



2 THE PROBLEM

The venture capital market has many inefficiencies that lock-out investors and restrict access to capital for startups.

VC's position themselves as supporters, financiers, and even the instigators of innovation, yet the industry itself has been devoid of innovation for the past twenty years.

Despite vast numbers of businesses launching every year, most startups still fail for a number of reasons including:

- Insufficient capital, and/or poorly timed capital raising
- Management distraction from product development to raise capital
- Misunderstanding the capital markets
- Lack of effective leadership mentoring
- Poor product marketing and sales
- Inability to access global markets and/or supply chains

The cost of failure of startups is generally borne by angel investors, who rely on the success of a small number of targeted investments to recoup losses on failed investments.

Generally, investors spend an inordinate amount of time searching for, reviewing, and performing due diligence on a wide range of startups. With small capital, these investors must either be highly selective when making targeted investments with scarce dollars, or pay large fund fees to participate in diverse pools.

Sometimes, minimum investment requirements block smaller investors from opportunities which can cause them to miss out on lucrative opportunities.