



How Alumni Ventures Evaluates Deals

AV has a rigorous, disciplined process for evaluating investments. We review over 500 deals a month and do detailed diligence on about 50 of those, ultimately completing about 250 to 300 deals per year.

A key qualification for any investment we make is that a lead investor has already negotiated terms and is committed to the deal. In many of our alumni fund deals, we also look for a fellow alum connection.

Discovery Points

Here's how we explore the investment:

1. Gain access to the investment opportunity through AV's trusted network
2. Speak to the CEO and perhaps others on the management team
3. Review company materials
4. Speak to the lead investor(s)
5. Review due diligence materials provided by the lead investor(s)
6. Consult experts with relevant backgrounds within AV's network
7. Informally discuss the deal with other AV fund teams and AV's Office of Investing
8. Conduct our own written due diligence, with particular focus on the team, company, market, customer value proposition, competition, as well as the lead investor and deal terms
9. Formally conduct an Investment Committee at which the portfolio CEO participates
10. Rigorously score the investment opportunity



Investment Committees

We're proud of the expertise our Investment Committees — or ICs — bring to the table:

- Each Alumni Fund has its own IC consisting of 8-15 experienced business professionals who bring a wealth of investing and industry experience to our process. Most are graduates from the schools whose alumni networks their funds serve. Not all members of the IC attend every deal review.
- The AV IC consists of 15-20 senior deal people from inside and outside AV, as well as those Managing Partners representing the Alumni Funds that are participating in a given investment opportunity. All members have extensive deal experience and been trained in AV's deal scoring system.

Evaluation

We do refine our scorecard from time to time. However, in general, these are the characteristics we evaluate and the relative weight we assign to each. Note that we also have a somewhat different scorecard for pre-seed/seed deals.

Category	Metric	Specific Data
Deal (30 points)	Round Composition	New investor leading, past lead participating
	Valuation	Price vs. market value vs. performance to date
	Investor Rights	Pro rata and information rights for AV
	Runway	How long can company operate given fundraise, existing cash, and projected burn
Lead Investor (30 points)	Firm Quality	Firm expertise at that stage and within that sector
	Conviction	Size and terms of lead investor's check relative to past commitments
	Lead Partner's Expertise	Partner's relevant investments in sector and stage
Company (40 points)	Customer Demand	Customer adoption or willingness to pay
	Business Model	Unit economics and scalability
	Momentum	Revenue growth and/or progress on industry-specific hurdles
	Capital Efficiency	Progress given amount of capital raised
	Competitive Moats	How defensible (technical, IP, regulatory, network, etc.)
Team (20 points)	CEO	Record of success in similar scenarios, comparable roles
	Team	Record of success in similar scenarios, comparable roles
Bonus (5 points)	Board Composition	Famous VC on Board

A deal must receive a score of 80+ to be added to the AV portfolio.

Approval Process

Our three-step approval process for each investment is as follows:

1. Sponsoring Alumni Fund completes scorecard.
Weight: 30% of final score.
2. Sponsoring Alumni Fund's IC completes scorecard.
Weight: 20% of final score.
3. The AV IC, which includes other participating Alumni Funds, completes scorecard.
Weight: 50% of final score.

Have questions?

For more information, please reach out to our team at info@av.vc. We can answer your questions or help introduce you to the right person at AV.



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