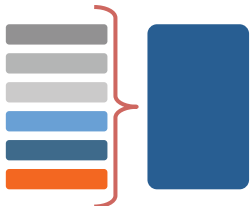


NEW DILIGENCE PROCESS FOR VENTURE BASED BUSINESSES

INTRODUCING SIMULATION, A NEW DILIGENCE PROCESS

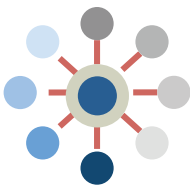
A simulation platform that amplifies existing approaches to new business funding with a decision support system that answers:

What are my data and judgment telling me?



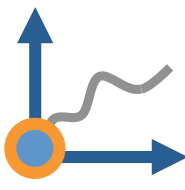
INSIGHTS

What is the likelihood that the business will succeed?



RISK ASSESSMENT

What happens if the market changes?



WHAT-IF

TRADITIONAL VS. SIMULATED DUE DILIGENCE

Traditional Process

1. Involves many assumptions.
2. Static. Unable to effectively test assumptions simultaneously.
3. Judgment shortfalls.
4. Results not integrated. Fragmented segments.

Apply
Scenario
Simulation

Simulated Process

1. Simulates entire (dynamic) market ecosystem.
2. Tests all judgments (company, competitors, market).
3. Greater insight to strategy and how to achieve goals.
4. Save money, test assumptions before execution.

Judgment

- Market size
- Industry sector
- Company life stage

- Market potential
- Competitive environment
- Product / service
- Business model

- Founders
- Track record
- Management experience

- Independent assumptions
- Discount cash flow model
- Public comps
- Transaction comps

Screening



Business



Management



Valuation



Judgment + Science

- Market dynamics
- Industry evolution
- Brand life stages

- Market penetration
- Competitor strategies
- Optimized offering
- Strategic model

- Brand intangibles
- Positioning and messaging
- Management function

- Interactive assumptions
- Brand-based sales forecast
- Risk assessments
- Application platform

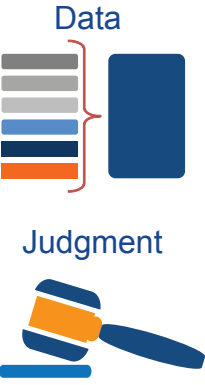
A common misconception is that early stage companies do not having enough data to simulate. However, judgment and gut feel can be simulated along with any available data.

ALL STAGES CAN BE SIMULATED

VC Investing

- Early Stage Seed
- Mid Stage Investing
- Late Stage Investing

VCs use data and judgment to make investment decisions



Simulation Modeling

- Dynamic
- Judgment risk mitigated
- Is there a better alternative?

WINNING FORMULA

2X

Top-performing companies are twice as likely to use analytics to inform strategic and operational decisions.

3X

Companies that use analytics outperform their competitors by 300 percent.

Lavalle, Steve, et al. "Analytics: The New Path to Value." MIT Sloan Management Review.

FREQUENTLY ASKED QUESTIONS

How much data does one need?

There are 0 minimum requirements, as the system merges existing data and expert opinion into one common body of knowledge.

How does simulation work if a market doesn't yet exist?

The software simulates a market ecosystem using any available insights. If no historical data exists, the system runs sensitivity analysis to assess risks.

How accurate are the results?

Forecasts have proven to be 90% accurate or better.

Does the system simulate potential competitors in the market?

The heart of the system is its competitive gaming capabilities. It highlights the advantages needed to become the dominant entity in a market.



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