

## Introducing New Equity Financing Option for Small Tech Services Firms

# ALLTEAM CAPITAL

Comparison/Stages of Equity Financing Options									
	Bootstrap	Friends & Family	Angels	Incubators	Venture Capital (VC) Firms	Private Equity (PE) Firms	Venture Consortium (VCo) Firm	Investment Banks (IB)/ Underwriters	Public Listing
Example Industry Players	Company Founders/ Promoters	Well wishers and financial supporters of Founders, Promoters	Angel Investment Network, Business Angels Europe, Mumbai Angels, Indian Angels Network	Y Combinator, Techstars, 500 Startups, Venture Catalysts, StartupBootCamp, Ignite, Melbourne Accelerator, Startup Reykjavik, Metavallon, Axel Springer, Buildit, StartupYard, Chinaccelerator, Highline Beta, IIT-B SINE, 10000 Startups	Accel, Sequoia, A16Z, Tiger, Softbank, NEA, DST, IDG, Lightspeed, Bessemer, Shanghai DOBE, Nanjing Zijin, Nexus, Tencent, Temasek	Blackstone, KKR, Carlyle, Warburg Pincus, Bain, TPG, CVC, Newberger, EQT, Advent, Vista	ALLTEAM CAPITAL	Goldman, JPM, UBS, Credit Suisse, Morgan Stanley, BoA, Citi, Edelweiss, Axis, Avendus, ICICI, IDBI, Kotak	NA
Source of Funds	Personal Savings/Loans of Promoters, Founders	Borrow Funds from F&F (interest free, interest paid, convertible debt)	HNI, Family Offices, Prominent Professionals, Entrepreneurs	Smaller Investors also providing operational support	HNI/Family Offices, Endowment/ Pension/ Sovereign Wealth Funds, Corporate Venture Capital (CVC)	Institutional Funds, Management, Accredited Investors	Members join hands to directly access public funding	Institutional Investors, Fund of Funds	Retail Public, Institutional Investors
Giving up Equity	No	Sometimes	Yes	Yes	Yes	Yes	At Public Listing	Yes	Yes
Founders' Operational Control	High	High	Medium	Medium	Low	Very Low	High	Low	Low
External Board Seat(s), Voting Rights	NA	NA	Sometimes	Sometimes	Yes	Yes	No	Yes	Yes
Information Rights (Periodic Financials, Resolutions/Minute Book, Board Meeting Observer Seat)	NA	Sometimes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Managerial Oversight, External Operational Involvement, Controlling Strategic Direction/Budgets	NA	Low	Low	Medium	High	Very High	Controlled by respective Founder(s)	Yes	Yes
Integration/Collaboration with other Portfolio Companies	NA	NA	No	No	No	No	Yes	No	NA
Alignment, Shared Outcome for Portfolio Companies	NA	NA	No	No	No	No	Yes	Yes	NA
Introductions, Access to Industry Network, Mentors, Expert/Experienced Advisors	NA	Low	Medium	Medium	High	High	High	High	High
Company Stage	Early, Idea/Concept Refining	Early, Idea/Concept Refining	Startup, Establishing Proof of Concept, Growth Potential	Startup, Establishing Proof of Concept, Growth Potential	Past Proof of Concept, Has Active Customers & Revenues/Impact, Growth Trajectory	Late Stage, Growth Trajectory	Active Customers, Revenues, Profitable, Growth Trajectory	Late Stage, Growth Trajectory	Mature

Tech Services & KPO/BPM Services companies generally don't attract equity financing (even when profitable) unless they are large.

Therefore, such founders are forced to run their company as a "lifestyle" business with fewer/less valuable exit options.

\*All information above is for illustration purposes only © Allteam Capital