

Startup name:

SICTIC Due Diligence Checklist

The following due diligence checklist is made available online as a free tool for startups and investors by the Swiss ICT Investor Club (SICTIC). Startups that are well prepared with answers and documents relevant to the items listed below will speed up the investment process considerably.

It is best practice to store these documents in an online data room and use one folder per topic. For any document that does not (yet) exist, it's best to note on this checklist whether it will be made available later or not (e.g. if it is irrelevant to the startup business).

1 Business and Product Overview

- Pitch Deck
- SICTIC Factsheet
- Business Model Canvas

2 Company

2.1 Corporation

- Corporate structure including subsidiaries
- Corporate ownership including subsidiaries (e.g. capital tables, share registers)
- Governing documents for the company, subsidiaries, and affiliates including articles of association, deed of incorporation, board regulations, etc.
- Excerpt from the commercial register for each legal entity
- Excerpt from the debt collection register
- Signature policies
 - for contracts
 - for bank accounts

2.2 Shareholders

- Signed register of shareholders including unvested stocks/options, etc. and past share and option transactions
- Shareholders agreement(s)
- Signed minutes of all board meetings
- Signed protocols of all shareholder general meetings
- Summary of warrants, convertible notes, and any right entitling the holder to obtain equity
- Results from previous due diligence checks from previous investors

2.3 Tax and Legal

- General terms and conditions (T&C) for all products
- Any past, ongoing, pending or threatened legal claims or actions
- Copies of any letters with any regulatory agencies or authorities
- Summary of permits, licenses, and other authorizations
- All communication with tax authorities (including tax rulings)
- Accounting provider agreement
- Tax and legal counsels agreements
- Other consulting agreements
- Transfer pricing agreements

2.4 Risks

Known risks

Conflicts of interests of employees, shareholders and founders

Other risks that could significantly harm the company's chance for success

Insurance contracts

List of known non insured risks

List of key competitors

Risk management policies

3 Team

Organisational chart

Description of roles, responsibilities and work location of key team members

Curricula vitae with education certificates and work reports

Employment contracts made orally or in writing

Passports or identification cards

Excerpts from the debt collection register

Criminal records

Employee Stock Ownership Plan (ESOP, PSOP) with grants done and available pool

Performance management framework (OKRs, peer reviews, etc.)

Hiring process

4 Financial Situation

Balance sheets (including accruals and deferrals)

Income statements (previously called profit and loss statements)

Cash flow statements showing burn rate

All current bank account balances

Future financial projections

Financial management reporting including core KPIs

Loan agreements with banks or private people

Rental and leasing agreements for offices, production plants, cars, machines, etc.

Finder's fees, fundraiser commissions or investment-related financial contracts

5 Customers

Commercial agreements made orally or in writing

Letters of Intent (LoIs)

Service-level agreements (SLAs)

Revenue split per customer

Number of leads per sales funnel stage

Leads conversion metrics

Sales cycle for current clients

Customer churn in last 12 months
Customer engagement and satisfaction metrics
Market research findings
Market size assessment

6 Intellectual Property, Data Protection and Security

6.1 Intellectual Property

Records of trademarks and trademark applications
Records of domain name registrations
Records of patents and patent applications
Documentation of research concerning the company name, trademarks, domain names and patents (e.g. freedom to operate (FTO) reports)
All agreements with employees, consultants or other persons or legal entities concerning intellectual property

6.2 Data Protection

Company's data management policy
Company's privacy policy
List of all claims or investigations related to data protection
Proof of General Data Protection Regulation (GDPR) compliance
Signed non-disclosure agreements (NDAs)

6.3 Security

Summary of key security measures and protocols
Details about monitoring measures and testing to ensure technical safeguards
Summary of any security issues, including data breaches, loss of confidential information, inappropriate or malicious content, hacking attacks, major vulnerabilities, etc.

7 Software Development and Production

Software architecture
List of software components developed in-house
List of third party software (purchased and open source) used in the product including their licenses
Schema of computing infrastructure setups for development, testing and production
Network, hardware, test and production systems used
Hosting details (e.g. hoster name, location of data centers)
Internet service provider(s)
Coding practices (e.g. coding style guides and standards)
Source code review process
Software deployment process
Monitoring setup of productive systems
Obtained certifications for security and quality assurance