

Venture capitalists (VC) invest in early-stage high-growth companies for a stake in equity. In this simulation, there are 24 companies seeking investment.

Ownership is offered per percentage at a fixed rate. Teams have the opportunity to invest in each company, depending on interest, from 1% up to a level of 20% (depending on interest from other teams). If a company fails to sell 5% of equity, all investments will be marked as a TOTAL LOSS.

Each company will have one of four possible outcomes:

OUTCOME		EXAMPLE
TOTAL LOSS	every penny of investment is lost	A \$1m investment would have a present value of \$0
BREAKEVEN	the initial investment is returned	A \$1m investment would have a present value of \$1m
2x RETURN	double the initial investment is returned	A \$1m investment would have a present value of \$3m
10x RETURN	ten times the initial investment is returned	A \$1m investment would have a present value of \$11m

To gain greater insight into each of the companies, information is available to all teams. There are three primary sources of information: IMPACT SCORE, MARKET RADAR, and INVESTMENT FORECAST.

All VC firms are able to add value in two ways. Before any investments are made, each team has the opportunity to declare a VALUE ADD in one of the four categories in MARKET RADAR (COMPLEXITY OF PROBLEM, TEAM TALENT, COMPETITION, and MARKET SIZE) and one in IMPACT (GOVERNANCE, WORKERS, ENVIRONMENT, CUSTOMERS, COMMUNITY). Overlapping VALUE ADDS have a compounding effect and will change the impact score and likelihood of non-negative returns. While the exact percentages will remain a secret, you should know that...

- ...COMPLEXITY OF PROBLEM lowers probability of 2x returns and increases probability of 10x returns
- ...TEAM TALENT lowers probability of BE and increases probability of 2x returns
- ... COMPETITION lowers probability of TL and increases probability of BE
- ...MARKET SIZE lowers probability of TL and 10x returns and increases probability of 2x returns

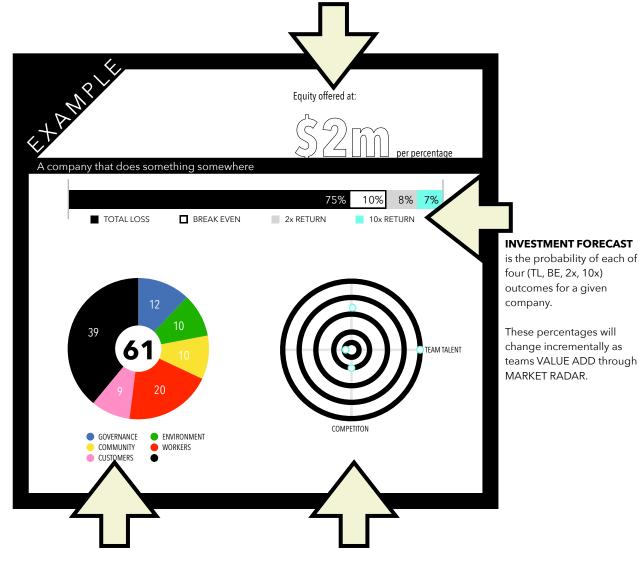
## **SCORES**

35% RETURN (present value of all investments)

**35% IMPACT SCORE** (present value of investment \* Impact Score (-50 — +50)

**30% MARKET ANALYSIS** (Data on investments (percentage requested and VALUE ADD) along with a clear rationale for the financial decisions made, company values, logo, and prospectus of investments)

**EQUITY OFFERED.** This is how much 1% of the company will cost your team. You may invest between 1% and 20% in a single company (depending on the interest of other teams). If there is more than 20% of equity requested, it will be evenly divided among interested teams.



This is the **IMPACT SCORE**. The scale is from 0 (worst company for the world) to 100 (best company for the world). There are five measurements (G, Co, Cu, E, W) with scores out of 20.

Teams select one (1) measurement to VALUE ADD for each investment they make.

35% of a team's score is the IMPACT SCORE of non-TOTAL LOSS companies \* present value of investment. Scores 51-100 are positive values (+1-+50), 49-0 (-1-50) are negative values.

This is the **MARKET RADAR**. There are four measurements (CoP, TT, C, and M).

Teams select one (1) measurement to VALUE ADD for each investment they make.

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- ...TEAM TALENT lowers probability of BE and increases probability of 2x returns
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