



IEFPB

AN INVESTMENT RESEARCH AGENCY

Due Diligence Checklist

FINANCIAL PROJECTIONS

- **Quarterly financial projections for the next three fiscal years**
 1. **Revenue by product type, customers, and channel**
 2. **Full income statements, balance sheets, cash**
- **Major growth drivers and prospects**
- **Predictability of business**
- **Risks attendant to foreign operations (e.g., exchange rate fluctuations, government instability)**
- **Industry and company pricing policies**
- **Economic assumptions underlying projections (different scenarios based on price and market fluctuations)**
- **Explanation of projected capital expenditures, depreciation, and working capital arrangements**
- **External financing arrangement assumption**



IFPB

AN INVESTMENT RESEARCH AGENCY

CAPITAL STRUCTURE

- **Current shares outstanding**
- **List of all stockholders with shareholdings, options, warrants, or notes**
- **Schedule of all options, warrants, rights, and any other potentially dilutive securities with exercise prices and vesting provisions.**
- **Summary of all debt instruments**
- **Off-balance sheet liabilities**



IFPB

AN INVESTMENT RESEARCH AGENCY

OTHER FINANCIAL INFORMATION

- 1. Summary of current federal, state and foreign tax positions, including net operating loss carryforwards**
- 2. Discuss general accounting policies (revenue recognition, etc.)**
- 3. Schedule of financing history for equity, warrants, and debt (date, investors, dollar investment, percentage ownership, implied valuation and current basis for each round)**



IFPB

AN INVESTMENT RESEARCH AGENCY

COMPETITION

Description of the competitive landscape within each market segment including:

- 1. Market position and related strengths and weaknesses as perceived in the market sector.**
- 2. Basis of competition (e.g., price, service, technology, distribution)**



IFPB

AN INVESTMENT RESEARCH AGENCY

MARKETING | SALES | DISTRIBUTION

- 1. Strategy and implementation**
- 2. Discussion of domestic and international distribution channels**
- 3. Positioning the Company and its products**
- 4. Marketing opportunities/marketing risks**
- 5. Description of marketing programs and examples of recent marketing/product/public relations/media information on the Company**



IFPB

AN INVESTMENT RESEARCH AGENCY

MAJOR CUSTOMERS

- 1. Status and trends of relationships**
- 2. Prospects for future growth and development**
- 3. Pipeline analysis**
- 4. Principal avenues for generating new business**

Salesforce productivity model

- 1. Compensation**
- 2. Quota Average**
- 3. Sales Cycle**
- 4. Plan for New Hires**



IFPB

AN INVESTMENT RESEARCH AGENCY

MARKETING PLAN WITH PROJECTED BUDGET

Description of the R&D organization

- 1. Strategy**
- 2. Key Personnel**
- 3. Major Activities**

MANAGEMENT AND PERSONAL

- 1. Organization Chart**
- 2. Historical and projected headcount by function and location**
- 3. Summary biographies of senior management, including employment history, age, service with the Company, years in current position**
- 4. Compensation arrangements**
 - 1. Discussion of incentive stock plans**
 - 2. Significant employee relations problems**



IFPB

AN INVESTMENT RESEARCH AGENCY

LITIGATION (past and present)

- 1. List of material patents, copyrights, licenses, and trademarks**
- 2. Summary of insurance coverage/any material exposures**
 - 1. Summary of material contacts**
 - 2. History of SEC or another regulatory agency problem**