

investor/funder memorandum framework

INFORMATION MEMORANDUM

This is a template for an “investor memorandum” which typically tells a story about an enterprise and sets out the business case for funding. A good one will be well designed, concise, and brief, running to 4-7 pages maximum, addressing each section below. For a social impact enterprise/business impact should be woven throughout. For service based businesses (as opposed to product sales) the product/competitor sections should be adapted to suit.

BACKGROUND

Past trading record: If the enterprise/project has a track record of months or years, and/or if it is pre-revenue, and has iterated or pivoted, provide a brief summary here, including any key metrics or achievements to date. If post-revenue, then briefly table the financial and customer acquisition performance, highlighting achievements to date and milestones reached. Maximum 200 words (2-3 paragraphs) commentary

MARKET TRENDS

Table and infographic the total addressable market size for your product/service – by segment if the market for the product is segmented. Describe the primary/secondary customers and current problem/gap in the market for which the product is a solution. Table/infographic + maximum 300 words (3-4 paragraph) commentary.

PRODUCT AND ROADMAP

Briefly describe the product and its unique features and or advantages (describe the minimum viable product and development/customer testing strategy if pre-MVP)

Outline the planned iterative steps in the product evolution plan over the coming 2-3 years, demonstrating innovation capacity and credentials.

Overlay the product evolution onto the company’s roadmap over the 2-3 year period including key milestones and expected achievements. Table/Infographic + maximum 300 words (3-4 paragraph) commentary.

IMPACT MANAGEMENT FRAMEWORK

Outline the impact model and theory of change assumptions. Include relevant sustainable supply chain management and employee engagement practice and any impact metrics projected against the company’s growth strategy, eg. When growth reaches points a,b,c. Set out measurement and reporting intent. Table or infographic format preferably. Maximum 200 words (2-3 paragraphs)

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PARTNERSHIPS

List the strategic partners and suppliers who will help you execute on your strategy and growth path. Identify those that you intend to engage with an eye to those that are likely to assist in getting the organisation's product/service to market and/or strengthen the company's defensibility against potential competitors. Table and/or infographic plus maximum 100 word (1-2 paragraph) commentary.

COMPETITIVE LANDSCAPE

Table the key strategic competitors, potential future competitors in your space, and other relevant players in a similar market space to the company. Maximum 5-10 line table distilled from more comprehensive source data

Company Name	Product	Product Feature 1	Product Feature 2	Product Feature 3	Product Feature 4	Price point	Active market 1	Active market 2	Channel
Bill's widgets	widget	flat	square	light-weight	orange	\$10	Perth	Bunbury	Bunnings, market stalls
Bob's widgets									
Jill's widgets									
Your org									

DEFENSIBILITY

Set out any and all intellectual property and high-level strategy demonstrating the organisation's defensibility in the market, and defensibility in its execution strategy. Include any relevant technical specifications at a high level and (if any) assets which will be created. This should aim to satisfy a prospective funder that you have thoroughly thought through protecting the business and their investment. Maximum 200 words (2-3 paragraphs)

CUSTOMER ACQUISITION STRATEGY

Outline the company's proposed distribution model (eg direct, reseller/distribution or license model) and timeline of expected customer engagement and growth, including relevant costs, milestones and expected achievements. The customer acquisition strategy must be critically robust and stand up to scrutiny – as without paying customers and customer growth from startup onwards there will be no investment, and no business. Table/Infographic + maximum 300 words (3-4 paragraph)

VALIDATION AND TRACK RECORD

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Briefly review your achievements to date from the opening (Background) section. Dot point:

- Paying customers to date
- Case studies or pilots
- Any letters of intent or testimonials – preferably from a recognisable customer
- Insights and development gained through market testing and development
- Time and money invested in the company to date

Maximum 100 words (1 paragraph+dot points)

TEAM

Outline your founding team and their mix of strategic skills that are relevant to the company and its growth objectives, including how long each team member has been with the company. Set out their terms of engagement (eg note if on a paid salary, pro bono contribution, or sweat equity and vesting if applicable for a for profit startup).

Outline the board of directors and their strategic skills as above, together with any advisory board, being clear on whether the advisors are formal/informal and any time commitment they are making.

Maximum 50 words (1-3 lines per team member)

FINANCIAL MODEL

Set out a 3-5 year financial (cashflow) projection based on monthly source data, including key metrics and projected unit sales. Table + maximum 100 words (1-2 paragraphs)

Summary of Cashflows	FY1	FY2	FY3
<i>Recurring Revenue</i>	\$195,000	\$1,897,500	\$4,068,000
<i>Once off Revenue</i>	\$504,000	\$2,948,000	\$4,089,600
Revenue Total	\$699,000	\$4,845,500	\$8,157,600
Cost of Sales	\$52,000	\$506,000	\$1,084,800
Expenses	\$1,782,793	\$3,985,589	\$4,635,110
EBITDA	(\$1,135,793)	\$353,911	\$2,437,690
<i>Active clients</i>	16	64	112

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INVESTMENT

Set out the size of the investment needed, how the finance will be used, over what time period, together with milestones over the timeframe, as well as what terms you are seeking (eg. In a for profit you may be seeking to offer a percentage equity in return for the investment. In a not for profit or co-operative you may be seeking either grant funding, blended finance, or other 'patient capital' loan)

Table + maximum 100 words (1 paragraph) commentary

ACTIVITY	PHASE 1	PHASE 2	TOTAL
	6 MONTHS	6 MONTHS	Year 1
Funding Required	\$400,000	\$900,000	\$1,300,000
<u>Use of funds</u>			
<i>Software Development, Patents & trademarks</i>	<i>\$186,000</i>	<i>\$285,524</i>	<i>\$471,524</i>
<i>Board & Exec</i>	<i>\$65,000</i>	<i>\$204,171</i>	<i>\$269,171</i>
<i>Business Dev. & Marketing</i>	<i>\$83,000</i>	<i>\$261,611</i>	<i>\$344,611</i>
<i>Corporate & Admin: Rent, Training, Travel, Insurances</i>	<i>\$20,000</i>	<i>\$97,590</i>	<i>\$117,590</i>
<i>Working Capital contingency</i>	<i>\$46,000</i>	<i>\$51,104</i>	<i>\$97,104</i>

RISK PROFILE

Outline the challenged and risks involved in executing the strategy, including barriers and competitive threats over time, and inherent risk in the target market (or market segment). Set out how and when the money is spent relates to milestones and progress towards a cashflow breakeven point. Maximum 200 words (2-3 paragraphs)

EXECUTIVE SUMMARY

Summarise the reason for presenting the IM (ie. to attract investment), the goals the company is seeking to achieve and the distinguishing features which allow them to be realised, together with the decision timeframe. Maximum 200 words (2-3 paragraphs)

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