INVESTORS / PROCESS DOCUMENTS

Investment Memo — Seed Stage

The memo structure used ahead of a partner meeting, with a worked fictional example (Acme Co).

Educational template — not legal or financial advice. Consult qualified counsel before use. Market terms vary by jurisdiction and by deal.

FICTIONAL WORKED EXAMPLE

Every figure and detail below referencing "**Acme Co**" is invented for illustration only, does not describe any real company, and should not be read as a template for what any real deal's numbers ought to look like. It exists to show how each section of a real investment memo is actually filled in, not to model a typical outcome.

1. Deal Summary

Company	Acme Co (fictional) — B2B workflow software for mid-market logistics operators
Stage	Seed, post-revenue (USD 340,000 ARR at time of raise)
Raising	USD 250,000 of a USD 1,500,000 round
Instrument	Post-money SAFE, USD 8,000,000 cap, no discount
Use of funds	Two senior engineering hires, one account executive, 14 months of runway at current burn

2. Investment Thesis

Three points that would need to be true for this to be a good investment, stated plainly rather than as marketing:

1. The founder has sold into this exact buyer (mid-market logistics operations managers) for six years in a prior role, which meaningfully de-risks the go-to-market assumption relative to a founder learning the buyer for the first time.
2. Existing customers are paying full price with no discount and have expanded seat count within the first two quarters — a real signal of product usefulness, not just initial willingness to try something new.
3. The category (workflow software for an underserved mid-market segment) has one well-funded competitor focused on enterprise accounts, leaving the mid-market segment

genuinely open rather than contested.

3. Business & Market Analysis

Market. Bottom-up sizing: ~40,000 mid-market logistics operators in the target geography, average contract value USD 18,000/year at scale, implying a serviceable addressable market of roughly USD 720,000,000 — not a claim about total industry spend, a specific estimate of the segment this product can realistically sell into.

Competitive position. One well-capitalized competitor (enterprise-focused, average contract value ~10× higher, sales cycle ~3× longer) and several point-solution tools that solve one workflow step rather than the full operation. Acme Co's differentiation is speed to value for a buyer the enterprise competitor's sales motion is not built to serve economically.

Unit economics. Blended CAC ~USD 4,200 (2 channels: outbound + a small paid channel), average contract value USD 14,400/year in year one, gross margin ~78%. Payback period on CAC is under 4 months at current pricing — a genuinely strong figure at this stage, worth stress-testing against a larger, less hand-picked customer sample before treating it as representative.

4. Risk Factors

RISK	DETAIL	MITIGANT / NOTE
Team	Single technical co-founder; no second engineer with deep production ownership yet	Two of the three planned hires from this round are engineering — partially addressed by the raise itself, not yet solved
Market	Segment is real but unproven at scale beyond the first 11 paying customers	All 11 customers acquired without significant paid spend; retention data is directionally positive but the sample is small
Product	Core workflow engine has one significant unresolved reliability issue under high concurrent load	Founder has disclosed this directly and has a remediation timeline; treat as a real open item, not a solved one
Financial	14 months of runway assumes no further hiring beyond the three roles named in the use of funds	A faster hiring pace than planned would compress runway meaningfully — worth confirming discipline on this point directly with the founder

5. Deal Terms & Return Scenarios

Investment: USD 250,000 via post-money SAFE at an USD 8,000,000 cap — initial ownership at conversion of 3.125% (250,000 ÷ 8,000,000). Assuming typical dilution through a Series A, a Series

B, and cumulative option pool expansion, a realistic ownership estimate by exit is roughly 1.5%, used as the basis for the scenarios below rather than the undiluted 3.125% figure.

RETURN SCENARIO	PROCEEDS TO THIS INVESTMENT	IMPLIED COMPANY EXIT VALUE (at ~1.5% post-dilution ownership)
1×	USD 250,000	~USD 16.7M
3×	USD 750,000	~USD 50M
10×	USD 2,500,000	~USD 166.7M

> READING THIS TABLE This is not a prediction of what will happen — it states, mechanically, what exit value would be required at an assumed post-dilution ownership for the investment to return each multiple. A memo should show this math explicitly rather than asserting a return multiple as if it were already known.

6. Recommendation

Invest, conditional on a direct conversation with the founder about the disclosed reliability issue's remediation timeline and confirmation that the hiring plan will hold to the three roles named in the use-of-funds section. The thesis rests on founder-market fit and early payment signal from real customers, both genuinely present here; the open risks are specific and named rather than unknown, which is itself a reasonable basis for proceeding at seed stage.

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