



Captinum User Guide

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Description

Captinuum is a tool that reduces founders' efforts in identify, planning, and implementing a capital strategy. Captinuum breaks the capital strategy process into its parts and manages the interactions between those parts to offer a more efficient and systematic approach to developing a capital strategy. The tool provides entrepreneurs a capital strategy report as a starting point for coaching from an entrepreneurial service organization and mentors.

Instructions

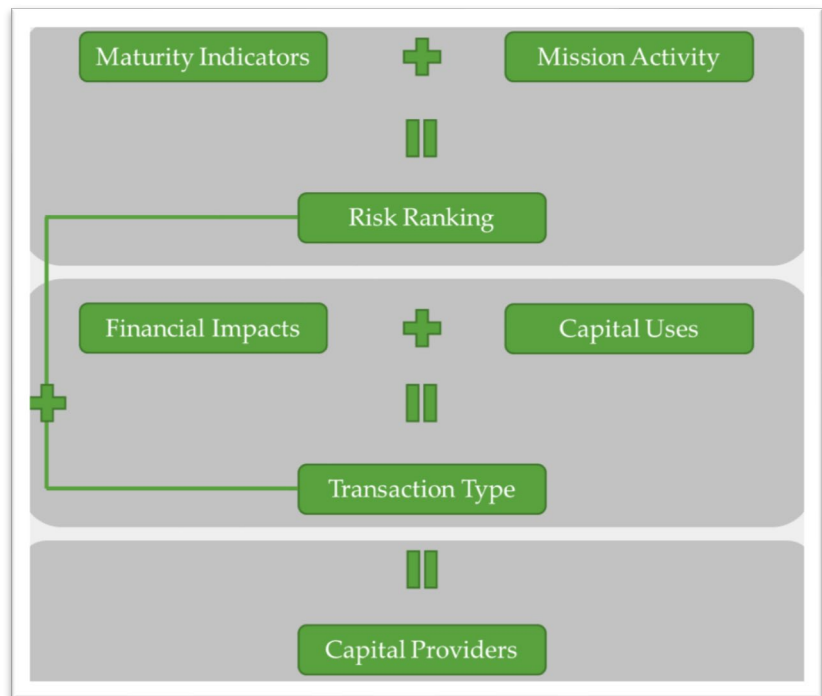
1. Open the Microsoft Excel Captinuum Tool
 - a. Enable content by clicking the button in yellow bar that appears at the top of the workbook
 - b. Review the Captinuum Instructions
2. Step 1- Go to the Level Assessment tab
 - a. Reset the form by clicking the gray button at the top right
 - b. Enter your company name in green cell
 - c. Select or type 'Yes' or 'No' in the green cells for each level in each category based on whether your company has met this milestone.
3. Step 2- Go to the Financial Impact Choices tab
 - a. Reset the form by clicking the gray button at the top right
 - b. Select or type 'Yes' or 'No' in the green cells based on whether your company is open to impacting these financial areas of the business.
4. Step 3- Go to the Prioritize Capital Uses tab
 - a. Reset the form by clicking the gray button at the top right
 - b. Select or type 'Yes' or 'No' in the green cells based on whether your company would like to prioritize seeking capital for this use.
5. Step 4- Go to the Prioritize Transactions tab
 - a. Reset the form by clicking the gray button at the top right
 - b. Select or type 'Yes' or 'No' in the green cells based on whether your company would like to prioritize seeking this type of transaction.
6. Step 5- Go to the Prioritize Capital Providers tab
 - a. Reset the form by clicking the gray button at the top right
 - b. Enter a number in the green cells to indicate the order that your company will research and engage the capital providers.
7. Go to the Capital Strategy Report tab
 - a. Format the report for viewing and printing by clicking the gray button at the top of the report
 - b. Print the report to PDF to save a copy for later use.

How does it work?

Captinium works by allowing entrepreneurs to address five orienting and prioritizing questions by following the steps of the tool to produce a capital strategy report.

1. Where is your company's in its maturity and activities, and what risks are indicated to a capital provider?
2. What areas of your business's financials situation would your company be willing to impact?
3. What next maturity indicators and mission activities would your company need to use capital to address?
4. What transactions types are of interest to your company based on their features and uses?
5. Which capital providers make sense for your company to engage with based on your company's choices above?

Figure 1: Captinium Capital Strategy Process



Step 1- Level Assessment

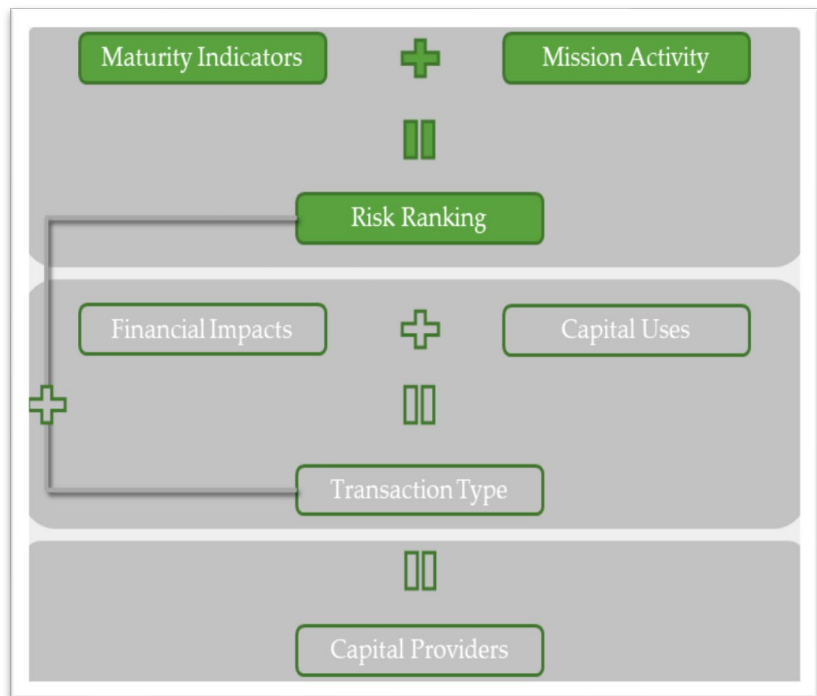
The company answers 'Yes' or 'No' to whether the company have achieved 72 company phase or business goals milestones to indicate maturity of the company or activities toward the business's mission. Maturity indicators show what a company is or is trying to 'be'. Mission activities show what a company is trying to 'do'. As a result, risk cannot be assessed between these two types of milestones in the same way. Inspired by the Village Capital VIRAL Pathway, Captinium de-weights these aspects of company phase and business goals to develop an overall risk ranking.

Company maturity is a fluid state that changes with who is on the team and what their capabilities are as the company grows from one phase to the next. Mission activities

follow an iterative path similar to the scientific method and are defined by the business goals.

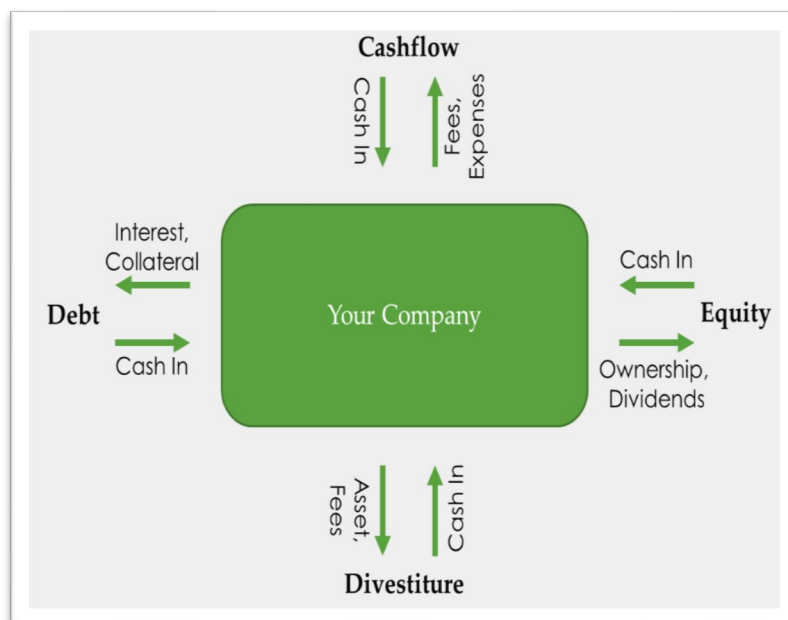
- Captinuum Output 1:
The maturity indicators and mission activities are calculated, and company phase and business goals levels are determined based on milestones not met.
- Captinuum Output 2:
The maturity indicators and mission activities are de-weighted and a risk ranking is calculated based on the level with the largest proportion of milestones complete.

Figure 2: Captinuum Outputs 1 & 2 Description



Step 2- Financial Impact Choices

Figure 3: Financial Impacts by Transaction Type



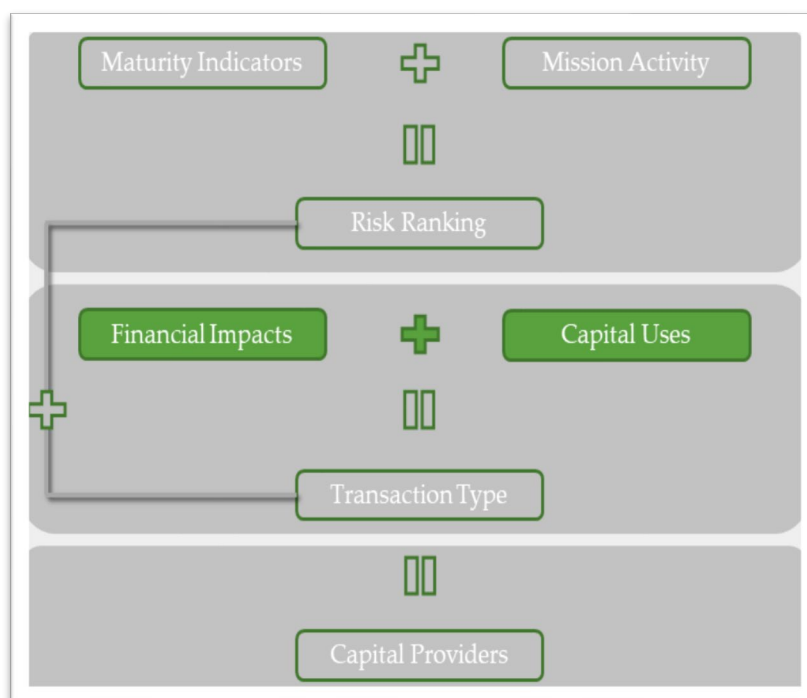
The company answers 'Yes' or 'No' to 19 financial impact areas to indicate whether they are open to impacting that aspect of the business with a possible capital transaction. Focusing on areas of financial impact that an entrepreneur is open to allows for prioritization of pain points of the business model where capital can be useful to meet milestones. This also sets apart areas of the business model where there are inherent weaknesses that outside capital will not address.

We can also help entrepreneurs assess the financial impacts of a transaction type and see how return expectations of a transaction type category will affect the future of the company. This focus on financial impacts can increase the applicability and efficiency of capital strategy coaching and help entrepreneurs choose paths that make sense for themselves, their teams, and the future of the company.

Step 3- Prioritize Capital Uses

The company narrows the list of calculated capital uses by answering 'Yes' or 'No' to a calculated list of less than 20 options. While a company can get a little ahead of other areas of the business in one category, it is not sustainable and will eventually those lagging categories will need to be brought along to create a strong and growing company. Therefore, suggested capital uses are focused on milestones that are not completed in earlier and current levels and the next levels for the company. By building the capital strategy around capital uses, we focus entrepreneurs on actions around maturity and mission that help show capital providers that the company is progressing in the growth phases and driving toward business goals.

Figure 4: Captinuum Output 3 Description



- Captinuum Output 3: Possible capital uses are determined based on the de-weighted level of the business/ risk ranking. All unmet milestones in lower levels than the de-weighted level completed are capital use options, as well as milestones within the current level and in the next level up.

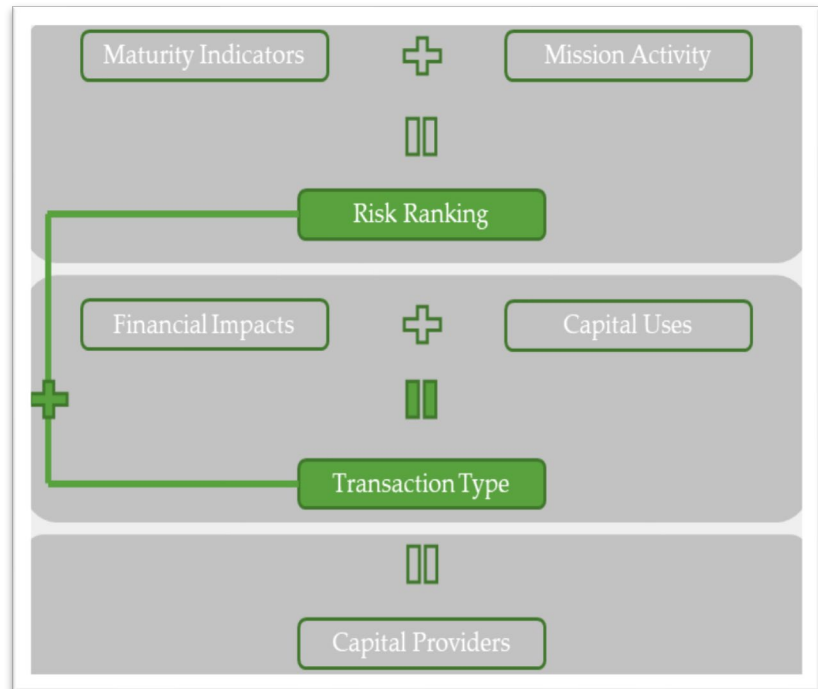
Step 4- Prioritize Transaction Types

The company narrows the list of calculated transaction types by answering 'Yes' or 'No' to a calculated list of at most around 30 options. By comparing a broad sampling of transaction types to capital uses entrepreneurs can focus their capital search on capital providers that are offering transaction types and terms that are mutually beneficial and ask for exactly what they need now and, in the future, to grow their company. Each transaction type is described and some of the features and uses of the

transaction types are provided to help the company narrow the list to just the transaction types that make sense for their company.

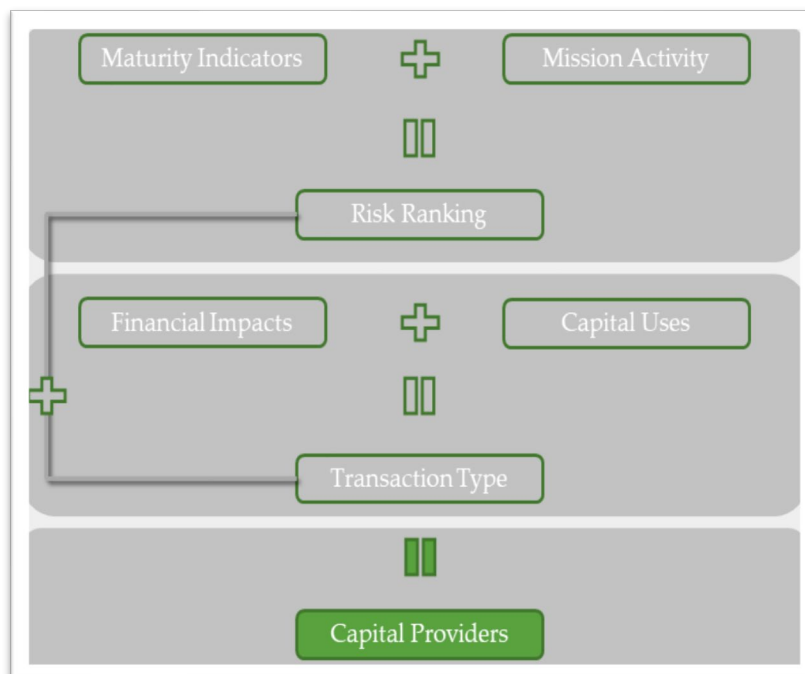
- Captinuum Outputs 4 & 5: It is determined whether transaction types will impact a financial area, and which are possible given the company's choices about financial impacts to which they are open.
- Captinuum Outputs 6, 7 & 8: Possible transaction types are compared to possible capital uses based on the risk ranking of the company to determine transaction type options.

Figure 5: Captinuum Outputs 4 through 8 Description



Step 5- Prioritize Capital Providers

Figure 6: Captinuum Outputs 9 & 10 Description



The company prioritizes the list of calculated capital providers by ranking the calculated list of 10 to 20 options to research. This makes seeking a connection a connection with these capital providers a more efficient process.

By categorizing transaction types and capital providers by a risk ranking, we neutralize industry language and recast the capital continuum to be inclusive of all entrepreneurs– whether they are seeking venture

capital or not. This also helps wade through what is often generic investment criteria language provided by capital providers and get to the heart of capital provider feedback comments like “you're too early” and “we'd like to watch you for a while” by driving toward a discussion about risk.

- Captinuum Output 9: It is determined which capital providers offer which transaction types.
- Captinuum Outputs 10: Possible capital providers are compared to possible capital uses and transaction types based on the risk ranking of the company to determine capital provider options.

Capital Strategy Report

Once the entrepreneur has completed all 5 sets of the Captinuum capital strategy process, they can format and print their capital strategy report. Of course, all capital strategies are unique to each company, its founders, its situation, and some luck. Captinuum provides a good starting point to begin to build an intentional strategy saving founders' efforts the pressing work of running the company.

Figure 7: Capital Strategy Report Example

Captinuum Capital Strategy Report Example Company

Milestones & Capital Uses
Based on the milestones you have indicated that your company has met, it is suggested that your company focus on the following next steps. Some of these steps will be Maturity Indicators, which are critical milestones that indicate the phase of growth that your company has reached. Other steps will be Mission Activities which are critical milestones that indicate the business goals that company is working toward. Each of these steps has a corresponding use of capital, some of which you have indicated that your company would like to prioritize as follows.

Milestone Type	Milestone to be Met	Use of Capital	Priority
1 Maturity Indicator	Team has clear sales and operations understanding and strategy	Attract and grow operations and sales teams	Yes
2 Maturity Indicator	Evidence of impact tied to solution- the company has evidence that by growing the business, company solves the problem	Connect with industry to explore solution assumptions	Yes
3 Mission Activity	Target customers love the product and want to keep using it	Implement customer feedback channels	Yes
4 Mission Activity	Fully functional prototype with completion of product for wide commercial distribution in sight	Build a fully functional prototype with completion of product for wide commercial distribution in sight	Yes
5 Mission Activity	Vision and initial evidence of positive unit economics in two markets	Gain initial traction in new markets	Yes
6 Mission Activity	Financial model with evidence of valid projections to reach positive unit economics	Pivot to validated pricing strategies/ business models	Yes
7 Mission Activity	Vision and initial evidence of positive unit economics in two markets	Gain initial traction in new markets	Yes
8 Mission Activity	Inbound interest from large strategic acquirers	Evaluate any inbound interest from large strategic acquirers	Yes

Captinuum Capital Strategy Report Example Company

Financial Impacts
Your company shared that it would be open to the implications of impacting the following financial areas of your business.

Financial Impact Area	Financial Impact Area Description	Financial Impact Implications
1 Cash & Prepaids	Currency in accounts and on hand and subscriptions that are paid, but will be used over time	Increasing cash and prepaids can show capital providers that the business has both cash flow to operate and capacity to service any debt. Cash on hand also shows capital providers that the company may have the capital to match any requested investment and share the risk. Accounts receivable can show that a company is expecting payment for a sale, which is a good thing. Or
2 Accr Rec		
3 Pay		
4 Wages Bene		
5 Over		

Captinuum Capital Strategy Report Example Company

Risk Ranking
Based on the Maturity Indicators and Mission Activities your company shared that it has engaged in, a Risk Ranking has been generated for your company. This ranking and its description may help you understand the level of risk a capital provider is asking on when they engage in a transaction with your company. This ranking informs the type of transactions available to our company, as well as which capital providers may be the right fit for your company.

Assessment	Level/ Ranking Name	Level/ Ranking Description	Level/ Rank
Company Phase Level based on Maturity Indicators	Validating an Investable Market	Team becomes unified and company begins to gain market dynamics product development understanding	4
Business Goals Level based on Mission Activities	Refine the Market Opportunity	Iterations on approach to product and market are refining the scale of the market opportunity and strategy for generating returns	4
Risk Ranking based on Maturity Indicators & Mission Activities	Critical Risk	Default/ lack of investor return of some kind looms as strong possibility, minimal prospect of recovery	8.5

Captinuum Capital Strategy Report Example Company

Transaction Types
By combining your company's input on the capital uses that you would like to focus on and the financial impacts that your company is open to, the following transaction types were suggested as options to meet your capital needs. Each transaction type is appropriate for a range of risk levels of companies. Your company prioritized some of the transaction types as follows.

Transaction Type	Transaction Description	Transaction Features & Uses	Priority
1 Grants/ Tax Incentives	Award, usually financial, given by one entity (typically a company, foundation, or government) to another, often an individual or a company, to facilitate a goal or incentive performance.	Grants are essentially gifts that do not have to be paid back, under most conditions. These can include research funds, no cost access to resources, and possibly operating capital. Tax incentives focus on reducing the tax burden for those who elect to participate in business activities as is being incentivized.	Yes

Captinuum Capital Strategy Report Example Company

Capital Providers
Based on the calculated risk ranking of your company and the transaction types you prioritized, the following capital providers were suggested as options to research and engage. Your company selected the following order that you will seek to network with these capital providers to determine if they are a good fit for your company and are offering capital to meet your company's needs now and as you grow.

Capital Provider	Contact Information	Order
1 Angel Capital Group	https://theangelcapitalgroup.com/	1
2 Angel Roundtable	http://www.theangelroundtable.com/	2
3 BlueVine	https://www.bluevine.com	3
4 Bonfire	https://www.bonfire.com/fundraising/	4
5 Chattanooga Renaissance Fund	https://chattanoogaressourcenetfund.com/	5
6 Circle Up	https://circleup.com/	6
7 CrowdUnder	https://www.crowdunder.com/	7
8 ECU FastTrack	https://thecd.com/advantages/incentives-grants/	8
9 Fundbox	https://fundbox.com/	9
10 Funders Club	https://fundersclub.com/	10
11 FundRazr Circle	https://www.fundraizer.com/us/	11
12 FundRazr	https://fundr.com/	12
13 FundWomen	https://fundwomen.com/	13
14 Innova Memphis	https://www.innovamemphis.com/	14