

Case Study – Equity Investor Firm

Company: Equity investor firm

Industry: Across the board

Problem: Investors want line of sight to both up and downside potential and risk

Solution: Forecasts within the industry context prior to investment.

Time taken: 3 hours

Result: Substantiate the value of the investment opportunity and indication of the risk and growth upside.

This was a hybrid angel /VC investor that was approached for investment. A sophisticated investor but lacking industry specific experience wanted to assess the validity and scope of the opportunity.

BlueWave assigned an accredited scenario forecaster to work with the investee company and the industry associations to establish relative context.

Luckily the industry association had relatively good data that could readily be scribed into scenarios for the industry. The industry association was cooperative in the exercise to also help them understand how their knowledge and data could be evolved and sold to their members to create industry context scenarios...updated every month.

The potential investee company being assessed provided their financials and plans in Excel tables. After the industry scenarios were solidified with the cooperation of the industry association, the scenarios were mapped to the data that was to be forecast with weights assigned to identify the strength of the links and including the effects of seasonal cashflow. After mapping the scenarios, three 24-month forecasts were created (optimistic, pessimistic and expected) within a few minutes and certificates attached to each one that listed and quantified each driver and its influence on the forecast.

The investor was able to assess the company and its industry at granular level and offer investment and advisory expertise according to the scenario forecasts. Owners also understood the rationale for the amount and terms of investment from a third-party perspective and the parties agreed on first round funding arrangement where further investment would be guided by similar scenario forecast exercises.