

I. Management

A. Management Team

1. Provide a high level organization chart and job description indicating present management areas of responsibility.
1. Provide detailed resumes and business and personal references for each key manager.
2. Discuss any gaps in the present management structure or plans to add managers.
3. Provide any employment contracts and/or non-compete agreements that have been entered into with key managers.

B. Company Ownership

1. Provide detailed capitalization table listing all equity holders, shares held, the price paid and the date acquired.
 1. Provide a list of all classes of stock in terms of types, shares authorized, shares outstanding, voting rights, liquidation preferences, dividends, terms of warrants and options outstanding, and any preemptive rights or rights of first refusal.
 2. Discuss any employee stock option program and provide spreadsheet of options granted/issued to employees.
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II. Industry Information

A. Size and Nature of Market

1. What are the leading sources of data on market size, growth rate, and market shares in the automotive accessory (rental and sale) and mobile internet industries? How is market need/demand measured and forecasted for these industries?
2. How big is the overall market served by Acme, both domestic and internationally? How is the market segmented? What is the annual growth rate for each market segment, both historically and projected for the future?
 1. Provide any market reports or information that you have which would be helpful to the due diligence process.
 3. Describe any current or proposed government legislation or regulation that could affect the mobile internet industry.

C. Industry Structure

1. For each major link in the value chain (across automotive accessory and mobile internet markets), to what degree is the industry consolidated or fragmented? Is this changing? Provide list of major players in each major link in the value chain.
2. What are the dynamics among various industry players across the value chain and where is power concentrated? How is this changing over time?
3. Is the industry seasonal? Cyclical?

D. Competition

1. Who are Acme's competitors and potential competitors? Are there any expected new entries or other potential competitors?
 2. Compare and contrast Acme's product and strategy with those of its existing competition.
 3. What sustainable competitive advantage does the company have (or will it likely have) over competition, especially 'copy-cat' businesses.
 1. What are the barriers to entry into the industry?
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III. Sales and Marketing / Business Development

A. Products/Services

1. Describe each planned product/service (including market need/value, design, key features, stage of development, competition, revenue and profit model).

E. Sales/Marketing Strategy

1. Discuss the company's overall sales/marketing strategy.
 2. Who are Acme's current and potential customers/partners? List the 10-20 largest potential customers. Who are the company's primary sales targets, in order of priority? How does the company plan to reach them?
 3. Detail the company's existing customer/partner contracts and backlog, including the stage of agreements (calls, meetings, LOI, contract, integration, active). How is each current or potential customer expected to contribute to revenue growth?
 4. Provide a list of key customer/partner contacts for reference calls.
 5. How will Acme determine the price for its products/services? Will pricing be consistent or variable across customers or market segments? What are expected future price trends?
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IV. Financial and Accounting Information

A. Historical Financial Statements and Financial Forecast

1. Provide copies of all annual and interim financial statements.
1. Provide monthly financial statements for the past year.
2. Provide a detailed financial forecast. Explain key assumptions.

F. Cash Management and Receivables Management

1. What is the minimum amount of cash balance which the company will need to maintain for transactions purposes?
2. What percentage of sales will be on a credit basis? What will normal credit terms be? What credit information/analyses will be used to determine the eligibility and amount of credit for individual customers?

G. Capital Expenditures

1. Provide a detailed summary of historical capital spending and projected capital spending.
 1. What is Acme's "wish list" for new equipment / capacity if management had a blank check.
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V. Legal / Insurance / Tax Information

A. Detailed Legal Information

1. Provide the Company's: Articles / Certificate of Incorporation, By-Laws, Shareholder Agreement(s), and Minutes from prior board meetings
1. Provide copies of all material contracts or agreements (including joint ventures, agreements with vendors and customers, licensing agreements, employment agreements, confidentiality agreements and non-compete agreements).
2. Discuss any prior or planned acquisition/divestiture activities.

H. Intellectual Property

1. Provide a detailed listing of the company's domestic and international intellectual property, including patents (issued and pending), trademarks, service marks and copyrights; include the expiration of all intellectual property.
2. Discuss the company's IP strategy. Discuss the basis for FTO, patentability, and defensibility of the current IP estate.
3. Provide and discuss any consultations/opinions that have been solicited from IP counsel or other IP specialists.
4. Discuss the terms and royalty payments of any licensing agreements of the company's technology.
5. Summarize any agreements by which the Company uses another company's licensed intellectual property.

I. Litigation

1. Discuss any prior, pending, or threatened actions, lawsuits, or proceedings against the company or its officers/directors.
2. Discuss any legal problems or potential litigation presently facing the industry.

J. Insurance and Tax Information

1. Describe all insurance policies (property, product liability, etc.) and any filed claims.
 2. Summarize any key officer life and/or disability insurance on its key officers as well as any D&O insurance.
 3. Is there anything notable about Acme's current/future tax treatment? (special considerations for this business or industry)
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VI. R&D / Product Development

A. Research And Development

1. How large will the R&D budget be? How are projects chosen for R&D?
1. What specific projects is the company working on or planning to work on? What are the anticipated benefits of each project? Are any of these critical for the commercial launch of the particular products or services? What are the timetables for their completion? What might reasonably cause delays in the completion of these projects and therefore the launch of products or services?

K. Product / Software Development

1. Discuss in detail the company's software design and development process.
 2. Discuss the company's systems infrastructure. Outline historical spending on IT/IS. Discuss projected IT/IS investments and level of importance/priority.
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VII. Human Resources Information

ACME
VENTURE CAPITAL DUE DILIGENCE QUESTION LIST

A. General Information

1. Has any turnover occurred to date? If so, describe.
1. Describe the nature of any outside consultants used. Provide copies of any reports and consulting agreements.

L. Compensation

1. Provide details on wages/salaries and other benefits and forms of compensation.
1. Does the company have a bonus plan? If so, describe and list bonuses paid and expected.
2. Provide information on the company's stock option or related equity incentive programs.