

This PDF document contains information useful to both applying companies and the expert judges who are evaluating applications. Please review this document carefully as it details the information we collect and how it will be evaluated.

## Table of Contents

| Page(s) | Title                             | Description  |
|---------|-----------------------------------|--|
| 2 – 4   | Application template              | Please familiarize yourself with its format and the questions asked.<br><i>If you are a team applying for the AIC, please download an editable version of the application template <a href="#">here</a>.</i>                         |
| 5       | Evaluation Map of the Application | This page lists the evaluation criteria the AIC is using for each of the sections in the application form.   |
| 6       | Challenges for companies          | Here, we break down each of the evaluation criteria. We translate each criterion in the challenge it poses to an entrepreneur.   |
| 7 – 8   | Full evaluation rubric            | These pages detail the evidence-based evaluation matrix we are using for this competition. Each evaluator will score companies using this tool. Feedback will be anonymized, aggregated and provided to all participating companies. |
| 9       | An example heat map               | This page gives you an idea of what a feedback summary for a competing company will look like once a given round of judging is complete.   |

The Arizona Commerce Authority has partnered with Valid Evaluation, Inc. and is using that company's tools for the AIC. Below are links to three **tutorial videos** explaining key aspects of their online platform. Please watch them.

| Audience  | Video                                    | Running Time |
|-----------|--|--------------|
| Judges    | <a href="#">Registration and Profile</a> | 2:50         |
| Judges    | The <a href="#">Evaluation Process</a>   | 3:34         |
| Companies | <a href="#">Understanding Feedback</a>   | 3:16         |

**Instructions**

- ✓ Due by **Friday, March 27, 2015 at 3:00pm Arizona Time (AZ)**.
- ✓ Entries that do not comply with these instructions will not be accepted. Please read carefully!
- ✓ The information that you provide on this application must be information that is defined as non-sensitive by your business.
- ✓ Complete this entire entry form using a **10-point font size**. Do not change this document’s margins or alter its format.
- ✓ **Your completed document must be no more than three (3) total pages:** This Company Profile page is the first page. These instructions should remain *intact* with the fields below filled out accordingly. Only the final two pages of your submitted application will have your responses to Parts 1 through 6.
- ✓ Parts 1 - 6 below must be contained on a **maximum of two pages**. You may change the relative sizes of the boxes’ lengths, but you must write your responses within the provided template.
- ✓ The bolded, black text in each of the boxes for parts 1 through 6 are clarifying questions and content suggestions. We understand that you may not have answers to all the questions, but more complete applications tend to get better evaluations. If you wish, you may delete this bolded, black text in parts 1 through 6 as you fill in the application.
- ✓ Save this file as a PDF (an option in Microsoft Word’s save-as window). Please title your file **“companyname\_AIC\_Spring\_15.pdf.”**
- ✓ **To submit:** Beginning Monday, February 23, 2015, visit **www.AZInnovationChallenge.com**, go to the “Apply” section, then go to the “Application – Download & Submission” page. After reading the Submission section, click the “Submit Application” button near the bottom of that page. From there, you will fill out company profile information, upload your document, and complete the submission process, which will also include setting up an account for our online administration and evaluation system. Plan for at least 30 minutes to complete the submission process.
- ✓ Submissions outside of above guidelines will not be accepted.

**Company Profile**

| Basic Information                         |  |
|---|--|
| Company Name                              |  |
| Contact Name                              |  |
| Company Website                           |  |
| URL of optional 5-minute video submission |  |

| Sector (mark only one)   |                              |
|--------------------------|------------------------------|
| <input type="checkbox"/> | Advanced Materials           |
| <input type="checkbox"/> | Advanced Manufacturing       |
| <input type="checkbox"/> | Aerospace / Defense          |
| <input type="checkbox"/> | Bio & Life Sciences          |
| <input type="checkbox"/> | Cleantech / Renewable Energy |
| <input type="checkbox"/> | IT - Hardware                |
| <input type="checkbox"/> | IT - Software                |

Type an “x” in the left column of the above table that most closely matches your industry sector.

| Funding History                               |                   | Funding Needs  |            |
|---|-------------------|--|------------|
| Founders (include hard cash investments only) | \$ xxx,xxx        | What dollar amount of outside equity do you anticipate needing in the next 18 months?  | \$ xxx,xxx |
| Friends and Family                            | \$ xxx,xxx        |  |            |
| Grant funding                                 | \$ xxx,xxx        | Current funding request from the Arizona Innovation Challenge (\$100,000 to \$250,000) | \$ xxx,xxx |
| Professional investor equity                  | \$ xxx,xxx        |  |            |
| Bank or professional investor debt            | \$ xxx,xxx        |  |            |
| <b>Total cash funding to date</b>             | <b>\$ xxx,xxx</b> |  |            |

| Other profile questions  |  |
|--|--|
| Affiliated university, accelerator and/or incubator, if any:     |  |
| Legal form of company? (e.g. C-corp., S-corp., LLC, Partnership) |  |
| Intellectual property protection, if any                         |  |

### Part 1: "Elevator" Introduction

Brief elevator pitch for your company

### Part 2: Market and Industry Analysis

How large is your market? What market segments are you going after and why?

Is this market growing? How fast?

Who is in the market already? What is the nature of competition – direction, indirect, substitutes?

### Part 3: Go-to-Market Plan

Who are (will be) your customers? Describe your engagement / discussions with them to date. Have you validated their needs? Prove they are buying (or will buy) your product from you.

Describe how you win customers today. Describe your future customer acquisition strategy.

How will you displace any incumbents/competitors? How are you better/different than your competitors? What's your channel/partnership strategy, if any?

### Part 4: Technical Product Description and Plan

Briefly describe your product or service.

Technology Validation. (What evidence can you present that your product works as advertised? Future validation plans?)

Describe the remaining product development risks and your plans to overcome them.

Describe your product's advantages (features, for example) for end-users vs. substitute solutions (not just direct competitors).

Describe your company's current intellectual property status and plans for the future. (Issued patents? Licensing agreements? Pending patent applications? Trade secrets?)

Discussion of any non-IP barriers to entry for your market. Include what you have done to make it difficult for others to challenge you as well as what challenges you may face such as manufacturing arrangements, distribution contracts, partnerships, etc.?

**Part 5: Economics**

**Pricing and downstream value analysis. Prove there is a compelling ROI for end-users and partners based on your pricing.**

**Financial model summary (you may not be able to fill every box – this is ok)**

|                              | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------------|------|------|------|------|------|
| Number of Units Sold         |      |      |      |      |      |
| Avg. selling price           |      |      |      |      |      |
| Gross margin %               |      |      |      |      |      |
| Below in (\$000s)            |      |      |      |      |      |
| Revenues                     |      |      |      |      |      |
| EBITDA                       |      |      |      |      |      |
| Cash <b>burned</b> / created |      |      |      |      |      |
| Funding required             |      |      |      |      |      |

**Note – Dollar amounts in the Financial Model Summary above should be in thousands. For example, \$1,000,000 would be written as \$1,000 and \$10,000 would be written as \$10.**

**Describe how your business scales.**

**Funding strategy. Describe your funding plans moving forward. What milestones will future funding events unlock?**

**Part 6: Risk vs. Talent Narrative**

**What risks has your team mitigated so far (business-related and technical as it relates to your business)? What are the next few major risk-reduction milestones?**

**Briefly list and describe your key team members.**

**Briefly describe any holes in your leadership team. What are your plans to address any recruiting needs in the next 18 mos.?**

**Briefly list and describe your key advisors, and their contributions to date.**

**Parts 1 through 6 must completely fit ONLY on the 2 PAGES !**

**The Company Profile page (the first page above) does not count as one of the pages.**

**We suggest you verify your final PDF file for length and formatting before submission upload !**

**( Remove these notes for submission )**

This is a map helps both entrepreneurs and evaluators explicitly link the application form and evaluation criteria.



| Form section                         | Description  | Mapped Evaluation Criteria  |                                      |
|--------------------------------------|--|---|--------------------------------------|
| ELEVATOR INTRODUCTION                | Provide a concise and compelling summary of your business, product and why your company would make an excellent investment.  | PRESENTATION QUALITY  | "ELEVATOR INTRO"                     |
| GO-TO-MARKET PLAN                    | Briefly detail target customers, existing relationships, and plans for your first few million in revenue.  | MARKET VALIDATION & ANALYSIS  | CUSTOMER ENGAGEMENT                  |
| MARKET & INDUSTRY ANALYSIS           | Detail the size of the market, its segmentation and the attractiveness of the industry to investors. Ideally, you will be able to provide some context as to how your company fits into the history of your market and why today's trends favor your team and your technology.   |   | PARTNERSHIP / CHANNEL                |
|                                      |  |   | MARKET SIZING ANALYSIS               |
|                                      |  | MARKET SEGMENTATION   |                                      |
| TECHNICAL PRODUCT DESCRIPTION & PLAN | A description of your product, product development progress to date and the remaining challenges. Analysis of the product's position in the market with comparisons to direct competitors and indirect substitute products. Brief comments on company's IP strategy. Mention any key non-IP barriers to entry to the market. | INDUSTRY ATTRACTIVENESS   | MARKET GROWTH                        |
|                                      |  |   | INCUMBENTS' POWER                    |
|                                      |  |   | COMPETITION, SUBS. & DIFFERENTIATION |
| ECONOMICS                            | Prove that you understand pricing and its implications for all your entire value-chain: margins for your suppliers, margins for your channel partners and a return-on-investment for the end-user.   | PRODUCT / SOLUTION  | COMPETITION, SUBS. & DIFFERENTIATION |
|                                      |  |   | INTELLECTUAL PROPERTY                |
|                                      |  |   | NON-IP BARRIERS TO ENTRY             |
|                                      |  |   | TECHNOLOGY VALIDATION                |
|                                      |  |   | PRODUCT DEVELOPMENT RISK             |
| FUNDING PLAN                         | What type of funding is best for you? Why? How much do you need, when and over how many funding rounds?  | BUSINESS MODEL  | PRICING                              |
|                                      |  |   | DOWNSTREAM VALUE                     |
|                                      |  |   | COMPANY ECONOMICS                    |
|                                      |  |   | SCALABILITY                          |
| RISK VS. TALENT NARRATIVE            | Discuss the major risks your company faces (i.e. what milestones you will hit) in the next 18 months. Why is your current team is the best group to tackle those risks? If you have near-term talent gaps how will you fill them?  | RISK VS. TALENT   | RISK NARRATIVE                       |
|                                      |  |   | TEAM MEMBERSHIP                      |
|                                      |  |   | ADVISORS                             |
| FIVE-MIN. VIDEO                      | Submit a video that you think will best support your application: e.g. a demo, a presentation, etc.  | HOLISTIC EVALUATION USING THE CRITERIA THAT BEST REFLECT THE VIDEO'S CONTENT. |                                      |



# Challenge each evaluation criterion represents for Entrepreneurs

## CHALLENGE FOR COMPANY

|                              |  |   |
|------------------------------|--|---|
| MARKET VALIDATION & ANALYSIS | CUSTOMER ENGAGEMENT  | Prove you have meaningful relationships with early-adopters who either (1) are doing business with you, or (2) will be doing business with you soon. Prove you can close deals.                   |
|                              | PARTNERSHIP / CHANNEL  | Prove: (1) you understand with whom you must partner and in what order; (2) that you are capable of consummating these partnerships.  |
|                              | MARKET SIZING ANALYSIS   | Prove you know how large your market is. How credible is your knowledge? This is aimed at the company's analysis quality, not the relative size of the market.                                    |
|                              | MARKET SEGMENTATION  | Use an identified pain-point to segment your market. Prove you understand which part of the market you are targeting. How large is it? What sets this segment apart from the others?              |
| INDUSTRY ATTRACTIVENESS      | MARKET SIZE  | For investors, how attractive is this market's size? (Not an analysis task; but facts from the company help. This dimension captures the reality of the market conditions the company is facing.) |
|                              | MARKET GROWTH  | For investors, how attractive is this market's growth / its potential for growth?   |
|                              | INCUMBENTS' POWER  | For investors, how attractive is this market in terms of existing competitors', suppliers' and customers' power?  |
| PRODUCT / SOLUTION           | COMPETITION, SUBS. & DIFFERENTIATION   | Prove you see the world through the eyes of end-users. Prove they will choose you given limited resources and myriad choices. Have you thought about indirect substitute products?                |
|                              | INTELLECTUAL PROPERTY  | Convince investors you control valuable, protectable intellectual property and that your advantage is durable.  |
|                              | NON-IP BARRIERS TO ENTRY   | Argue you will overcome the non-IP barriers to you in your market, and that you will build barriers against others who will seek to imitate your successes.                                       |
|                              | TECHNOLOGY VALIDATION  | Prove that your technology works well. To what (external) evidence can you point?   |
|                              | PRODUCT DEVELOPMENT RISK   | Prove your product will get to market when you say it will. How is your team managing product maturity and scale-up risks?  |
| BUSINESS MODEL               | PRICING  | Prove: your value-based pricing model; you understand your competitors' pricing; and the resulting gross margins will support your business.  |
|                              | DOWNSTREAM VALUE   | Analyze end-users' ROI in terms of time, cost and/or quality. Provide evidence that downstream partners make attractive margins.  |
|                              | COMPANY ECONOMICS  | Integrate your financial models into coherent, holistic financial projections. Prove you are staging investments and projects intelligently. Detail your production strategy.                     |
|                              | SCALABILITY  | Argue your business gets more attractive as it grows. What's required to reach economies of scale (and, if appropriate, economies of scope)?  |
|                              | FUNDING STRATEGY   | Convince investors (1) you know what type of financing is appropriate for you, (2) you will make investors money, (3) you have a clear exit strategy.   |
| RISK VS. TALENT              | RISK NARRATIVE   | Building a company is hard. Don't gloss over that fact. Outline the big challenges you face. Discuss risk mitigation: past achievements and future milestones.                                    |
|                              | TEAM MEMBERSHIP  | Do you have the key people and core capabilities you need to get to the next few milestones? If not, convince judges you have a credible recruiting plan and can fill personnel gaps.             |
|                              | ADVISORS   | Argue you have advisors and/or directors who provide wisdom and advice. Present evidence they are both stage-appropriate and sincerely engaged.   |
| PRESENTATION QUALITY         | "ELEVATOR INTRO"   | Write a clear, concise description of what your business does, what your product is, and where you are in your evolution. Readers should "get it" after reading this.                             |
|                              | DATA QUALITY & ATTRIBUTION   | Support your arguments with relevant, properly attributed data to enhance your credibility.   |
|                              | QUALITY OF PROSE   | Prove you write clearly and argue convincingly.   |
| FUNDING READINESS            | This is a completely subjective dimension that WILL NOT AFFECT your score. We include it here to give you a sense of how close your team might be to raising risk capital. |   |

|                              |                                      | DOES NOT MEET EXPECTATIONS   | MOVING TOWARD EXPECTATIONS   | MEETS EXPECTATIONS  | EXCEEDS EXPECTATIONS  |
|------------------------------|--------------------------------------|--|--|---|---|
| MARKET VALIDATION & ANALYSIS | CUSTOMER ENGAGEMENT                  | No evidence of customer engagement.  | Some evidence of customer engagement. Meeting with key early-adopters and longer-term customers.                   | Evidence of customer engagement and deepening relationships.  | Significant evidence of customer engagement. In revenue, growing sales pipeline.                                |
|                              | PARTNERSHIP / CHANNEL                | No evidence of partnership / channel development.  | Identified potential partners. No evidence of relationship building.   | Identified required partners. Evidence of progressing relationships.                                | Required partnerships formally in place.  |
|                              | MARKET SIZING ANALYSIS               | No evidence of market sizing analysis.   | Incomplete market sizing. Supported by inadequate or questionable data.  | Credible market sizing. Supported by comprehensive data analysis.                                   | Superior market sizing. Supported by top-down and bottom-up data analysis.                                      |
|                              | MARKET SEGMENTATION                  | No evidence of market segmentation.  | Coarse targeting. Likely over-reporting addressable market segment(s).   | Concisely defined market segmentation. Appropriately focused on the right customers.                | Precision customer targeting of market. Ignores non-optimal customers.  |
| weight 17%                   |                                      |  |  |   |   |
| INDUSTRY ATTRACTIVENESS      | MARKET SIZE                          | Market is too small to support a VC or angel return, even at 100% dilution.  | Medium-sized market. Must dominate market to realize a venture return.   | Large market. Investor returns supported if significant market share is won.                        | Multi-billion dollar market. VC returns realized in the past. Significant opportunity for innovators.           |
|                              | MARKET GROWTH                        | Zero or negative market growth.  | Market growing in step with economy.   | Market growing significantly faster than the economy.   | Explosive market growth. Increasing number of opportunities for innovators.                                     |
|                              | INCUMBENTS' POWER                    | Incumbents often stifle startups in this industry. Incumbents sometimes "buy" business, actively "crush" new entrants. | Powerful incumbents sometimes stifle innovation. Value chain slow to accept newcomers.                             | Opportunity for startups to innovate in this industry. Value chain and end-users open to newcomers. | Excellent opportunity. Incumbents look to startups for innovation. Incumbent / startup partnerships common.     |
| weight 17%                   |                                      |  |  |   |   |
| PRODUCT / SOLUTION           | COMPETITION, SUBS. & DIFFERENTIATION | No evidence of competitive analysis. Undifferentiated product.   | Incomplete or too narrow competitive analysis. Weak product differentiation.                                       | Thorough competitive analysis. Strongly differentiated product. Accounted for most substitutes.     | Persuasive competitive analysis. Highly differentiated, accounted for all substitutes, provides novel solution. |
|                              | INTELLECTUAL PROPERTY                | No evidence of defensible IP.  | Unclear or flawed IP protection and/or ownership.  | Evidence of exclusive licensee or owner of meaningful IP.   | Evidence of multiple patents issued or allowed.   |
|                              | NON-IP BARRIERS TO ENTRY             | No evidence non-IP barriers addressed. No plans to overcome or erect market barriers.                                  | Acknowledges some non-IP barriers. Plan remains incomplete.  | Effectively addresses non-IP barriers to entry. Presents comprehensive plan.                        | Persuasively attacks non-IP barriers to entry. Evidence of building their own barriers to entry.                |
|                              | TECHNOLOGY VALIDATION                | No evidence of technical validation, even for product plans / designs.   | Evidence of initial validation. Designs and / or models vetted by external experts, but have not fielded products. | Evidence of stage-appropriate validation. Demonstrates clear plan to complete remaining validation. | Impeccable validation. Undeniable evidence technology is commercially viable.                                   |
|                              | PRODUCT DEVELOPMENT RISK             | Massive product development risk. Still in conceptual stage.   | Significant product development risk remains. Development plans insufficiently thorough.                           | Product development risk medium to low. Remaining development well planned.                         | Product development risk minimal. Design, engineering and manufacturing issues resolved.                        |
| weight 17%                   |                                      |  |  |   |   |

|                      |                             | DOES NOT MEET EXPECTATIONS   | MOVING TOWARD EXPECTATIONS   | MEETS EXPECTATIONS   | EXCEEDS EXPECTATIONS   |
|----------------------|-----------------------------|--|--|--|--|
| BUSINESS MODEL       | PRICING                     | No evidence of pricing analysis.   | Pricing seems valid. Presented incomplete argument.  | Pricing argued credibly. Attractive returns for customers while supporting company operations.           | Validated selling price(s). High confidence gross margins will support business.                     |
|                      | DOWNSTREAM VALUE            | No evidence of downstream value analysis. Cannot say how partners and end-users will profit.         | Addresses some downstream value issues. Adequate description of downstream margins and end-user ROI.   | Effectively addresses downstream value issues. Some evidence downstream partners profit or end-user ROI. | Proven downstream value. Strong evidence of downstream gross margins and excellent end-user ROI.     |
|                      | COMPANY ECONOMICS           | Incomplete financial projections. Key information omitted.   | Unrealistic financial projections. Assumptions need revisions.   | Credible financial projections. Includes key non-monetary line items.                                    | Convincing financial projections. Projections convey intimate understanding of this business.        |
|                      | SCALABILITY                 | Very difficult, perhaps impossible, to scale business as presented.                                  | Incomplete scaling plan. Some areas lack credibility.  | Feasible scaling plan. Unproven.   | Validated scaling strategy. Successful analogs exist.  |
|                      | weight 17% FUNDING STRATEGY | No analysis of funding plans. Not clear if company pursuing appropriate funding sources.             | Inadequate funding plan to get to market. Unrealistic valuation and capital intensity problems.        | Effective funding plan. Addresses follow-on financing requirements (if applicable).                      | Relevant, recent exit multiples provided. Capital efficiency well argued.                            |
| RISK VS. TALENT      | RISK NARRATIVE              | Failed to present challenges and risks. Areas of risk being ignored or hidden.                       | Inadequate risk analysis. Some areas of risk addressed, others glossed over / omitted.                 | Credible risk analysis. Areas of risks effectively addressed, weaknesses minimized.                      | Highly credible risk analysis. Anticipates investors' questions and instills confidence.             |
|                      | TEAM MEMBERSHIP             | Seriously flawed. Team requires new talent.  | Capable of limited progress. Team recognizes gaps in personnel, but presents no plan to address needs. | Capable of significant progress. Team presents specific plan to address personnel needs.                 | Highly capable. Team with excellent composition. No near-term personnel gaps.                        |
|                      | weight 24% ADVISORS         | No evidence of engaged advisors.   | Advisors engaged. Missing key areas of advising expertise.   | Advisors actively engaged. Comprised of appropriate technology and business experts.                     | Advisors productively engaged. Evidence of they supported previous milestone(s).                     |
| PRESENTATION QUALITY | "ELEVATOR INTRO"            | Ineffective introduction. Failed to provide concise business proposition.                            | Adequate introduction. Gradually conveyed company's purpose and value. Should be more crisp.           | Effective introduction. Systematically conveys company's purpose and value.                              | Exceptional introduction. Immediately conveys company's purpose and value.                           |
|                      | DATA QUALITY & ATTRIBUTION  | Poorly supported by data. Little to no attribution of sources.                                       | Partially supported by data. Some attribution of sources.  | Credibly supported by data. Data sources are properly attributed.  | Persuasively supported by meaningful data. Fully attributed data greatly enhances investment thesis. |
|                      | weight 8% QUALITY OF PROSE  | Poorly written. Very difficult to impossible to follow argument. Several spelling or grammar errors. | Moderately written. Sometimes difficult to follow argument. A few spelling / grammar errors.           | Effectively written. Convincing, easy to follow argument. No spelling or grammar errors.                 | Clearly and persuasively written. Compelling arguments. No spelling or grammar errors.               |
| FUNDING READINESS    | weight 0.0%                 | Never  | Years  | Months   | Very soon, if not now.   |



# Qualitative Feedback

All companies that meet the AIC’s qualifications will be evaluated by multiple judges. Valid Eval’s system uniquely summarizes the evaluation clicks made by every judge evaluating that company. (Clicks are not required in every row.)

**For judges.** Please know that each feedback click you make matters. Your clicks are important parts of the overall feedback the system delivers to teams. It’s better not to click in a row if you are unsure of your feedback.

**For companies.** Reading the below is pretty simple. Darker colors represent more agreement among judges on a given feedback click. So, dark colors represent more trustworthy feedback with which you can improve your company’s strategy, for example the company evaluated below was clearly doing a poor job with “Customer Engagement.” On the other hand, the judges couldn’t seem to agree at all on “Incumbents’ Power.” This is a different sort of signal. It could mean that that your application wasn’t clear on this aspect of your business or that the judges simply have widely varying points of view.

**Qualitative Summary: your “Heat Map” for First round** 4 Judges Reporting [Print](#) [Print Help?](#)

|   |                               | DOES NOT MEET EXPECTATIONS   | MOVING TOWARDS EXPECTATIONS   | MEETS EXPECTATIONS  | EXCEEDS EXPECTATIONS  |
|---|-------------------------------|--|---|---|---|
| <b>MARKET VALIDATION &amp; ANALYSIS</b> | <b>CUSTOMER ENGAGEMENT</b>    | No evidence of customer engagement.  | Some evidence of customer engagement. Meeting with key early-adopters and longer-term customers.                  | Evidence of customer engagement and deepening relationships.  | Significant evidence of customer engagement. In revenue, growing sales pipeline.                            |
|   | <b>PARTNERSHIPS / CHANNEL</b> | No evidence of partnership or channel development.   | Identified potential partners. No evidence of relationship building.  | Identified required partners. Evidence of progressing relationships.                                | Required partnerships formally in place.  |
|   | <b>MARKET SIZING ANALYSIS</b> | No evidence of market sizing analysis.   | Incomplete market sizing. Supported by inadequate or questionable data.   | Credible market sizing. Supported by comprehensive data analysis.                                   | Superior market sizing. Supported by top-down and bottom-up data analysis.                                  |
|   | <b>MARKET SEGMENTATION</b>    | No evidence of market segmentation.  | Coarse targeting. Likely over-reporting addressable market segment(s).  | Concise market segmentation. Appropriately focused on the right customers.                          | Precision customer targeting of market. Ignores non-optimal customers.                                      |
|   |                               | DOES NOT MEET EXPECTATIONS   | MOVING TOWARDS EXPECTATIONS   | MEETS EXPECTATIONS  | EXCEEDS EXPECTATIONS  |
| <b>INDUSTRY ATTRACTIVENESS</b>          | <b>MARKET SIZE</b>            | Market is too small to support a VC or angel return, even at 100% dilution.  | Medium-sized market. Must dominate market to realize a venture return.  | Large market. Investor returns supported if significant market share is won.                        | Multi-billion dollar market. VC returns realized in the past. Significant opportunity for innovators.       |
|   | <b>MARKET GROWTH</b>          | Zero or negative market growth.  | Market growing in step with economy.  | Market growing significantly faster than the economy.   | Explosive market growth. Increasing number of opportunities for innovators.                                 |
|   | <b>INCUMBENTS' POWER</b>      | Incumbents often stifle startups in this industry. Incumbents sometimes “buy” businesses, actively “crush” new entrants. | Powerful incumbents sometimes stifle innovation. Value chain slow to accept newcomers.                            | Opportunity for startups to innovate in this industry. Value chain and end-users open to newcomers. | Excellent opportunity. Incumbents look to startups for innovation. Incumbent / startup partnerships common. |
|   |                               | DOES NOT MEET EXPECTATIONS   | MOVING TOWARDS EXPECTATIONS   | MEETS EXPECTATIONS  | EXCEEDS EXPECTATIONS  |
| <b>PRODUCT / SOLUTION</b>               | <b>TECHNOLOGY VALIDATION</b>  | No evidence of technical validation, even for product plans / designs.   | Evidence of initial validation. Designs and / or models vetted by external experts, but have not failed products. | Evidence of stage-appropriate validation. Demonstrates clear plan to complete remaining validation. | Impeccable validation. Undeniable evidence technology is commercially viable.                               |