SCALING DILIGENCE | Standardized Memos for High-Volume Screening

Solving Slow, Inconsistent Deal Diligence & Lack of Reproducibility for High-Volume Seed Investment Screens

Analysis by: Sumer Pandey
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Problem Snapshot: High Volume Deal Flow Breaks Diligence

UNDERSTANDING THE MARKET

- **Thesis:** Early-stage diligence is high-volume, time-sensitive and inconsistent - funds lose deals and repeat mistakes because diligence outputs are ad-hoc, non-reproducible and siloed.
- **Typical funnel:** 500 inbound decks → 200 desk reviews → 60 meetings → 8 offers.
- **Key consequences:** Missed red flags, duplicated analyst effort, no audit trail, and poor cohort learning.
- **Value at stake:** Saving 2 analyst hours per deck × 500 decks = 1,000 analyst hours/year. That's real money and senior partner time saved.

TIME PER STAGE

- **Avg Screen:** 0.5 hours
- **Desk Review:** 2 hours
- **Technical Deep Dive:** 6 hours

OPPORTUNITY COST OF INCONSISTENCY

- **Missed Return:** A single missed winner can cost the fund an estimated 10x return on its investment.
- **Hidden Liability:** Inconsistent diligence leads to missed red flags requiring huge amounts in unplanned post-investment remediation capital.

BOTTOMLINE

Diligence is a 1,000-hour blind spot: inconsistency in screening inbound decks wastes hours per deal and leads to non-auditable decisions.

Diligence

Inbound Decks	500
Desk Reviews	200
Meetings	60
Offers	8
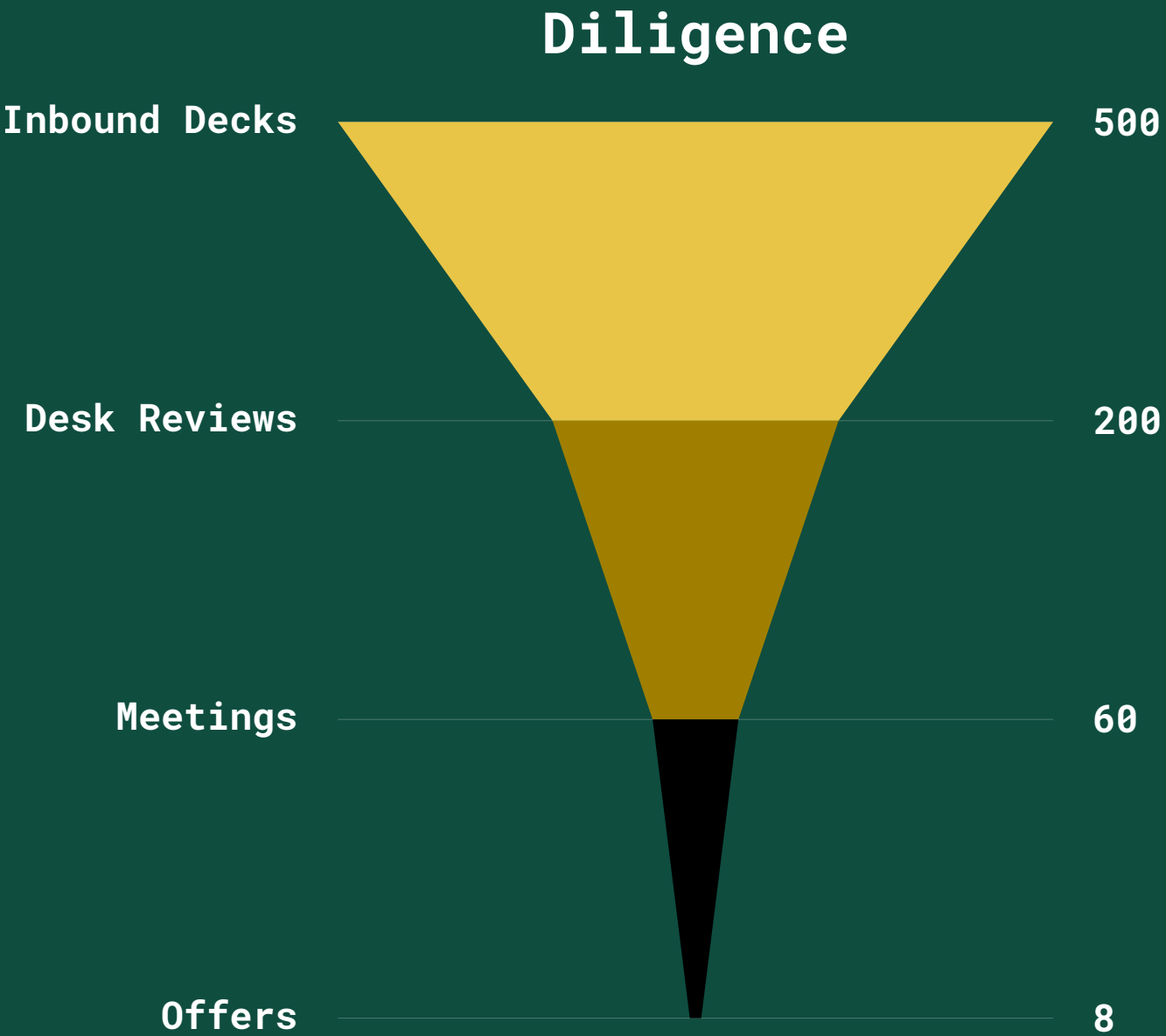
Quantify the Pain: Costs, Missed Signals, and Opportunity
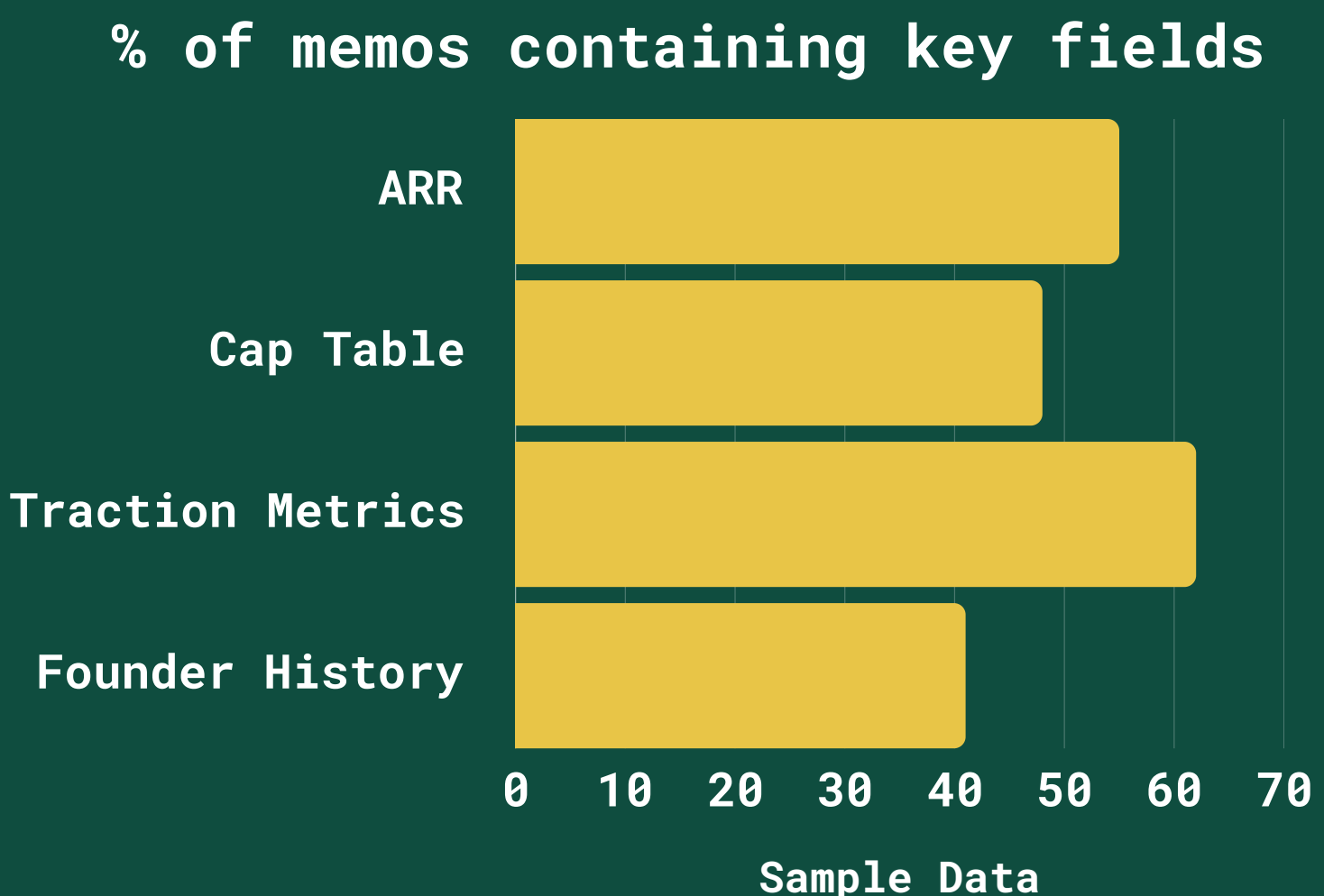
THE HIGH COST OF AD-HOC DILIGENCE

- **Direct Costs:** Analyst hours per screened lead, partner follow-up time, and outsourced diligence spend.
- **Signal Loss:** Field variance, meaning very few memos include canonical metrics (ARR, runway, cap table snapshot) - leads to poor benchmarking.
- **Business Impact:** Missed outliers & false negatives - example: one missed founder exit cost the fund a potential 10× outcome.
- **Opportunity:** Tool that reduces TTFM (time to first memo) from X → Y and standardizes memos could increase investable hit rate and reduce wasted partner time.

THE STRATEGIC COST: ZERO INSTITUTIONAL LEARNING

- **Benchmarking Failure:** Non-standardized diligence prevents reliable cohort-based benchmarking against portfolio successes & failures.
- **Mandate Drift Risk:** Without normalized fields, partner audit time increases significantly to check compliance with the fund's investment thesis.
- **Delayed Learning:** Lack of normalized data forces annual performance reviews to be manual, expensive research projects instead of automated reports.

BOTTOMLINE | Non-standardized diligence creates 40-60% data variance, crippling learning and wasting analyst labor.

% of memos containing key fields

ARR	
Cap Table	
Traction Metrics	
Founder History	

0 10 20 30 40 50 60 70

Sample Data

Market Segmentation: Competitive Map & Whitespace

TAM & WHITESPACE COMPENDIUM

- **Customer Segments:**
  - Micro-VCs & angels (fast)
  - Accelerators (cohort learning)
  - Corp-venture (scale pipelines)
  - Platforms (CRM & portfolio tooling).
- **Willingness to pay:** HIGH for platform/ops teams and funds that run >200 leads/yr.
- **Competitive Landscape:**
  - CRMs (Affinity, HubSpot): good source-of-truth, weak structured diligence schema.
  - Diligence vendors (outsourced shops): deep but costly & bespoke.
  - Emerging startups: automation + signals, but few solve auditability + reproducibility end-to-end.
- **Whitespace:** canonical, auditable, re-runnable diligence product - reproducible memos, connectors to primary signals, red-flag bank and cohort benchmarking.

BOTTOMLINE The market lacks an Automation/Auditability solution for canonical diligence required for cohort benchmarking.
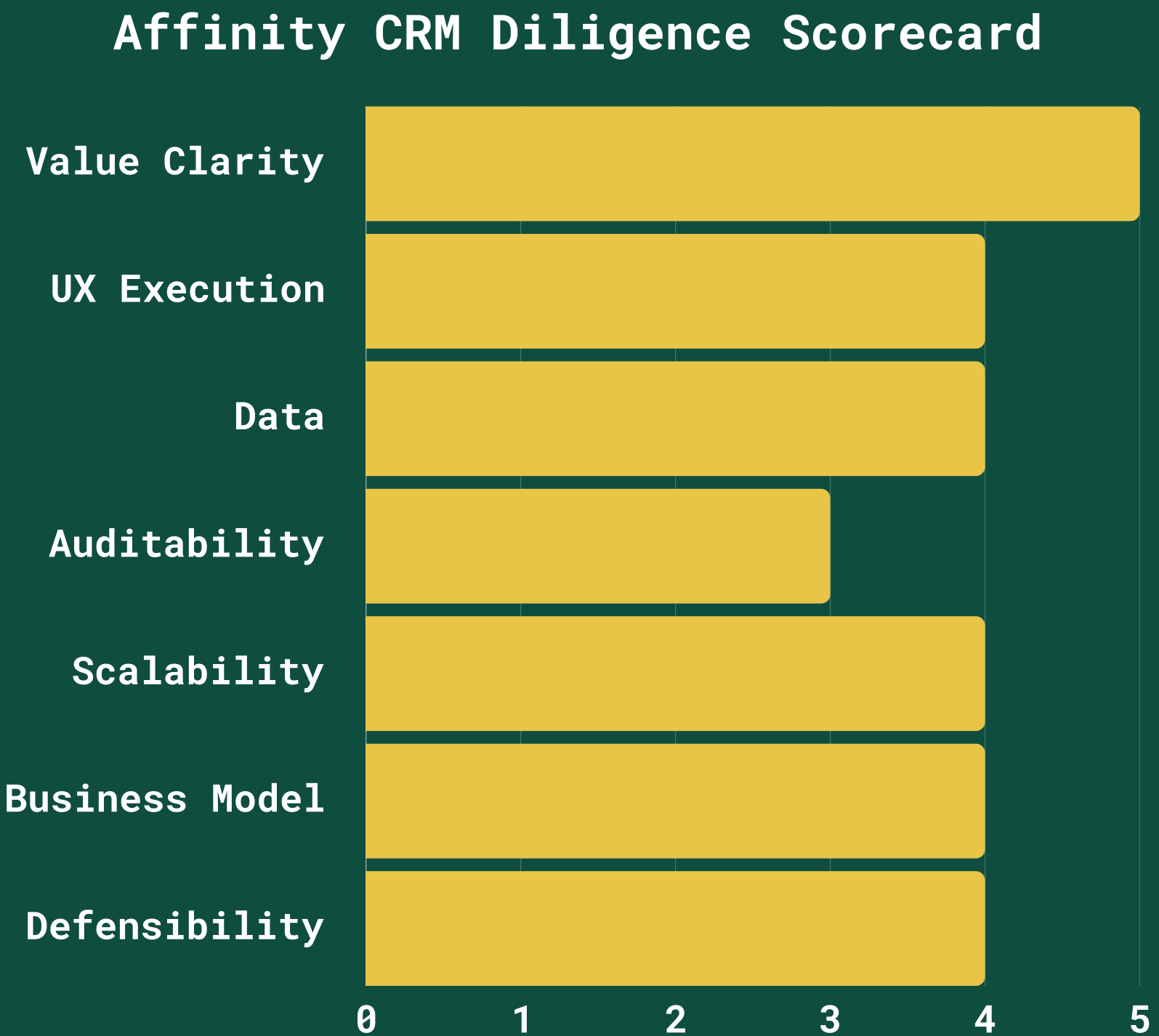
COMPETITIVE MATRIX

- Current Tools: Force VCs to choose between automation and auditability.
- Whitespace: Delivering high automation and high auditability simultaneously.
- Goal: Eliminate manual work while ensuring partners receive standard, trusted outputs.

Affinity CRM: Product Teardown

RELATIONSHIP INTELLIGENCE DONE RIGHT, MEMO & DILIGENCE LAYER MISSING

- **The Problem:**
  - Affinity captures relationship signals brilliantly but does not produce reproducible investment memos - analysts copy signals into Docs, producing inconsistent, non-auditable memos.
- **What Affinity does well:**
  - Automated activity capture (email/calendar) + Pathfinder capture.
  - Relationship intelligence and enrichment
  - Strong pipeline & ops features used by funds.
- **Key Gap & Recommendations:**
  - Gap: No canonical memo template, one-click refresh, or partner signoff workflow.
  - Recommendation: Ship Canonical Memo Builder → Refresh for Memo → Red-Flag Engine. [Implement in order]
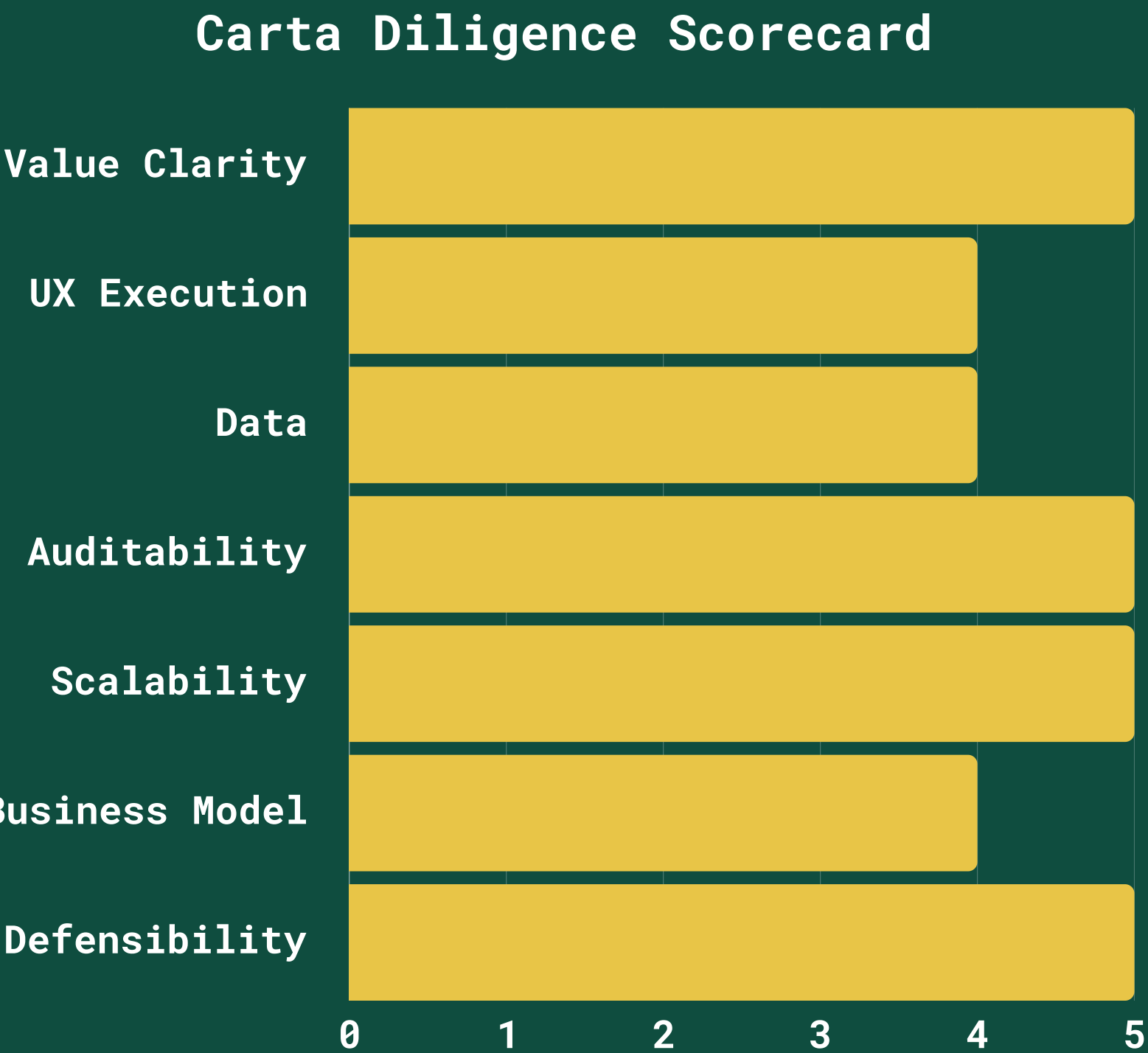
Affinity CRM Diligence Scorecard

Category	Score
Value Clarity	~4.8
UX Execution	4
Data	4
Auditability	3
Scalability	4
Business Model	4
Defensibility	4

(x-axis: 0 1 2 3 4 5)

LINK TO FULL TEARDOWN Affinity CRM - Full Product Teardown by Sumer Pandey, Oct 2025

Carta: Product Teardown

FINANCE-GRADE PRECISION, LOCKED BEHIND HEAVYWEIGHT WORKFLOWS

- **The Problem:**
  - Carta owns equity and fund data, but it's too heavy for high-velocity diligence. Analysts manually rebuild cap tables into memos - no one-click export, no standardized schema. The single source of truth is trapped inside a finance system.
- **What Carta Does Well:**
  - Best-in-class cap table + 409A valuations and fund admin stack.
  - Finance-grade auditability and regulatory readiness.
  - API ecosystem and developer platform gaining momentum.
- **Key Gap & Recommendations:**
  - Gap: No lightweight snapshot API or memo export.
  - Priority Build: Ship Ownership Snapshot API → Company Snapshot Export → Embed Widget.
- These unlock Carta's data for micro-VC diligence workflows - turning accuracy into velocity.
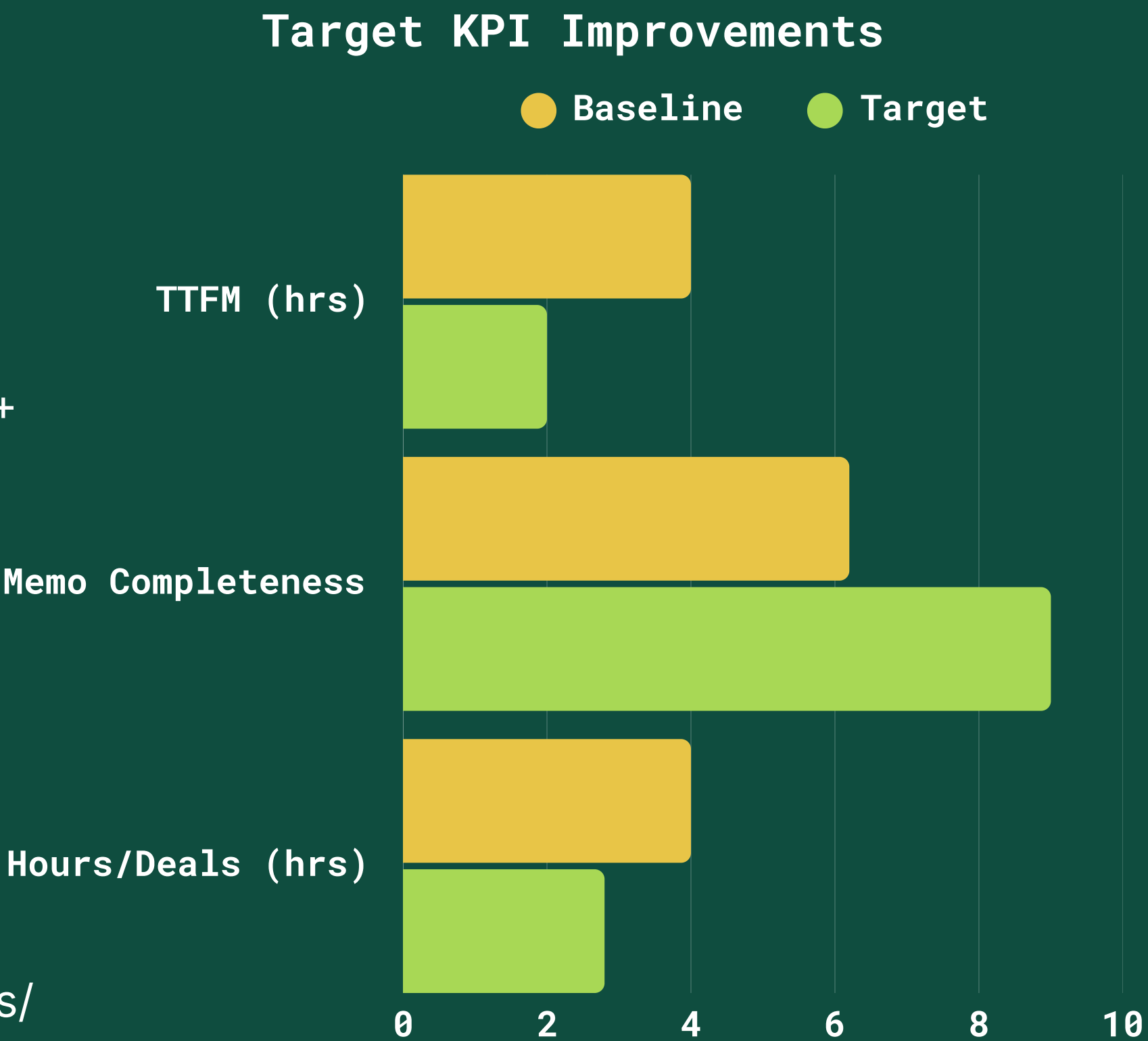
Carta Diligence Scorecard

Category	Score
Value Clarity	5
UX Execution	4
Data	4
Auditability	5
Scalability	5
Business Model	4
Defensibility	5

LINK TO FULL TEARDOWN [Carta - Full Product Teardown by Sumer Pandey, Oct 2025](#)

Sumer Pandey

Certius Labs: The Solution for Standardized Diligence

STRATEGY SNAPSHOT: THESIS, BETS, AND BASELINES

- **The Problem:**
  - Micro-VCs spend hours rebuilding memos from decks.
  - TTFM ≈ 4 hrs, only 62% completeness, 40% duplicated research.
- **Our Solution:**
  - Certius Labs: enforced memo schema + deck extraction + public connectors + re-run engine + red-flag rules = reproducible, auditable memos.
- **Priority bets:**
  - Canonical Memo Schema (enforce required fields)
  - Deck ingestion & seed extraction (<120s)
  - Re-run engine + evidence log (<30s)
  - Conservative Red-Flag engine (7 rules)
- **Pilot Success Goal:**
  - TTFM ↓ 50% | Memo completeness >90% | Analyst hours/ deal ↓30%

LINK TO FULL PRD Product Requirements Document - Certius Labs, Sumer Pandey, Oct 2025

Target KPI Improvements

Legend: ● Baseline ● Target

TTFM (hrs): Baseline 4, Target 2
Memo Completeness: Baseline 6.2, Target 9
Hours/Deals (hrs): Baseline 4, Target 2.8

(x-axis: 0, 2, 4, 6, 8, 10)

Certius Labs

BUILT ON REPRODUCIBILITY | Turning Signals into Auditable Decisions

Canonical memos, instant refresh, and defensible red flags - fast diligence that scales with trust.

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