



You have to look at things from the investor's point of view. You, the entrepreneur, see your business as the wonderful and unique thing you're going to make succeed. An angel investor looks at a lot of business opportunities, and has to pick the one, two, or three which are the very best to invest in; she then hopes that she and they will be successful. The 97% an investor doesn't pursue may be fine, but they just do not appear to be quite as good as the 3% that got money.

PROCEDURES FOR VENTURE APPLICANTS

June, 2018



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PROCEDURE FOR THE VENTURE APPLICANTS OF THE ANGEL INVESTOR CLUB OF ARMENIA (AICA)

1. Eligibility Requirements

The Angel Investors will have interest in investing in high-growth early stage companies from various industries. There is no limitation from industry perspective. The only eligibility requirements are the following:

- The minimum aggregate investment size to be considered should be US \$25,000 (twenty five thousands US dollar), and
- The business idea should be innovative.

2. Application

The Venture applicants should provide an Executive Summary of no more than 5-pages, which will contain information, briefly specified in *APPENDIX 1: Funding Application*. The Executive Summary will help the Ventures to clearly articulate their mission, product, market and future, which will in its turn give them a great chance for success.

Along with the Executive Summary, a Business Plan is submitted by the Ventures to the Investment Club. The critical criteria of the business plan preparation are briefly presented in *APPENDIX 2: Critical Elements of the Business Plan Presentation*.

The Club administration charges US \$40 (forty US dollar) from the Ventures for each submitted business plan before they get reviewed by the Investment Screening Committee.

3. Investment Screening

Based on the above-stated two main documents (Executive Summary and Business Plan) the Investment Screening Committee makes its evaluation and creates a short-list, which is, afterwards, presented to the regularly scheduled Membership meetings.

The Investment Screening Committee Members review the plans on individual basis and evaluate them based on Screening Committee Worksheet. Up to 10 (ten) business plans, based on summarized accumulated total scores of Screening Worksheets, presented by each Investment Screening Committee Member, will get the opportunity to present to the Club of Angel Investors during the scheduled Club meeting.

After the final selection the short-listed Ventures are contacted and informed about the anticipated date of the Club meeting and presentation.



4. Business Plan Presentation

The Ventures, which have been selected for presentation, follow the predetermined 10-minute Presentation Format. After the presentation an up to 20-minute Q&A session must follow for better understanding of the proposed venture. After the presentation sessions, the presenters are asked to leave and the Angel Investors are summoned to discuss the presentations and express their opinions.

After the discussions the Angel Investors give their 10-minute feedback to the Presenters.

The Angel Investors, who have particular interest in further exploration of the investments into the company, will make themselves known to the Venture team.



APPENDIX 1: Funding Application

Please submit your executive summary of NO MORE THAN FIVE PAGES (including attachments, appendices, and exhibits, which contain information on the subjects identified below. Material beyond the five-page limit will not be reviewed or considered. The list below is not intended to suggest any particular order of information; the entrepreneur should consider the arrangement best suited for describing his/her company.

Submission Content:

Company <ul style="list-style-type: none">• History• Mission	Management <ul style="list-style-type: none">• Experience of all senior managers• Key vacancies• Board of directors
Market <ul style="list-style-type: none">• Size• Industry trends• Needs for products/services• Customers• Sales plan/Go to market strategy	Competition <ul style="list-style-type: none">• Competitive analysis• Comparative advantages• Market differentiators• Barriers to entry
Product/Services <ul style="list-style-type: none">• Description• Development stage• Timing of and process to commercialization	Financials <ul style="list-style-type: none">• Founders investment• Summary projected financials (BS, IS, CF)• Funding needs• Profitability and investment ratio analysis• Exit strategy

**Submission Process:**

All Executive Summaries and Business Plans must be submitted at least 45 (forty five) days prior to next Club Meeting date and will be considered for presentation at the upcoming Meeting. Any late submissions after the deadline will be considered for the next Club Meeting review and consideration. Companies must submit the Executive Summaries and Business Plans on-line directly to Club email address: Ventures@AICA.social.

The Screening Committee will consider all timely filed and completed submissions and will inform selected companies within 15 (fifteen) days after submission deadline. Non-selected companies will also be contacted by the Screening Committee and will receive brief feedback.

Selection criteria are based on review of each Executive Summary and Business Plan against a screening matrix.

If necessary, the selected companies will be coached in preparation for their presentation. The schedule for coaching sessions will be informed at the time of selection notification.

The selected companies must give a presentation of no more than 10-minutes in length, followed by a 20-minute question and answer period. Copies of the presentation must be provided to Members at the Club Meeting. Companies may offer other materials at the Club Meeting. Space will be made available for a Company display or demonstration immediately prior to, during, and after the Meeting.

Any questions should be directed to Club email address: Ventures@AICA.social.

APPENDIX 2: Critical Elements of the Business Plan Presentation

When rating each of the critical elements of the Business Plan, the judges will consider:

- Is the subject covered in sufficient detail?
- Does the Business Plan show a clear understanding of the elements that need to be addressed?
- Is each element consistent with, and does it add to, the overall concept set out in the Business Plan?
- Are the assumptions reasonable and realistic?
- Are the risks identified and the ability to manage those risks properly addressed?

Critical Elements of the Business Plan:

1. Product or Service to be offered
<ul style="list-style-type: none"> ▪ Does the plan effectively communicate the features and benefits of the product or service brought to the market? ▪ Does the plan effectively communicate the USP (unique selling proposition) of the product/service and how this competitive advantage will be maintained?
2. Market Opportunity
<ul style="list-style-type: none"> ▪ Does the plan effectively describe the market in which the business intends to compete? ▪ Does the plan identify the current market size and potential growth? ▪ Does the plan identify the key characteristics of the market relevant to the competitive positioning and how this opportunity will be exploited? ▪ Does the plan effectively analyze the nature of competition within the market? ▪ Does the plan identify the target customer group?
3. Marketing/Sales
<ul style="list-style-type: none"> ▪ Does the plan indicate how the product/service will be distributed and the product/services' revenue and pricing model? ▪ Does the plan include an appropriate promotional strategy that is realistic when compared to the assigned marketing budget?
4. Team & Operations
<ul style="list-style-type: none"> ▪ Does the plan effectively highlight the expertise of the individual(s) within the business and identify any human resource 'gaps' and appropriate measures to resolve these issues?

- Does the plan include a plan for the production/delivery of the product or service?
- Does the plan address the issues of operational complexity, resource requirements and operational risks appropriately?

5. Financials & Risks and Sensitivities

- Does the plan explain key assumptions and features of the financial model?
- Does the plan include detailed income and expenditure and cash flow forecasts?
- Does the plan detail the level of working capital required to run the business?
- Does the plan identify the nature of potential returns?
- Are the financial forecasts realistic?

6. Clarity

- Is the plan presented in a well-structured, clear and concise manner?
- Do the presenters answer to the questions as precise as possible?

7. Likelihood of obtaining SMART: feasibility funding

- Is the SMART (smart, measurable, achievable, relevant, time-oriented) section completed?
- Is the proposal technically innovative?