

# Key Elements to NZVIF DD Review Process

Tuesday, 29 August 2017

## Introduction

The due diligence guidelines below provide a high level overview of potential elements to be considered when assessing an investment opportunity, and are used as part of NZVIFs assessment of a potential deal. The list below is not exhaustive and is designed to provide an outline of a framework in which to consider an opportunity from.

Any company or investor who is considering approaching NZVIF for investment is encouraged to engage with the investment team as early as possible, to discuss the opportunity and the information requirements needed to enable the investment to be assessed. The NZVIF team will work with the company or investor throughout the process to ensure that all required information is collated.

Please click [here](#) to contact the team to discuss further.

## Typical Inputs

Previous Investment Documentation

Business Plan or IM

Historical financials

Forecast financials

Capital Strategy Plan

DD Report

Term Sheet

Investment Documentation

## Typical Review Elements

### Process and General Comments

In making an investment decision the following elements are reviewed, scored and presented with an investment thesis for consideration by the Investment Committee.

The following information is illustrative only, and any review is not limited to the information provided below. DD is undertaken in-house or via a partner. If a partner is involved the quality of the DD is taken into account in the decision making, as is the size and quality of partner commitment, and level of on-going support to the business. The business plan (or IM), financials and the capital plan should be supplied and NZVIF may seek clarification on certain elements. This may be undertaken via email, calls or meetings. Documenting mandate eligibility has been stripped back to minimum requirements and NZVIF requirements during deal documentation will flow on agreement of key terms.

### DD Review

**Market** (size, positioning, addressability, fit, timing and share)

**Business Proposition** (credibility, monetisable, reflected in financial forecasts)

**Product** (Robust, scalable, roadmap status)

**Sales and Marketing** (appropriate, credible and attractive model & metrics. Partners and Alliance strategy, Traction, Contracts)

**Management Capability** (credible, committed, structured, executable. Employment contracts. This may include meeting key persons and the management team)

**Competitive Landscape** (articulated, differentiated and defensible)

**IP and Technology** (appropriate protections and strategically positioned)

**Review of Partner Contribution** (size and nature of investment pool, management and governance support)

### Financials

**Historical** (Last 2 years Month on Month C/F, P&L, B/S)

**Forecast Financials** (3 year C/F, P&L, B/S)

**Enterprise Valuation** (Describe methodology and assumptions associated with EV for current and future rounds)

**Capital Plan** (Quality of definition and credibility of round metrics & milestones throughout the company's journey)

### Mandate Eligibility

Eligibility (nexus, industry, reputation, conflicts)

Previous Investment Documentation

Key Legal Compliance Statements

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Deal Shape Fully Formed

## Deal Documentation

**Term Sheet** (Protection, Control and Value Clauses)

**Investment Documentation** (Protection, Control and Value Clauses)

**Capital Plan** (Quality of definition and credibility of round metrics & milestones throughout the company's journey)