

Due Diligence Factsheet

Technology

The following factsheet was drawn up by the trade body's Technical Committee, comprised of experts in financial, technical and legal aspects of angel investing. This factsheet on technology has been produced by Martin Brassell at Inngot Ltd and Martin Avison at Pera.

It is often said when investing that it is more important to invest in an A team and a B product than the other way around. A great team can still sell a poor product - or recognise the deficiencies in the product early enough to change. A poor team, however, will struggle to deliver a great product. The ideal is therefore to invest in a great team with a great technology solution.

Top 10 tips

- 1. Is it a stand-alone technology, or does it rely on other technology/businesses?** If it is reliant on other technologies/businesses then are they customers and is the Investee Business reliant on them to buy? If the Investee Business is reliant on a single or small group of customers have you made sure that they truly want/ need / desire the technology solution? Does the Investee Business need to license in technology from other providers?
- 2. Is it a platform technology that can be used for many applications?** If so, has the Investee Business identified and prioritised a particular application as a development focus?
- 3. Can the technology be protected by Intellectual Property rights?** If so how and through what mechanisms and in which markets?
- 4. Is this an incremental improvement of an existing technology or a disruptive innovation?** Incremental improvements would suggest that there is a reduced technological risk and perhaps an established market, whereas a disruptive innovation may need evidence around both the technology and potential market adoption.
- 5. Is this an existing technology or a re-configuration of a proven technology?** Using proven technology will reduce the development risk but may also reduce the ability to produce unique features or to protect it with a strong patent.
- 6. Has it been done before?** If it has then what would be different about this, can it be sold without infringing someone else's products and/or IP?
- 7. Is the technology ready to go to market?** If not, can the Investee Business identify and realistically quantify what are the major developmental obstacles?

- 8. Specifically, can the Investee Business identify what new technology needs to be created?**
What development work needs to be done to get these features and where is the technology to efficiently deliver them?

- 9. Who are the major companies active in this space and what are they currently working on?** If an industry is working on a particular technology platform solution and they are powerful members of an existing supply chain, then a new solution may prove difficult to get into the supply chain.

- 10. What are the current technology trends?** Is this idea going to be overtaken before it even gets to market?