

## E-COMMERCE INDUSTRY INVESTMENT GUIDE

### 1. MARKET EVALUATION

- Market size and growth potential
- Current market trends
- Geographic considerations
- Market segmentation (B2B, B2C, C2C, D2C)

### 2. KEY INVESTMENT CRITERIA a) Business Model Assessment

- Revenue model (marketplace, subscription, direct sales)
- Gross margins and unit economics
- Customer acquisition costs (CAC)
- Lifetime value (LTV)
- Path to profitability

## b) Technology Stack

- Scalability of platform
- Mobile-first approach
- AI/ML capabilities
- Security measures
- Integration capabilities

### 3. COMPETITIVE ANALYSIS

- Market positioning
- Unique value proposition
- Barriers to entry
- Network effects
- Competitive advantages

### 4. TEAM EVALUATION

- Founding team experience
- Technical expertise
- Industry knowledge
- Track record
- Leadership capabilities

### 5. RISK ASSESSMENT a) Market Risks

- Competition intensity
- Market saturation
- Regulatory changes
- Economic factors

## b) Operational Risks

- Supply chain dependencies
- Inventory management
- Fulfillment capabilities
- Customer service scalability

## 6. GROWTH METRICS

- Monthly Active Users (MAU)
- Gross Merchandise Value (GMV)
- Average Order Value (AOV)
- Customer Retention Rate
- Net Promoter Score (NPS)

## 7. DUE DILIGENCE CHECKLIST

- Financial statements
- Customer cohort analysis
- Technology audit
- Legal compliance
- IP protection
- Market validation

## 8. RED FLAGS

- High customer churn
- Unsustainable CAC
- Poor unit economics
- Weak technological infrastructure
- Regulatory non-compliance
- Limited market differentiation

## 9. EXIT STRATEGIES

- IPO potential
- Strategic acquisition
- Merger opportunities
- Secondary sale

## 10. INVESTMENT STAGES

- Seed: \$500K - \$2M
- Series A: \$2M - \$15M
- Series B: \$15M - \$50M
- Growth/Late Stage: \$50M+