u> – Very high and cause for concern. The team indicated that this is negotiable.*

	They did not say this, but I suspect that their concern is protecting the majority shareholder status of current owners
Angel/Mentor Investment Recommendation	☒ **YES** ☐ **NO**
Recommendation Assessment	• *Recommend bringing in for Presentation Meeting*

ACTION ITEMS

☐ **Invite For Meeting**	*Possible Dates/Times?*
☐ **Reconsider next meeting**	Vote at the next meeting
☐ **Pass**	No Further Action Required

ADDITIONAL NOTES

Screening Committee Summary

Food Delivery, Inc.

Entrepreneur(s)	*Mason*
Referred By	*Anonymous Submission*
Portfolio Segment	*Food*
Location	*Austin, Texas*
Founded	*2005*
Raise Amount	*2,000,000*
Pre-Money Value	*4,000,000*
Post-Money Value	*6,000,000*
Percent Ownership	*33.33%*
Brief Overview	*FD delivers local and organic food, on a weekly or biweekly basis, in Central Texas. Their high integration of technology and industry know how allow them to reach customers for less than customer transportation costs.*

INVESTMENT OPPORTUNITY

What do they do?	• *Customers are becoming increasingly organic and locally focused when it comes to produce; FD delivers local and fresh foods direct to the consumer* • *The organic delivery market is $500+ million with projected growth rates of 10%-20% per year* • *The Food delivery and organic products represent a $10 billion dollar industry* • *Within a 150 mile radius in Central Texas there are 15 million people*
How will/do they make money?	• *Because this is an online based startup, FD relies on word of mouth marketing and SEO* • *They also attend major festivals and events, giving products away*

	• *They are strategically aligned with the Whole Foods Market who endorses their products and services* • *FD claims to have cracked the "produce delivery model" with customer acquisition costs of $39 and per order revenue of $58*
Who are the customers?	• *FD sells direct to the customer* • *Current customers include: 25-45 year old women in multi-person households* • *Future targeted customers would be 25-45 year old women in Dallas and Houston; also, Men who perform grocery shopping for a family or themselves*
What do the financials look like?	• *Monthly Burn Rate: $0* • *Previous year Revenues: $2.5 million* • *Current year Revenue: $3.4 million* • *Projected Revenues 2012 and 2013: $7.8 million and $10.7 million* • *Breakeven Date:*
Who is behind the deal?	• *Mason–CEO* • *Billy–CTO* • *Brett–COO* • *Randy–Restaurant Experience* • *Roberto–Outsourced CFO* • *Advisors:* ○ *Bob* ○ *Josh* ○ *Scottie* ○ *Patricia*
Do they have any intellectual property?	• *Name is trademarked*
How quickly and easily can they grow?	• *Claim to have figured out food delivery business model; If true, this could be very scalable* • *They are the first mover in central Texas; competitors are established doing this nationwide* • *Competitive Advantages:* • *Recurring Order Technology* • *90% less waste than conventional grocery stores* • *Technology Driven Approach allows for rapid expansion with minimal "ramp up" time*

INVESTMENT RISKS

Who are the competitors? How are they different?	• *Few competitors in Texas; Most Organic Delivery companies located in California* • *Texas competitors focuses on organic food delivery* • *Farmers Markets provide organic, locally grown fruits and vegetables; FD currently purchase produce from these markets* • *The Whole Foods Market is a direct competitor who delivers organic food; FD has chosen to work with the WFM in order to better serve customers seeking organic, delivered food*
What are the barriers to entry?	• *The cost of entry is the largest barrier; the highly automated, grocery delivery business model has failed numerous times; Webvan being the most prominent* • *Inconsistent food supplies is also a barrier to entry; few states produce on the levels that Texas and California do currently*
Other risks?	• *Currently in business in Austin and San Antonio* • *Constant risk of buying contaminated food locally and reselling to customers* • *Must maintain control of prices, margins, and inventory turns*

DEAL SPECIFICS

Has this company received any past funding?	• *Previously raised $1.5 million*
	• *Current Round is $2 million; $1.3 million soft commitments*
	• *Raised from:*
	  ○ *Josh*
	  ○ *Matthew*
	  ○ *Patricia*

How much money is this company requesting?	• *$2 million round* • *$1.3 currently in soft commitments* • *Needs $700k to close round*
What will they use the money	• *$1.3 million for SG&A and expansion into Dallas*

for?	*and Houston* • *$300k to increase Austin market penetration* • *$400k in cash reserves* • *Estimated $750k startup cost to build facilities*
Potential Exits?	• *Acquisition by Major Grocery Store* • *Discussions have been initiated with Generic Organic Grocery Store, but nothing is concrete so entrepreneur would not speak further* • *Roll-up*
Incubation Space?	• *N/A*
Other Items?	• *No future plans to move into production* • *This summer's heat intensity and drought were not major issues for supply* • *Has analyzed Webvan's failures and worked to strategically avoid or solve what he considers main faults*

Analyst Investment Recommendation	☐ **YES**
Recommendation Assessment	• *This has been a highly unsuccessful model; if they have truly unlocked this, the ramifications could be huge for nationwide grocery chains* • *The "Locavore" movement is gaining serious momentum across Texas and the US; more people want locally grown, usually organic food* • *Planned exit at 3-5X investment; I imagine a larger return if expansion into Dallas and Houston is successful* • *If they are able to secure a steady and reliable source of produce FD will have a huge advantage over competitors* • *I have done some commodity price analysis work in the organic food area; prices are increasing, demand is growing, and there are companies looking to begin production in Texas. This would help with supply issues*
Angel/Mentor Investment Recommendation	☐ **YES** ☐ **NO**

Recommendation Assessment	• *Why was it a Yes/No decision for you?* • *What makes this deal a Winner/Loser?*

ACTION ITEMS

☐ **Invite For Meeting**	*Possible Dates/Times?*
☐ **Reconsider next meeting**	Vote at the next meeting
☐ **Pass**	No Further Action Required

ADDITIONAL NOTES

Screening Committee Summary

Generic EMR, Inc.

Entrepreneur(s)	*Dr. Bobbie*
Referred By	*Anonymous Submission*
Portfolio Segment	*Software / Internet Services*
Location	*Dallas, TX*
Founded	*2010*
Raise Amount	*$1 million*
Pre-Money Value	*$4 million*
Post-Money Value	*$5 million*
Percent Ownership	*20%*
Brief Overview	*Generic Medical Records produces software electronic medical records, which is sold as the next-generation instinctive software. All of this uniquely designed and developed by a doctor for doctors…at the touch of a finger!*

INVESTMENT OPPORTUNITY

What do they do?	• *Generic EMR (GEMR) offers an easy to use, full-functioning, mobile EMR that serves as an alternative to expensive legacy systems* • *404,000 physicians in small, independent practices who can qualify for $44,000 in Medicare benefits*
How will/do they make money?	• *Approach key Billing Service Companies (BSC) and demonstrate how GEMR would help increase collections. Use relationships to with BSCs to reach more doctors quickly. Also, would market in the Apple iPad App Store and online.* • *Have already approached BSCs and received requests for follow-up from 40% of those they cold-called.* • *$399 per month for each doctor in the office.*

Who are the customers?	• *Physicians in small (1-10), independent practices who qualify for up to $44,000 in Medicare/Medicaid benefits* • *8-10 Beta testers in Central Texas*

What do the financials look like?	• *Burn Rate: $30,000*
	• *Revenue: driven by projected # of users on a mid-year convention*
	  ◦ *Year 1: $2,900,000 – 1,000 users*
	  ◦ *Year 2: $5,700,000 – 2,000 users*
	  ◦ *Year 3: $13,200,000 – 5,000 users*
	  ◦ *Year 4: $31,500,000 – 12,000 users*
	  ◦ *Year 5: $76,400,000 – 28,000 users*

Who is behind the deal?	• *Management team*
	  ◦ *Bobbie, CEO, Founder & President*
	  ◦ *Mike, CFO*
	  ◦ *Miguel, CTO*
	• *Advisors*
	  ◦ *Laurence, Board Member, Advisor*
	  ◦ *Jeff, MD*
	  ◦ *Howard, MD*
	  ◦ *Bob, MD*
	  ◦ *Joel*

Do they have any intellectual property?	• *Has hired Alli, a healthcare IP specialist with law firm Osha Liang* • *Investigation underway for patentability of coding and proprietary "plug-in" software tools*

How quickly and easily can they grow?	• *The revenue model is such that it takes a relatively small number of users to reach multi-million dollars in revenue – Did not include cost projections, only current burn rate*
	• *Not a first mover, but in what is arguably a fragmented space – although their main competitor does claim to have 100,000 users*
	• *Competitive Advantage*
	  ◦ *Fully-functioning EMR on a mobile platform unlike legacy systems which have added on ancillary mobile apps with limited functionality*
	  ◦ *Built on E&M Coding Rules unlike their two biggest competitors*

INVESTMENT RISKS

Who are the competitors? How are they different?	• *<u>Large EHR companies</u>: target large healthcare systems and do not focus on small private practices. Typically server-based, not web-based. Sell "Legacy" systems with limited mobile functionality (if any).* • *<u>PracticeFusion</u>: the company that GEMR identifies as their main competitor – was founded in 2005 and released first EMR in 2007. Claims to already have 100,000 users. Offers a free ad-based version of its web-based platform. Paid version is $200 per month. Not designed for mobile devices.* • *<u>MediTouch</u>: Went to market in early 2011. Similar product to GEMR – mobile platform. Costs $349 per month, charges extra for additional features such as internal fax, email & camera capabilities. Currently has about 1,000 users.*
What are the barriers to entry?	• *Dozens of players already in the space, not difficult to enter, especially since the passing of the HITECH bill* • *Many doctors in small practices may have to use the EMR system that their affiliated hospital chooses*
Other risks?	• *On October 4, received "Meaningful Use" certification which allows doctors to now use GEMR to qualify for up to $44,000 in Medicare/Medicaid benefits* • *Market became very attractive due to 2009 HITECH legislation, could be altered again by future legislation*

DEAL SPECIFICS

Has this company received any past funding?	• *$250,000 seed capital from InvestIN Forum*
How much money is this company requesting?	• *Requesting $1 million*

What will they use the money for?	• *$200,000 – Development, Infrastructure* • *$20,000 – Gov. Certification* • *$150,000 – Train VARs / BSCs / Distributors* • *$200,000 – Marketing Outreach* • *$250,000 – Sales/Support/Staff*
Potential Exits?	• *Anticipates interest from a large software EHR company such as GE, AllScripts, NextGEn or eClinicalWorks*
Incubation Space?	• *No*
Other Items?	• *Current round began on October 1, 2011*

Analyst Investment Recommendation	☐ **YES** ☒ **NO**
Recommendation Assessment	• *Late entry into a high-growth market with too much noise – will be hard to get attention* • *PracticeFusion has a free version and the paid version is $200 – half the price of GEMR. Claims to have over 100,000 users – if it is anywhere close to that number, then it has already swallowed up a large portion of GEMR's market. Released first EMR 4 years before GEMR.* • *Marketing strategy is not convincing – expects roughly half of their sales to come from doctors finding their app in the Apple iPad store*
Angel/Mentor Investment Recommendation	☐ **YES** ☒ **NO**
Recommendation Assessment	• *Not convinced that the Entrepreneur really understands the industry* • *Entering late into a crowded industry*

ACTION ITEMS

☐ **Invite For Meeting**	*Possible Dates/Times?*

☐ **Reconsider next meeting**	Vote at the next meeting
☐ **Pass**	No Further Action Required

ADDITIONAL NOTES

Screening Committee Summary

Healthy Juice Bar, LLC

Entrepreneur(s)	*John Doe (President and CEO), Robert Doe (CFO), Donald Doe (R&D)*
Referred By	*Anonymous Angel Network*
Portfolio Segment	*Food/Drink*
Location	*Austin, TX*
Founded	*2003*
Raise Amount	*$1,000,000*
Pre-Money Value	*$3,000,000*
Post-Money Value	*$4,000,000*
Percent Ownership	*25%*
Brief Overview	*Healthy Juice Bar is a quick-service, ultra-healthy juice bar poised for growth through a franchise business model.*

INVESTMENT OPPORTUNITY

What do they do?	• *Healthy Juice Bar provides an ultra-healthy juice that is highly nutritious and made from real, fresh and local foods.* • *Market sized at $4 billion dollars.*
How will/do they make money?	• *Healthy Juice Bar will grow through a franchise model. The previous locations (which have since been de-branded) have been historically profitable.* • *Healthy Juice Bar has engaged with Marketing Company to design the concept for the franchise model. Additionally, Board Member 1 and Board Member 2 are investors and Board members.* • *Selling franchises*
Who are the customers?	• *Targeting multi-unit operators as franchisees. Juice products target health conscious*

	customers. • *Typical juice bar customers, include, but are not limited to, raw/vegan enthusiasts, active lifestyle users, small steppers (towards healthy lives) and refreshers.*
What do the financials look like?	• *Monthly burn rate is $25,000* • *Projections:* • *2012 →$565,000* • *2013 →$1,561,500* • *2014 →$2,845,750* • *2015 →$4,978,500* • *2016 →$7,029,000* • *2017 →$11,349,750* • *Breakeven at 14 franchised stores b/w 2012 and 2013.*
Who is behind the deal?	• *Management Team: John Doe (President and CEO), Robert Doe(CFO), Donald Doe (R&D)* • *Advisory board: Board Member 1 (Sweet Tea) and Board Member 2 (BBQ)*
Do they have any intellectual property?	• *Not significant*
How quickly and easily can they grow?	• *Growth is obviously paramount. The ability to sell franchises is the most significant threat of failure of the business model.* • *They are not a first mover; however, they are a healthier alternative to typical juice bars.* • *Their competitive advantage lies in their ultra-healthy product concept.*

INVESTMENT RISKS

Who are the competitors? How are they different?	• *Again, they are different from their competitors because they are the only juice bar that uses completely natural products without packages, dairy, etc.*
What are the barriers to entry?	• *Standardized and established franchise model for new franchisors.* • *Establishing training processes b/w corporate and franchisees*

Other risks?	• *Primary risk lies in franchise expansion.*

DEAL SPECIFICS

Has this company received any past funding?	• *Company has received $350,000 in previous capital.* • *Investors are Board Member 1, Board Member 2, Investor 1 and management team.*
How much money is this company requesting?	• *Company is looking for $650,000*
What will they use the money for?	• *Complete development of franchise system including, completing prototype store design, improving web presence and develop system-wide marketing campaign.* • *Management estimates a cost between 5,000-$10,000 to sell a franchise.*
Potential Exits?	• *Management expects an acquisition from the Quick-service restaurant sector (i.e. Jamba Juice) in 5 years.*
Other Items?	• *N/A*

Analyst Investment Recommendation	☒ **YES** ☐ **NO**
Recommendation Assessment	• *The franchise model appears to have shifted the business towards a less risky business model.*

ACTION ITEMS

☒ **Invite For Meeting**	*Possible Dates/Times?*
☐ **Reconsider next meeting**	Vote at the next meeting
☐ **Pass**	No Further Action Required

BAN Baylor Angel Network	**Screening Committee Summary**

Medical Device Company

Entrepreneur(s)	*John Doe*
Referred By	*Anonymous Submission*
Portfolio Segment	*Medical Devices*
Location	*Richardson, TX*
Founded	*2011*
Raise Amount	*1,000,000*
Pre-Money Value	*$3,000,000*
Post-Money Value	*$4,000,000*
Percent Ownership	*25%*
Brief Overview	*Medical Device Company is a medical devices company that develops and manufactures devices that keep medicines at correct climate-controlled temperatures.*

INVESTMENT OPPORTUNITY

What do they do?	• *Keeps insulin at the correct temperature so that its efficacy does not decrease.* • *Market Size: 7M US, 8M EU* • *80% use a system to manage temp. of insulin*
How will/do they make money?	• *Currently have a LOI from a EU exporter XL Group for $1.5M (10,000 units)* • *First customers via web, social media* • *MSRP: $199, "volume" COGS < $50*
Who are the customers?	• *For now, will sell mainly to consumers* • *Distributors (XL Group) have shown interest* • *Will market to pharmacy benefit managers and durable medical equipment companies*
What do the financials look like?	• *Monthly burn: $15,000* • *Cash flow positive in year 2* • *Y1: 3,660 units at ($193,335) EBITDA*

	• *Y2: 35,588 units at $1.9M* • *Y3: 64,327 units at $3.3M* • *Y4: 96,000 units at $12.5M*
Who is behind the deal?	• *CEO: Serial entrepreneur John Doe (mainly tech/healthcare tech startups and sales, a substantial amount of pres/CEO experience)* • *CFO: Robert Doe (Apple, LTV energy, previous experience at controller, VP Finance, and CFO)* • *Founder: Mike Doe (Diabetic, 25 years of hardware/software experience, led design)*
Do they have any intellectual property?	• ***Have a letter from their lawyer guaranteeing the issuance of a patent***
How quickly and easily can they grow?	• *They don't seem to be the first mover… From their patent app it looks like a couple people have invented something similar before.*

INVESTMENT RISKS

Who are the competitors? How are they different?	• *Competitors are significant, but none seem to be doing well. Hard to determine whether it is a function of demand or product efficacy*
	  ◦ *Chinese company sells almost exact same product for $100-210 a piece*
	  ◦ *Frio sells a "wallet" that can maintain the temperature of insulin for up to 2 days.*
	  ◦ *General coolers/temperature bags*
	• *Medical Device Company's product is slightly more ergonomic looking than the Chinese counterpart. Differentiation? They have a USB port and "advanced software"*

What are the barriers to entry?	• *Cost of entering market is fairly low, hardware/software is mainly pre-existing* • *New competitors could enter the market in < 6m potentially. More likely 1-2 years*
Other risks?	• *They have a prototype that is currently is use* • *Customer adoption rate poses a risk as well as execution risk in the sales cycle. Also, there is no stated exit strategy and as such, there could be potential liquidity risk*

DEAL SPECIFICS

Has this company received any past funding?	• *Founder has invested $650,000*
How much money is this company requesting?	• *$250-500,000*
What will they use the money for?	• *"Final productization, initial marketing and other working capital purposes"* • *$90,000 – Inventory buildup* • *$80,000 – Product commercialization* • *$170,000 – Personnel* • *$100,000 – Marketing* • *$30,000 – Manufacturing tooling* • *$30,000 – Reserves*
Potential Exits?	• *Medical product and device companies: J&J, BD, Owen Mumford* • *Active M&A Market*
Incubation Space?	• *Not currently in incubation*
Other Items?	• *Business model is to outsource everything except for finance and general management* o *Product Development: Paragon Innovations* o *Manufacturing: "domestic partners"* o *Marketing: "Proven service provider"*

Analyst Investment Recommendation	☐ **YES** ☐ **NO**
Recommendation Assessment	• *Not sure if I would actually invest, but interesting enough to bring to presentation meeting and let them make a pitch* • *Pros: They are already establishing a supply chain in Europe, CEO is a salesman and is very experienced* • *Cons: Not sure exactly about how their go-to-market; The product need doesn't seem to be as*

	big as they portray it to; do diabetics really need this if they can travel with insulin at room temperature for up to 28 days?
Angel/Mentor Investment Recommendation	☐ **YES** ☐ **NO**
Recommendation Assessment	• *Why was it a Yes/No decision for you?* • *What makes this deal a Winner/Loser?*

ACTION ITEMS

☐ **Invite For Meeting**	*Possible Dates/Times?*
☐ **Reconsider next meeting**	Vote at the next meeting
☐ **Pass**	No Further Action Required

ADDITIONAL NOTES

- Have already funded $6200,000/1,000,000 round
- **Also looking to have another $100k by the end of the month (soft commitment)**
    - Breakdown of investors
        - Angels: 2
        - VC: 2
        - PE: 4
    - Cap table:
        - Founder: 58.5%
        - CEO: 3.25%
        - Critical engineer: 3.25%
        - Option pool: 10%
        - New investors: 25%
- Marketing in US will be largely direct to consumer
    - In EU it will be largely medical device suppliers
- Product will be ready to market June 2012: all work is now commercialization

Screening Committee Summary

Organic Clothes, Inc.

Entrepreneur(s)	*Amanda*
Referred By	*Anonymous Submission*
Portfolio Segment	*Consumer Products*
Location	*Austin, TX*
Founded	*5 years ago*
Raise Amount	*$400,000*
Pre-Money Value	*$1,000,000*
Post-Money Value	*$1,400,000*
Percent Ownership	*28.6%*
Brief Overview	*Organic Clothes, Inc. (OC) answers demands for value & versatility in kid's apparel & harnesses the global merino wool boom by delivering with organic merino wool for kids.*

INVESTMENT OPPORTUNITY

What do they do?	• *OC provides quality and style through their merino wool products for kid's apparel* • *$156.5 billion dollars globally by 2015 (global apparel industry).* • *Organic textiles are $6 billion—USA is $605M (up 16% from 2009-2010).* • *Total available market not mentioned or articulated.*
How will/do they make money?	• *Funding will allow them to become less seasonal→producing spring and fall by adding organic cotton while utilizing current distribution channels.* • *Additionally, they seek to expand organic wool collection to target specific markets such as the gift, school uniform, and outdoor retailer markets.*

	• *Selling organic children's apparel globally, additional revenue comes from retail sales on company websites*
Who are the customers?	• *Boutiques and department stores throughout the USA with a growing international customer base.* • *Customers have been Whole Foods Market, Backcountry.com, Barneys NY, Harrods of London, American Eagle, ABC Home, Yoya, and Urth Child.* • *In 2011 shipping to UK, Australia, Norway, Singapore, Hong Kong, Japan, Korea, and France. REI, Target, Barneys NY, Nordstrom's, Gaiam, Selfridges*

What do the financials look like?	• *Monthly Net Burn is $10,000.*
	• *What is the revenue?*
	  • *2010 sales were $150,000*
	  • *2010 profit was $10,000*
	  • *Revenue projections are as follows: 2012--$154,760, 2013--$397,620, 2014—821,230*
	  • *Along with current and historical information, breakeven information has not been given.*

Who is behind the deal?	• *Amanda (owner and founder)* • *Post-funding will include Vikki (CFO)* • *There is no information on the advisory board*
Do they have any intellectual property?	• *There is no information on any protections of intellectual property*
How quickly and easily can they grow?	• *There is not detailed information provided in terms of whether or not their business model and strategy is scalable.* • *They are a first mover in terms of being a merino wool clothier for children and infants.* • *Their competitive advantage is influenced by the fact that they are a prime mover in terms of crafting merino clothes for children and infants.*

INVESTMENT RISKS

Who are the competitors? How are they different?	• *OC is different from their competitors because they articulate a merino-clothing product specifically for the niche market of kid's apparel.* • *Amanda lists her main competitors as follows: Icebreaker, Hocosa, and Disana* • *Additionally, OC faces light competition from synthetic clothiers as well*
What are the barriers to entry?	• *There is no detailed information on the specific costs to enter the market of providing merino clothing for infants and children* • *Similarly, there is no detailed information on the time to enter the market of providing merino apparel for infants and children.*
Other risks?	• *The product has been brought to market already* • *There are no clearly defined regulatory risks apparent with the deal*

DEAL SPECIFICS

Has this company received any past funding?	• *No past funding*
How much money is this company requesting?	• *$400,000*
What will they use the money for?	• *Hiring Vikki?* • *Funding will allow the company to become less seasonal in terms of products* • *Develop better and more efficient distribution channels*
Potential Exits?	• *Initial investment scheduled to return by 2014* • *Investor's interest will convert to shares, which will result in payment by perpetuity*
Incubation Space?	• *None currently*
Other Items?	• *OC is an established company with an established revenue stream.*

Analyst Investment Recommendation	☐ **YES** ☒ **NO**
Recommendation Assessment	• *It is a not decision right now because I am unable to confidently rely on the limited information I have access to review.* • *I do, however, think this deal should be considered in future rounds of the investment process.* • *Amanda is running a company that is generating revenues and profits; however, there is not additional detailed information to better articulate the potential for the continued success of the business.* • *Amanda is currently at a trade show, and it would be very interesting to discern what traction she has been able to attain at the show.*
Angel/Mentor Investment Recommendation	☐ **YES** ☐ **NO**
Recommendation Assessment	• *I am unable to recommend that the Angel Network invest in this deal currently. My decision is based on the fact that I have not been able to locate some information I consider to be necessary in order to arrive at the conclusion to invest.* • *However, I do believe it would be valuable to bring OC back to a later round in order to better discern the company by speaking with Amanda.* • *Despite my opinion to not invest, I like this deal. I think it has potential, but am unable to offer a positive opinion without further clarification as to the potential success of the deal.*

ACTION ITEMS

☐ **Invite For Meeting**	*Possible Dates/Times?*

☒ **Reconsider next meeting**	I believe OC should be reconsidered for the next committee meeting.
☐ **Pass**	No Further Action Required

ADDITIONAL NOTES

Baylor Angel Network

Screening Committee Summary

Pharmaceuticals, Inc.

Entrepreneur(s)	*Robert*
Referred By	*Generic Angel Network*
Portfolio Segment	*Pharmaceuticals*
Location	*Houston, TX*
Founded	*2007*
Raise Amount	*$500,000*
Pre-Money Value	*$9,000,000*
Post-Money Value	*$9,500,000*
Percent Ownership	*5.26%*
Brief Overview	*Pharma licenses technology from a sister company and develops solutions for treating severe diarrhea and other GI symptoms.*

INVESTMENT OPPORTUNITY

What do they do?	• *There are no drugs on the market now that are able to treat acute diarrhea problems with C Diff and AIDS patients; currently in Phase II trials* • *Globally is capable of reaching several hundred million in sales per year*
How will/do they make money?	• *Three possibilities to exit: sell after successful Phase II studies, partner after Phase II, or raise additional capital to complete Phase III trials* • *They currently have no strategic partners. MD Anderson and Scott & White Memorial Hospital are running Phase II trials for them*
Who are the customers?	• *Three kinds of patients: Auto Immune Deficiency patients (HIV/AIDS), C Diff, and radiation treatment* • *The drug is in Phase II, and so the company is pre-revenue. It has been tested successfully on both dogs and mice*

What do the financials look like?	• *Monthly Burn Rate: $70,000* • *Since they are unable to sell the drug without FDA approval, they are pre-revenue. It will take **at least** 3-5 years before they are able to generate revenue*

Who is behind the deal?	• *Management team*
	  ○ *Robert – President*
	  ○ *Bob – Chief Science Officer*
	  ○ *Drew – CMO*
	• *Board of Directors*
	  ○ *Richard*
	  ○ *Sarah*
	  ○ *Joseph*
	  ○ *Caroline*
	  ○ *Chapa*
	  ○ *Michael*
	  ○ *Black*

Do they have any intellectual property?	• *Pending applications in U.S., Taiwan, Argentina, Japan, Europe, China, India, Korea, Canada and Australia* • *Office actions have been received for the U.S. and Chinese patent applications, and talks are ongoing*
How quickly and easily can they grow?	• *Pharma has first mover advantage.* • *The benefits over drugs in the marketplace now are two-fold: one, it is able to absorb toxins in a safe manner, and two, the drug does not absorb typical antibiotics used to treat the diseases mentioned*

INVESTMENT RISKS

Who are the competitors? How are they different?	• *There is no drug that is able to do what Pharma is arguing that CASAD can do.* • *Although there are many drugs that are able to treat diarrhea, no drugs are able to treat it on an acute level—especially without affecting the immune system.*
What are the barriers to entry?	• *Large barriers to entry; high research cost, high clinical trial costs, etc.* • *It should be at least another 7 years before a*

	competitor enters the arena if Pharma is able to secure FDA approval and their IP
Other risks?	• *Product has been demonstrated effectively in a study of 23 dogs with 65% efficacy in 48 hours.* • *There are no published studies that include CASAD's effect on humans. Phase II trials are make-or-break*

DEAL SPECIFICS

Has this company received any past funding?	• *Previous Capital: $3,700,000* • *Capital raised from founders (Management team: $125,000), Generic Angel Network (About $1.5M), and Texas Emerging Technology Fund ($2M)*
How much money is this company requesting?	• *Requesting $500,000-750,000 in this round*
What will they use the money for?	• *Finish Phase II trials and build out their research base a bit more* • *Also for basic operational overhead*
Potential Exits?	• *Have the option to sell after solid Ph. II results to a major pharmaceutical company or continue to market own drug—which would generate substantial cash flow*
Incubation Space?	• *They are not current being incubated, but have a $2M raise from the Texas ETF*
Other Items?	• *CEO is making $240,000 a year. This seems like a substantial amount for a pre-rev company*

Analyst Investment Recommendation	☒ **YES** ☐ **NO**
Recommendation Assessment	• *I want to do a bit more due diligence first; actually analyze what is happening with the C Diff and other immune deficiency diseases.* • *The backers seem to all be top notch—although I don't have a personal relationship with any of*

	them. By my father's assessment, this drug has the potential to do "several hundred million in sales a year." That's some serious potential—if it works.
Angel/Mentor Investment Recommendation	☐ **YES** ☐ **NO**
Recommendation Assessment	• *Why was it a Yes/No decision for you?* • *What makes this deal a Winner/Loser?*

ACTION ITEMS

☐ **Invite For Meeting**	*Possible Dates/Times?*
☐ **Reconsider next meeting**	Vote at the next meeting
☐ **Pass**	No Further Action Required

ADDITIONAL NOTES

	Screening Committee Summary

Psychological Hiring, Inc.

Entrepreneur(s)	*Paul*
Referred By	-
Portfolio Segment	*Software*
Location	*Austin, TX*
Founded	*Service Launched end of Q3 2009*
Raise Amount	*$700,000*
Pre-Money Value	*$2.5-$3m*
Post-Money Value	*$3.2-$3.7m*
Percent Ownership	*19-22% (It had been mentioned that they were willing to give up to 25%)*
Brief Overview	*Psychological Hiring (PH) offers a predictive hiring assessment that enables companies to identify job candidates most like their top performers and accurately predict candidates' future performance for hiring or promotion decisions. PH's Affinity formula can be benchmarked to a specific company and includes performance predictors in the areas of Cognitive Ability, Personality, and Work Culture.*

INVESTMENT OPPORTUNITY

What do they do?	• *What pain does this product/service solve?* ○ *HR Time and Cost Savings through screening* ▪ *Employers overwhelmed with large volume of online applications* ○ *Increased productivity due to better matches* ▪ *Predict future job performance based on key indicators* ▪ *Increased revenue* ○ *Decreased turnover* ○ *Reduced training tie* ○ *Quicklaunch* ▪ *Quickly implement system for customers*

	○ *Identify top performers* ▪ *Only establish formulas based on those in top 5%, rather than other companies which require 40+ people* • *Total Available Market? Total Relevant Market?* • *How big is that opportunity (i.e. market size)?* ○ *Online job recruiting $16b industry (2007)* ▪ *Used by 96% of job seekers* ▪ *78% employers use internal corporate web recruiting* ○ *Target 150-5000 employee companies* ▪ *4500 in Texas* ▪ *125,000 in US* ○ *140 tech companies in TX*
How will/do they make money?	• *What is the go-to-market strategy?* ○ *Direct Sales* ▪ *Warm contacts, cold calling* ○ *Strategic Partnerships* ▪ *Job Boards* ▪ *Social Media* ▪ *Recruiting Agencies* ○ *Online & referral* ▪ *Ad word marketing* • *Who is helping them (channel/strategic partners)?* ○ *Potential strategic partnerships:* ▪ *Jobvite* ▪ *LinkedIn, Facebook, Xing* ▪ *Adeco, ADP* • *What is the revenue model?* ○ *B2B SaaS* ▪ *Current: Annual Subscription based on headcount ($1200 base)* ▪ *Future: Base Subscription + transaction fee* ▪ *B2B = Main focus* ○ *B2C* ▪ *Freemium + individual subscription* ○ *Partnerships* ▪ *Revenue share*
Who are the customers?	• *Type of customers (enterprise/consumer)?* ○ *B2B* ▪ *Texas based tech companies, 150+ employees* ○ *Strategic Partners/Job Boards*

	○ B2C • Who are the current customers? ○ BusinesSuites ○ Capital Area Food Bank ○ Outsource Resource ○ DrillingInfo ○ 13 customers; strong pipeline ▪ All customers renewing, some have renewed on multiple occasions • Certain customers have even switched from Profiles International • Future targeted customers? ○ Partnerships: ▪ Jobvite, LinkedIn, Adeco ○ Businesses > 100 employees ○ Pipeline: ▪ Near: 6 • Numerous meetings; Nearing contract ▪ Pipeline: 33 • Some contact ▪ Lead: 188 • Need to contact
What do the financials look like?	• How much money are they spending every month right now (i.e. burn rate)? ○ $35,000 • What is the revenue? • Revenue: ○ 2009: $3,600 ○ 2010:$69,750 ○ 2011:$245,000 ○ 2012:$1,700,744 ○ 2013:$5,677,220 ○ 2014: $9,000,000 ○ 2015: $19,000,000 • Breakeven date? ○ Projected positive Net Income for 2011
Who is behind the deal?	• Management team ○ Paul, CPA (CEO) ▪ 22+ yrs. financial and executive management experience ▪ Led finance changes through M&A's ○ Dr. Kerr (CSO)

	▪ *25+ yrs. executive experience* ▪ *Performance management & consulting* o *Chris, MCSE (CTO)* ▪ *VP for IT, AHA* o *Denes, MA, PHR (Prod Dev.)* ▪ *15+ yrs. human resources & executive management* ▪ *Employee selection* ▪ *Test Development/validation* ▪ *USAF occupation tests* o *Braden (Bus Strategy &Marketing)* ▪ *Tech company advisory boards* o *Kim (Lead Developer)* ▪ *18+ yrs. engineer and executive* ▪ *Founder/CTO/VP, Bigmop.com* ▪ *Start-up experience* • *Advisory board* o *Kathy (Lawyer)* o *Steve (Accountant)*
Do they have any intellectual property?	• *Pending or Approved?* • *How many filings?* o *Proprietary Algorithm* ▪ *Possibly Patent*
How quickly and easily can they grow?	• *Is their business model and strategy scalable?* o *Yes. Plan to start with B2B, primarily pursuing Texas based tech companies* o *As name gets out there and is marketed, it will become easier to scale* • *Are they a 1st mover?* o *Other companies offer similar services. However, PH believes it offers clear competitive advantages and a superior business model* • *What is their competitive advantage?* o *Duplicate star performers* ▪ *Top 5% rather than requiring 40 plus employee interviews for benchmarking* o *By company and position* ▪ *Benchmarked* o *Customized Formula* o *Proven science* o *Initial Hiring, and promotion* o *Easy-to-use & Superior Reports* o *Customized behavioral interview questions*

<table>
<tr><td></td><td><li style="list-style:none">
Model validity
Before pre-screen: All applicants
Cognitive + Personality + Culture</td></tr>
</table>

INVESTMENT RISKS

<table>
<tr><td>Who are the competitors? How are they different?</td><td>Direct Competitors (Primary)
Similar service and business model
People Answers, Chequed
Direct Competitors (Secondary)
Similar assessments different model
Profiles International
Very similar categories
Profiles is per use
Indirect
Significant differences
Personality tests
Differences:
Categories measured
Price Model
Candidate Scope
Implementation
Competitors require more employees to generate formula benchmarks
Competitors price differently
PH is first stage in application process
Does not require pre-screening
Attractive, as PH offers unlimited usage
Other competitors either different, or focus on specific industry
Healthcare, retail, enterprise</td></tr>
<tr><td>What are the barriers to entry?</td><td>Cost of entering market?
Time to enter market?
Marketing Costs</td></tr>
<tr><td>Other risks?</td><td>Product/Technology: Has the product actually been used/tested?
B2B: Yes
B2C: Further development
Regulatory: Does the product require regulatory approval or oversight?</td></tr>
</table>

DEAL SPECIFICS

Has this company received any past funding?	• *How much?*
	• *From who?*
	  ○ *$30,000 management investment*
	  ○ *$275,233 Bank Loan*

How much money is this company requesting?	• *Range?* • *Specific amount?* ○ *$700,000*
What will they use the money for?	• *Sales/Marketing Expertise* • *Sales and Marketing Initiatives* • *Product Development and Engineering*
Potential Exits?	• *5 year exit at 3x revenue*
Incubation Space?	• *None currently*

Other Items?	• *Employees currently not drawing salaries*
	  ○ *Plan to by January 2012*
	  ○ *Only recently has one moved from part-time to full-time*
	• *Deal with potential employee pushback through pre-planned education*
	• *Past two years: Not much marketing, mainly word-of-mouth*

Analyst Investment Recommendation	☒ **YES** ☐ **NO**

Recommendation Assessment	• *Yes, in regards to inviting PH back for 10/28 presentation meeting*
	• *Interesting concept with both significant R&D efforts having already taken place*
	• *Would substantially and effectively reduce the large volume of online application submissions*
	  ○ *Saves time and money for HR*
	  ○ *Provides a quantified measure as to employee potential*
	• *Allows for evaluation for promotion as well*

	◦ *Better job fit* • *Quantified model individually benchmarked for unique jobs* • *Initial effort to target Texas based companies appears logical* • *Revenue model doesn't require per use fee, which allows companies to screen large volume of applications* ◦ *Significant advantage to draw customers away from competition*
Angel/Mentor Investment Recommendation	☐ **YES** ☒ **NO**
Recommendation Assessment	• *Why was it a No decision for you?* ◦ *Ownership stake* ◦ *In business 2 years, yet only 13 customers* ◦ *To meet revenue projections would require significant sales revenue increase* ▪ *Revenue projections overly optimistic* ▪ *Would require substantial customer increase* ◦ *Future effects on income when management starts drawing salaries* ▪ *Note: Management isn't currently drawing salaries* • *Plan to begin in January 2012*

ACTION ITEMS

☐ **Invite For Meeting**	*Possible Dates/Times?*
☐ **Reconsider next meeting**	Vote at the next meeting
☐ **Pass**	No Further Action Required

ADDITIONAL NOTES

Baylor Angel Network	**Screening Committee Summary**

Public Messaging, LLC

Entrepreneur(s)	*Rob*
Referred By	*The Executive Director*
Portfolio Segment	*Internet Services*
Location	*San Antonio, TX*
Founded	*April 2010*
Raise Amount	*$600,000*
Pre-Money Value	*$1,000,000*
Post-Money Value	*$1,600,000*
Percent Ownership	*37.5%*
Brief Overview	*Public Messaging (PM) is a web service that makes it easy for people to find and share local events.*

INVESTMENT OPPORTUNITY

What do they do?	• *Customers have a difficult time finding out about local events because the content is spread across many websites. Finding and promoting local events involves a great deal of time and services, and organizations struggle to attract community engagement* • *PM makes it easy to find and share local events – an un-served niche in a proven content industry* • *Online local advertising grew from $5B in 2008 to $25B in 2011 and projected $45B in 2015; the online content industry generates 450M page views per month*
How will/do they make money?	• *Primary revenue comes from advertising and click-through revenue splits* • *Additional revenue opportunities include fees for marketing firms such as "Freemium" that*

<table>
<tr><td></td><td>provide local organizations and referral content
Stage 1 – local and regional advertising with a distributed sales team
Stage 2/3 – Regional/National advertising with consolidated sales team and referral partnerships
Strategies rely on meaningful relationships with local organizations
Deal with MyFavoritePeople for local event ticketing revenue split</td></tr>
<tr><td>Who are the customers?</td><td>Targeted content providers are local organizations and nonprofits not currently advertising on the web
Targeted users are internet users generated by general search traffic</td></tr>
<tr><td>What do the financials look like?</td><td>Monthly net burn of $11,000
Projected Revenue
2011 - $2,500
2012 - $290,000
2013 - $1,100,000
2014 - $6,000,000
2015 - $11,000,000
Breakeven in 2013</td></tr>
<tr><td>Who is behind the deal?</td><td>Management team
Andrew, Product Development
Rob, Outreach
Patti, Technology
Sandy, Advisor/Director of Operations
Advisory board
Brett
Jacob
Bradley
Michael
Toni
Arnold
David, Lawyer</td></tr>
<tr><td>Do they have any intellectual property?</td><td>No</td></tr>
<tr><td>How quickly and easily can they grow?</td><td>Model is scalable to cities nationwide and model has been developed for metroplexing for areas such as New York</td></tr>
</table>

	• *Growth strategy is currently to target smaller college cities first, then expansion into major cities* • *PM is a latecomer in the online content industry, but a first-mover in large scale local content* • *PM's advantage is that they are serving the niche market of local content*

INVESTMENT RISKS

Who are the competitors? How are they different?	• *Competitors – Foursquare, Eventbrite, Thrillist, Instagram, Groupon, Plancat* • *PM is distinct because they concentrate on truly local events and establish key local partnerships*
What are the barriers to entry?	• *Events and local web markets look crowded and competitive, but direct competition is limited* • *Building local relationships is the key barrier to entry* • *A significant barrier to entry is the significant difficulty in gathering local event information on a large scale*
Other risks?	• *Product has successfully completed its pilot in San Antonio and has expanded to Seattle, LA, Austin, DC, and Houston* • *Risk that local events will not make the move to the web over traditional advertising*

DEAL SPECIFICS

Has this company received any past funding?	• *$75,000 from Brett in March 2011 and an additional $30,000 in additional investors are secured*
How much money is this company requesting?	• *$600,000*
What will they use the money for?	• *Continue growth in new markets and allow execution of planned sales and marketing strategies* • *Hire a Chief Operations Officer to oversee*

	business operations and assist with business development
Potential Exits?	• *Acquisition by AOL, Yahoo, Facebook, or Google*
Incubation Space?	• *No*
Other Items?	• *Do not foresee additional capital due to potential revenues*

Analyst Investment Recommendation	☐ **YES** ☒ **NO**
Recommendation Assessment	• *This deal is a No because:* • *Although this service would make finding local events more convenient, I do not think that searching is too difficult as it is now* • *I think the barriers to entering PM's niche are too low and it would be easy for Facebook, Google Calendar, or a similar group to copy the local event idea without acquiring PM*
Angel/Mentor Investment Recommendation	☐ **YES** ☒ **NO**
Recommendation Assessment	• *This deal is a No because:* • *I do not think the economics of the deal support the requested equity* • *There will be difficult interfacing with local governments and PM will spend a large amount of time coordinating with organizations* • *Moving money away from traditional local advertising means will be cumbersome* • *I do not think it's a big enough market to support one company focused solely on "free" events*

ACTION ITEMS

☐ **Invite For Meeting**	*Possible Dates/Times?*
☐ **Reconsider next meeting**	Vote at the next meeting
☐ **Pass**	No Further Action Required

ADDITIONAL NOTES

Reduce, Reuse, Recycle, Incorporated

Baylor Angel Network	**Screening Committee Summary**

Reduce, Reuse, Recycle, Inc.

Entrepreneur(s)	*Aimee*
Referred By	*Rick from Generic Angel Network*
Portfolio Segment	*Consumer Products*
Location	*Austin, Texas*
Founded	*12/2007*
Raise Amount	*285,000*
Pre-Money Value	*4,000,000*
Post-Money Value	*4,350,000*
Percent Ownership	*What percent of ownership does that represent*
Brief Overview	*RRR, Inc. offers eco-chic lifestyle products and services that inspire millions to reduce their environmental impact and carbon footprint.*

INVESTMENT OPPORTUNITY

What do they do?	• *As more and more consumers "go green" RRR offers eco-friendly, reusable bags for things like grocery shopping, lunch bags, Ziploc's, and general totes* • *RRR focuses on targeting 48 million women who control household purchasing in the US* • *The natural lifestyle segment of the market is estimated at $10 billion with food-on-the-go representing $1 billion*
How will/do they make money?	• *They are currently selling their products in 10 stores and are currently working on getting into 2 more* • *They currently work with M. Block and Sons, a 100 year old family run distributorship. This company operates nationwide and has experience with "green" companies*

	• *They utilize a variety of retailers, specifically wholesale agreements that offer Gross Margins of 33% and Net margins between 10%-18%*
Who are the customers?	• *Their main customers are enterprises; namely grocery and consumer products stores* • *They currently sell to: Whole Foods, The Container Store, Bed Bath & Beyond, HSN, Shop NBC, Amazon.com, Cooking.com, FrontGate, Tupperware, and Bloomingdales* • *Future Customers Include Target and Belk*
What do the financials look like?	• *Monthly Burn Rate: $60,000* • *Projected Year to Date Revenues: 3,249,000* • *Actual Year to Date Revenues: 1,500,000* • *Projected Year to Date Net Profits: 534,000* • *2012 Projected Revenues: 7,500,000* • *2012 Projected Net Profits: 4,386,000* • *Breakeven Date:*
Who is behind the deal?	• *Aimee - COO (Chief Ozone Officer)* • *Page -CIO (Chief Inspiration Officer)* • *Felicia -VP of Operations* • *Advisory Board: 5-members; investors from Whole Lotta Grocery and Generic Retail Store*
Do they have any intellectual property?	• *Patents Pending: Gro-Pak Kit* • *Filed: May 21, 2009*
How quickly and easily can they grow?	• *The business model is scalable. They have continued to add new customers over the past years and are currently looking to add more. The margins are average and as more people look to "go green" they can expect more customers to purchase their bags due to the nationwide distribution relationships* • *They claim to have invented the country's first reusable shopping system* • *Competitive Advantages:* • *IP of Gro-Pak Product, Relationships with retailers as a "go-to" green brand, business model is focused on impacting current environmental situation*

INVESTMENT RISKS

Who are the competitors? How are they different?	• *Chicobags offers similar tote bags; it is "ultra squishable" and instead of folding the bags form a self-tote. They have products for bottles, college branded goods, and "daypack" backpack style bags. They lack the ventilation and insulation components that RRR's Gro-Pak possesses* • *Reisenthel is a German company also in the reusable bag industry; they are more fashion focused and also lack the insulation and ventilation components* • *Snack Taxi makes lunch-on-the-go reusable bags; They are similar in the idea but double the price of RRR's products; They also offer napkins and sporks and other lunch related items; they do not have the ventilation or insulation components*
What are the barriers to entry?	• *The "green" trend is in full swing which both enhances and reduces barriers to entry:* • *RRR's approach to giving back, microfinance loans and sourcing out ecofriendly production facilities, raise the cost of doing business but provides the customer with certainty that they are making a sustainable decisions to purchase their products* • *The materials used to produce these "Gro-Pak's" seem to be standard among RRR's competitors; this reduces the barriers to entry by driving down material costs* • *Developing key distribution partnerships are also a large barrier to entry; RRR was able to get into 500 stores in 2008. Could this occur today with the saturation?*
Other risks?	• *This product is currently in stores nationwide; the largest risk I see is the patent pending on their system* • *This company did not meet their targeted revenue goals for 2011 thus far* • *There is a huge reliance on a celebrity endorsement to help propel this brand forward* • *Since their 2009 Sustainability report they have only reduce plastic bag use by a fraction of*

	what they planned

DEAL SPECIFICS

Has this company received any past funding?	• *Previously raised $1.4 million* • *Currently Raising $285k Series A Round, $130K Secured, $150k invested* • *Raised from: An array of angels and super angels, friends and family, as well as some suppliers and business partners*
How much money is this company requesting?	• *Seeking $285,000*
What will they use the money for?	• *Not specified*
Potential Exits?	• *Seeking exit in 2-3 Years via:* • *Housewares company seeking to build green product portfolio* • *Accessories company seeking to grow through new product extensions and channels* • *Private Equity Group "Roll-Up" in the fragmented green house and lifestyle sector*
Incubation Space?	• *N/A*
Other Items?	• *Won many awards and achievements, forecasted sustainable profitability* • *No comprehensive financials available* • *Seem to have missed most goals for this year but Aimee seemed very optimistic about RRR's ability to reach and exceed next year's goals*

Analyst Investment Recommendation	☐ **NO**
Recommendation Assessment	• *There are many companies that offer these "reusable" shopping tote bags but these imitators lack the innovation that RRR's bags have* • *RRR is focused in a hot and booming space right now;* ***if*** *they can exit in 2-3 years it could*

	return substantial returns for investors • *They are very focused on doing good in the world; from workplace safety and regulation to the use of sustainable materials in their products, RRR is truly focused on sustainability* • *They are one of the lower priced products in this space allowing for more customer acquisition* • *RRR has not reach their set goals for the past year and have a lot of future success riding on a celebrity endorsement*
Angel/Mentor Investment Recommendation	☐ **YES** ☐ **NO**
Recommendation Assessment	• *Why was it a Yes/No decision for you?* • *What makes this deal a Winner/Loser?*

ACTION ITEMS

☐ **Invite For Meeting**	*Possible Dates/Times?*
☐ **Reconsider next meeting**	Vote at the next meeting
☐ **Pass**	No Further Action Required

ADDITIONAL NOTES

BAN Baylor Angel Network	**Screening Committee Summary**

Virtual Signature, LLC

Entrepreneur(s)	*Matt*
Referred By	-
Portfolio Segment	*Internet/Web Services*
Location	*Frisco, TX*
Founded	*2011*
Raise Amount	*$750,000*
Pre-Money Value	*$3,000,000*
Percent Ownership	*20%*
Brief Overview	*Virtual Signature, LLC (VS) provides image-based electronic signature services that eliminate paper processes, saving time and money. VS is developed both for online use as well as through an additional smartphone app through use of phonecam/webcam.*

INVESTMENT OPPORTUNITY

What do they do?	• *What pain does this product/service solve?*
	  ○ *Conveniently sign and transmit documents electronically*
	  ○ *Eliminates need wasteful paper*
	  ○ *Electronic Documentation*
	  ○ *Signature validity*
	  ○ *Save time and money by removing the need to fax or ship*
	• *How big is that opportunity (i.e. market size)? Total Available Market? Total Relevant Market?*
	  ○ *$12b currently spent transmitting/overnighting documents for signatures*
	    ▪ *Only $123m on e-sig's*
	      • *Growth @ 150% yearly*

	- *Only 1% currently* ◦ *Video capability readily available* ▪ *Phone cameras* ▪ *Web Cams* ◦ *Business and Enterprise* ◦ *Smartphone Owners (20m using phone for business)* ▪ *Business by phone continually growing*
How will/do they make money?	• *What is the go-to-market strategy?* ◦ *Allow free MobileSign app to create traction, transferring users into customers of paid app, as well as VS for business & enterprise* ◦ *Different strategies for different products:* ▪ *MobileSign* • *Mobile Ads, internet marketing, blogs* ▪ *VirtualSig for Business* • *Upselling, internet marketing, partners* ▪ *Enterprise* • *Bus Dev; Industry Experts* • *Who is helping them (channel/strategic partners)?* ◦ *Current businesses will effectively market the product to others through usage in field* ◦ *Tech Wildcatters support* • *What is the revenue model?* ◦ *Paid simply sign app: $2/user/month* ◦ *SMB (for Business): $25/user/month* ◦ *Enterprise: Independently negotiated* ▪ *Based on transaction volume* ▪ *Upwards of $10,000-250,000/month*
Who are the customers?	• *Type of customers (enterprise/consumer)?* ◦ *Smartphone Owners* ◦ *Business* ◦ *Enterprise* • *Who are the current customers?* ◦ *3,000+ individuals (MobileSign)* ◦ *7 businesses (limited/free version)* ◦ *Enterprise: In talks with 8 businesses* ▪ *Including Pepsico* • *Future targeted customers?* ◦ *PepsiCo (in talks)*
What do the	• *How much money are they spending every month right now*

<table>
<tr><td>financials look like?</td><td>(i.e. burn rate)?
<li style="list-style:none">
$2000/month
What is the revenue?
Q1&2 2011: $0
Q3 2011: $7,200
Q4 2011: $41,962
2012: $1,178,076
2013:$4,476,684
EBITDA Positive 4Q 2012
Positive CF’s 4Q 2012
Breakeven: Mid/Late 2012
Overall Revenue Prediction assumptions:
5-10 Enterprise customers by 2013
Jan 2012: Simply sign into play
March 2012: VirtualSig for business into play</td></tr>
<tr><td>Who is behind the deal?</td><td>Management team
Matt (CEO)
Entrepreneurial & Exits Experience
Elinc (acquired by Eklin and subsequently VCAAntech)
Organically grew companies
$35m revenue
Executive involvement
Scottie (CTO)
Experience leading software development teams (20 years)
Kelly (CMO)
Cofounded Impirus
Role: Marketing and Business Development
Elinc: Marketing and Operations (10 years)
Advisory board</td></tr>
<tr><td>Do they have any intellectual property?</td><td>2 Patents Pending
Both Provisional
Audit trail not authentication
system and process for creation and use of electronic signatures
Integrating Picture
Integrating Video</td></tr>
<tr><td>How quickly and easily can they grow?</td><td>Is their business model and strategy scalable?
Yes. Defined Business and Revenue models and highly scalable strategy
Model to monetize as infrastructure</td></tr>
</table>

	MobileSign drives VirtualSign for Business, which in turn drives Enterprise *Are they a 1st mover?* *Similar eSignature competitors* *Only image-based provider* *What is their competitive advantage?* *Image Based* *Superior technology* *Mobile Capability`* *Maintain signature validity* *Ease*

INVESTMENT RISKS

Who are the competitors? How are they different?	*Paper considered main competition* *Traditional and Accepted form* *E Competitors:* *Docusign* *Echosign* *Zosh* *EasySign* *Competitors products similar in:* *SaaS* *Audit Trail* *Document Workflow* *Competitors lack* *Image based identification* *Do not maintain signature validity* *Competitors behind in* *Mobile capability*
What are the barriers to entry?	*Enterprise and business customers potentially utilizing other forms of signature transmission* *Need both sides of transaction to accept*
Other risks?	*Product/Technology: Has the product actually been used/tested?* *Yes* *Vignature for Business, iPhone Simply Sign, Web SimplySign, and Android SimplySign developed and in use* *2 Patents Pending* *Regulatory: Does the product require regulatory approval or*

	oversight?
	    ○ *2-Way video only in NJ*
	• *Will companies adopt?*
	• Who are the early adopters?
	• Requires both parties to accept VirtualSign
	    ○ Will VS's brand name draw acceptance?

DEAL SPECIFICS

Has this company received any past funding?	• *How much?*
	    ○ *$25,000 in previous capital*
	• *From who?*
	    ○ *Tech Wildcatters*

How much money is this company requesting?	• *Range?* • *Specific amount?* ○ *$750,000*

What will they use the money for?	• *In next 2 years:*
	    ○ *Add staff (10 headcount)*
	    ○ *Boost rev to 150k/mo.*
	    ○ *Market MobileSign (boost to 100k users)*
	    ○ *Upsell Business (Add 2000 clients)*
	    ○ *Pursue enterprise Contracts (5-10 deals)*
	    ○ *Enterprise Development*

Potential Exits?	• *Acquisition*
	    ○ *Early*
	        ▪ *Esign*
	    ○ *Later*
	        ▪ *VeriSign*
	        ▪ *Microsoft/Google*
	    ○ *Other examples of similar acquisitions:*
	        ▪ *Echosign – Acquired by Adobe*

Incubation Space?	• *Are they currently being incubated?*
	    ○ *Tech Wildcatters*
	        ▪ *Reason:*
	            • *Grow faster*
	            • *Network*
	            • *Support*
	• *Do they need incubation space?*

Other Items?	• *Patent Pending applications available* • *Security:* ○ Meets ISO standards

<table>
<tr><td></td><td>

o Must be real-time photo
o Additional Metadata
o Utilizes digital signatures + Asymmetric Info + Timestamp
▪ Can prove alteration easily
o VS can save digital thumbprint to act potential 3rd party to validate

Future Potential
Video recording, 2-way video, Witness Video

</td></tr>
</table>

<table>
<tr><td>Analyst Investment Recommendation</td><td>☐ YES
☒ NO</td></tr>
<tr><td>Recommendation Assessment</td><td>

Despite legality, both parties still need to use and accept VS applications
Would require even greater market presence and brand name then VS has
Claim government as potential customer
government highly unlikely to move away from current paper/mailing system
Doesn’t seem likely that product would gain significant traction
MobileSign ‘neat’ and appears easy and useful, but that does not necessarily translate into companies picking up this product
Traditional paper/mailing still has significant hold
Many will continue to consider it as the primary means of transmission
Not enough brand awareness
PepsiCo deal: No actual commitments

</td></tr>
<tr><td>Angel/Mentor Investment Recommendation</td><td>☐ YES
☒ NO</td></tr>
<tr><td>Recommendation Assessment</td><td>

Why was it a No decision for you?
Unclear whether ‘pain point’ addressed and resolved by this product
Picture is effectively meaningless
VS lacks studies to prove their findings and projections
Projections unrealistic
5-10 Enterprise contracts highly unrealistic and overly optimistic

</td></tr>
</table>

	• *Do not entirely address other issues of security* • *Idea could easily be duplicated*

ACTION ITEMS

☐ **Invite For Meeting**	*Possible Dates/Times?*
☐ **Reconsider next meeting**	Vote at the next meeting
☐ **Pass**	No Further Action Required

ADDITIONAL NOTES

PART III

Reflection

Looking at the past four years, the Baylor Angel Network has been the single best experience in our collegiate careers. No other program, class or extra-curricular activity has been able to give us the robust learning opportunities that BAN has given us. In fact, both of us will readily admit our internships with the Baylor Angel Network were instrumental in obtaining our future occupations as Investment Banking Analysts. Although we both secured positions in investment banking, the Baylor Angel Network has given us a broad base of knowledge that is applicable in a wide variety of situations. This can be seen by the future careers of the other Senior Analysts: one is currently in Dallas working as a technology consultant with Accenture, another will be joining Deloitte in their Strategy and Operations Consulting Division and another will continue running his own business post-graduation. The variety of jobs that the analysts have obtained ranging from high finance, consulting and entrepreneurship prove BAN provides a robust education that will be extremely valuable to any person joining the work force.

The business education that we received from BAN is not only pivotal to understanding the businesses that we will work for, but it is also key to understanding the larger macroeconomy. We received a business education from three main sources: the educational component of BAN (led by Dr. Petty), the interactions that we had with the entrepreneurs and Chief Executive Officers (CEO) of the application and portfolio companies and the interactions that we had with the angel investors.

The foundation of almost all of our business knowledge relies upon our introductory business courses. Specifically, Financial Accounting, Managerial Accounting and Introduction to Finance encompass the majority of our analytical responsibilities with BAN. Additionally, we were surprised to find one other class provided significant value: Introduction to Marketing. Marketing was valuable because it relied on thought processes critical to the establishment of a successful entrepreneurial venture. This largely consists of supply chain management, product development and distribution management. In angel investing, the entrepreneur often performs multiple jobs in the successful management of his or her company. These responsibilities range from CEO to custodian. Because it is extremely expensive to hire a marketing team, it is imperative that entrepreneurial CEOs learn to accomplish many—if not all—of these positions without hiring additional help. The fundamental principles established in our introductory business courses are foundational to our continued education in later courses.

Apart from the introductory classes, it is a requirement for all BAN Analysts to take Dr. William Petty's Entrepreneurial Finance class. Entrepreneurial Finance is the only class in the Finance Department that truly prepared us for the analytical responsibilities that we performed as Senior Analysts. In Entrepreneurial Finance, Dr. Petty taught through an amalgam of theoretical and empirical research, case studies (entrepreneurs who had previously exited ventures through liquidity events with their businesses) and self-reflection that prepared students for an occupation post-graduation. More specifically, students were able to acquire many technical details of angel investing and entrepreneurship. Although Entrepreneurial Finance covers a broad survey of educational ideas, a substantial portion of the course was set aside for term sheets, valuation and modeling both investments and liquidity events.

Dr. Petty is also very involved in the continuing education of the analysts. As Junior Analysts, we were given a binder full of articles and case studies pertaining to angel investing or entrepreneurship. The Junior Analysts familiarize themselves with a large portion of these materials over the summer. After the summer, they finished the remaining requirements throughout the duration of the semester—occasionally with additional assignments or articles. In addition to the materials in our binder, we were required to read various books related to angel investing. Throughout the internship, these included the following: *The Art of the Start: The Time-Tested, Battle-Hardened Guide for Anyone Starting Anything* by Guy Kawasaki, *Early Exits: Exit Strategies for Entrepreneurs and Angel Investors (But Maybe Not Venture Capitalists)*, by Basil Peters, *Venture Deals: Be Smarter Than Your Lawyer and Venture Capitalist*, by Brad Feld and Jason Mendelson, *The Definitive Guide to Raising Money from Angels*, by William Payne, *The E-Myth Revisited: Why Most Small Businesses Don't Work and What to Do About It*, by Michael Gerber and *Mastery: The Keys to Success and Long-Term Fulfillment*, by George Burr Leonard. Even after Entrepreneurial Finance, Dr. Petty continued to generate a curriculum that added significant value to our knowledge of business, entrepreneurship and angel investing. Ultimately, the academic responsibilities of BAN establish an excellent foundation for analyst interaction with both entrepreneurs and angel investors.

We have also received an excellent business education through our interactions with the CEOs, management and entrepreneurs of application and portfolio companies. Because of the manner in which the deal process is structured, we were required to perform substantial research before communicating with entrepreneurs in the screening process. The research allowed us to attain a better understanding of each company. As we gained more experience in analyzing companies, we attained a heightened awareness of the critical characteristics and execution risks of various companies in different industries; we could not have gained this exposure in an academic setting.

After our initial research, we talked with each company's management for several hours. Although we frequently developed pre-conceived notions concerning the companies we covered, we were surprised to find our initial thoughts occasionally shifted following our conversation with the entrepreneur. Moreover, the aspects of the business we reasoned would be breaking points occasionally represented unique strengths. After screening dozens of companies, we are now able to quickly determine the critical success factors of early stage entrepreneurial ventures. Additionally, we have become much more discerning with respect to the information being presented by entrepreneurs and their businesses. Although speaking with management teams has been an incredible learning experience, we believe our interaction with the angel investors has generated the best educational opportunity BAN provides.

We believe the most beneficial and valuable opportunity to attain knowledge is through personal interaction with those who have experienced the same challenges we face. All of the angel investors have significant experience in managing companies; furthermore, many of them have occupational experience as entrepreneurs. They have a unique and dynamic understanding of entrepreneurial management, and as such, they are able to quickly assess all aspects of application businesses. There are three key ways we are able to gain exposure to the angels: securing one as an angel mentor to help screen deals, personal interaction at BAN events and additional extra-curricular activities. We believe each of these avenues is extremely important and has contributed significantly to our educational experience.

The one-on-one interactions that we have had with our angel mentors have been second to none. The investors that volunteer to be angel mentors are experts in the industry of the application company, and as such, they have a highly articulated understanding of the unique challenges facing the venture. This mentorship process allowed us to gain significant knowledge about how various industries operate. For example, the mentor frequently acknowledged specific aspects of a deal that previously appeared unimportant. However, because of the niche or industry of the application company, these issues could become make-or-break topics for our investors. We found it imperative to have a conversation outlining the deal with the mentor before the call.

This allows the analyst and mentor to be on the same page while on the conference call with the entrepreneur. Following the call with the entrepreneur, it is recommended that the analyst and mentor have a follow-up call. We found this to be beneficial to the analyst for the same reasons listed above—it helps to frame the Analyst's perspective of the business into what is important to investors. We found the flow and professionalism of the Screening Committee Meeting increased significantly when the analyst and mentor had these additional calls.

Apart from business knowledge, the Baylor Angel Network has been an incredible platform to learn leadership skills. The responsibility we assumed as Senior Analysts is unlike any other opportunity in the country. The Baylor Angel Network internship was pivotal in securing our future jobs, and being able to speak in depth about the events we organized constituted a substantial portion of this contribution. Not only were we responsible for the analysis of dozens of companies, but we also played an instrumental role in the operations of BAN. As we mentioned earlier, each event that we facilitated had a Senior Analyst responsible for its planning, organization and execution. We gained the ability to consolidate our resources and solve problems both quickly and efficiently. Although this would be helpful in any case, it is especially beneficial to solve problems within a team context. This practice of leadership in a team setting will continue to be an asset as we perform similar duties in our future occupations.

We are exceedingly grateful for our exposure to the angels because of the wisdom they possess resulting from their experience gained both from their professional careers and their personal experiences. We have extensively reflected on the business knowledge that our angels possess; however, we wish to stress there is much more than business knowledge that we have learned from BAN's angels. Fortunately, the angels have been very willing to share their wisdom with student analysts. Ultimately, this may be the single greatest learning experience we have experienced with BAN.

The Baylor Angel Network has provided a robust and challenging educational opportunity. There is no other university in the country that provides a comparable experience—it is truly unique. We have greatly enjoyed our time working for BAN, and cannot thank Dr. Petty, Kevin Castello or the angels enough for providing us this opportunity. We plan to maintain our involvement in the Baylor Angel Network in order to provide additional value to the network, its angels and future analysts.

APPENDICES

APPENDIX A

Objective Summary Template

BAN Baylor Angel Network	**Screening Committee Summary**

COMPANY NAME

Entrepreneur(s)	*Name of the entrepreneur(s)*
Referred By	*Name of who the deal was referred by or "Anonymous Submission"*
Portfolio Segment	*Hardware, Software, Internet Services or Cleantech, etc.*
Location	*City and State of main operations*
Founded	*Year the company started*
Raise Amount	*How much is being raised*
Pre-Money Value	*What is the proposed pre-money valuation*
Post-Money Value	*What is the proposed post-money valuation*
Percent Ownership	*What percent of ownership does that represent*
Brief Overview	*One to two sentence summary about the company*

INVESTMENT OPPORTUNITY

What do they do?	• *What pain does this product/service solve?* • *How big is that opportunity (i.e. market size)?* • *Total Available Market? Total Relevant Market?*
How will/do they make money?	• *What is the go-to-market strategy?* • *Who is helping them (channel/strategic partners)?* • *What is the revenue model?*
Who are the customers?	• *Type of customers (enterprise/consumer)?* • *Who are the current customers?* • *Future targeted customers?*
What do the financials look like?	• *How much money are they spending every month right now (i.e. burn rate)?*

	• *What is the revenue?*
	  ◦ *Year to date? Year two, three, four, etc. (projections)?*
	  ◦ *Breakeven date?*

Who is behind the deal?	• *Management team* • *Advisory board*
Do they have any intellectual property?	• *Pending or Approved?* • *How many filings?*
How quickly and easily can they grow?	• *Is their business model and strategy scalable?* • *Are they a 1st mover?* • *What is their competitive advantage?*

INVESTMENT RISKS

Who are the competitors? How are they different?	• *How are they different?* • *How are they similar?*
What are the barriers to entry?	• *Cost of entering market?* • *Time to enter market?*
Other risks?	• *Product/Technology: Has the product actually been used/tested?* • *Regulatory: Does the product require regulatory approval or oversight?*

DEAL SPECIFICS

Has this company received any past funding?	• *How much?* • *From who?*
How much money is this company requesting?	• *Range?* • *Specific amount?*
What will they use the money for?	• *Hiring new talent?* • *Building out technology?* • *Marketing/customer acquisition?*

Potential Exits?	• *Competitor/partner acquisition?* • *IPO?*
Incubation Space?	• *Are they currently being incubated?* • *Do they need incubation space?*
Other Items?	• *Anything else…*

Analyst Investment Recommendation	☐ **YES** ☐ **NO**
Recommendation Assessment	• *Why was it a Yes/No decision for you?* • *What makes this deal a Winner/Loser?*
Angel/Mentor Investment Recommendation	☐ **YES** ☐ **NO**
Recommendation Assessment	• *Why was it a Yes/No decision for you?* • *What makes this deal a Winner/Loser?*

ACTION ITEMS

☐ **Invite For Meeting**	*Possible Dates/Times?*
☐ **Reconsider next meeting**	Vote at the next meeting
☐ **Pass**	No Further Action Required

ADDITIONAL NOTES

APPENDIX B

Subjective Summary Template

	Subjective Analysis Form

COMPANY NAME

ANALYST NAME

Entrepreneur(s)	*Name of the entrepreneur(s)*
Location	*City and State of main operations*
Founded	*Year the company started*
Raise Amount	*How much is being raised*
Pre-Money Value	*What is the proposed pre-money valuation*
Post-Money Value	*What is the proposed post-money valuation*
Percent Ownership	*What percent of ownership does that represent*
Brief Overview	*One to two sentence summary about the company*

WILTBANK'S ANGEL INVESTMENT CRITERIA

Entrepreneurial Expertise	☐ 1 ☐ 2 ☐ 3 - Average ☐ 4 ☐ 5
What is the entrepreneur's background? Assess how well it has prepared him/her for the new venture.	
Early Yes's and No's	☐ 1 ☐ 2 ☐ 3 - Average ☐ 4 ☐ 5
Are there any Mission Critical NO's or Fatal Flaws?	
Are there any Mission Critical YES's?	
What Yes's do they have now? Are they HARD or EASY Yes's?	
Series of Milestones	☐ 1 ☐ 2 ☐ 3 - Average ☐ 4 ☐ 5
Has the company achieved previous milestones in projected timetable?	

What is the failed milestone risk?
Are assumptions valid? Do the assumptions display business competency?
If they achieve milestones, would other investors want to invest?
What type of future investors will the company seek?
Evaluate the quality of the firm's exit strategy

WILTBANK'S OPPORTUNITY EVALUATION CRITERIA

Good Entrepreneurial Venture	
Feasible?	☐ 1 ☐ 2 ☐ 3 - Average ☐ 4 ☐ 5
Can it be done?	
By this team? What holes do they need filled?	
Do the economics make sense?	
<u>Concerns</u>: Single product venture or multiple revenue source cash cow? What are capital needs? How is the opportunity timing?	
Additional rationale for score	
Reachable?	☐ 1 ☐ 2 ☐ 3 - Average ☐ 4 ☐ 5
Can the team effectively communicate with people who care?	
Evaluate the go-to-market strategy. Is it feasible? Does the timeline make sense? What hasn't the entrepreneur considered? How could it be optimized?	
Evaluate the competitive landscape	
Evaluate the team's message. Does it effectively communicate what the product does? How could it be improved?	
<u>Concerns</u>: Is there significant cost of customer acquisition? Is the market fragmented? Will customers be hard to reach? Will target customers care?	

Additional rationale for score

Valuable?	☐ 1 ☐ 2 ☐ 3 - Average ☐ 4 ☐ 5
What does the team believe their value proposition is? Will it provide significant value to customers, the entrepreneurs and other stakeholders?	
Who are the customers? Will they listen?	
<u>Concerns</u>: Are cost and price assumptions feasible? What about sales assumptions? Do you foresee significant risk associated with the sales cycle?	
Additional rationale for score	

Good Angel Investment	
Scalable?	☐ 1 ☐ 2 ☐ 3 - Average ☐ 4 ☐ 5
Are the market size and target market projections achievable and believable?	
Is the business model scalable? What/When are economies of scale?	
<u>Concerns</u>: Can it scale? What inhibits scalability? Are there significant constraints? Advantages and disadvantages to larger/different scale?	
Additional rational for score	
Durable?	☐ 1 ☐ 2 ☐ 3 - Average ☐ 4 ☐ 5
Did they already miss the window of opportunity?	
Can the venture survive (or remain valuable) if it does not meet projections?	
If the company succeeds, can it withstand new competitive and technological pressure? What barriers to entry protect from this?	
Will the entrepreneur stick around?	
What is the capital strategy?	
Will customers stick around? How strong and important is customer retention?	

Is IP protection necessary? Present? Attainable?
<u>Concerns</u>: Is there any risk of fads, technology, or regulation?
Additional rationale for score
Saleable? ☐ **1** ☐ **2** ☐ **3 - Average** ☐ **4** ☐ **5**
Would anyone want to buy? Is IPO a legitimate possibility?
What strategic partnerships and existing relationships exist? Can they lead to possible acquisitions?
<u>Concerns</u>: Is there already M&A activity in the space? Why the company, why those potential buyers?
Additional rational for score

BAN SPECIFIC ISSUES

Can the CEO / Entrepreneur Sell?
Management Team Experience
Does the team have enough relevant experience?
Are they realistic about their strengths and weaknesses?
A Team? B Team? Or C Team?
Timeline for Exit
Is it realistic?
Is it thorough?
Is it an early exit?
BAN Member Familiarity
Is there a member of BAN who has experience in this field?
Stage
What is the current stage of business development?

APPENDIX C

Screening Meeting Call Template

Screening Call Template

1. Introduce company
    a. Name
    b. 1-2 sentence pitch
    c. Raise and Asking Valuation
2. Main Points
    a. Business Model
    b. Market and Industry (Competitive Landscape)
    c. Team
        i. Who is involved?
        ii. Entrepreneurial experience? Selling experience? Industry experience?
    d. Use of funds
    e. Exit Strategy
    f. Optional
        i. Hard Yes – Fatal Flaws
        ii. IP
        iii. Financials
        iv. Etc…
3. Conclusion
    a. Overview
    b. Student Recommendation
    c. Angel Recommendation

APPENDIX D

Agenda for Screening Meeting

BAN Screening Meeting Agenda

Call-in: 888-226-2327 Code: 6389675#

Agenda Items

1. Call to Order (Executive Director)

2. Deal Screening (Analysts)
    a. E-Rewards, Inc.
    b. Psychological Hiring, Inc.
    c. Reduce, Reuse, Recycle, Inc.
    d. Food Delivery, Inc.
    e. Organic Clothes, Inc.
    f. Generic EMR, LLC
    g. Public Messaging, LLC
    h. Pharmaceuticals, Inc.
    i. Virtual Signature, LLC
3. Future Dates (Executive Director)
    - Angel Education Day, Angel/Analyst Dinner

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