



# POCKETCAB, LLC

## BUSINESS PLAN SCANNER + COMPANY PROFILE

### Contacts

Company full name: **PocketCAB, LLC**

Contact email: [\[email protected\]](#)

Report date: **24.03.2016**

### The idea



Scalable business  
Demand validated by competitors  
Internationalization planned or active  
IP patent secured

### The Team



Team committed full time  
Business background with managerial experience  
Technical background with expertise  
Previous company experience

### The Company



Legal entity  
No advisory board  
Startup stage

### Marketing



No partners contacted  
Planned distribution channels

### Finance



Post-revenues company  
Business angel investor  
Parties interested in buying the company

### Scan business plan in a glance

The Business Plan Scanner displays the main features of the company project in the form of icons. The color at the top of the icon indicates the impact of that specific feature on the overall quality of the company. Green stands for positive impact while red for negative. The purpose of this page is to give the reader an immediate overview of the company quality and to make different projects comparable with each other based upon the same criteria. The parameters analyzed are those identified as of the highest importance to angel investors according to the researches over historical company investing activity.

# COMPANY PROFILE

## PocketCAB, LLC

Legally constituted: **Yes**

Year of constitution: **2012**

Country: **United States**

Scalability: **Yes**

Industry: **Transportation/Trucking/Railroad**

## Committed resources

Capital: **\$ 70,000**

Time (Months): **20**

Time commitment: **Full time**

## Stage of development:

Stage of development: **Startup stage**

Product roll-out: **Already to Market**

Profitability: **Revenues, negative profits**

## Investment proposal

Capital needed: **\$ 120,000**

Equity offered: **0.0%**

## Core Business

Not Provided

## Team

Founders: **1**

FTE employees: **2**

Management team composition: **Founders and employees**

## Experience

In the industry(years): **15**

Previous company: **Yes**

## Dedication to the project

Founders: **Majority committed full time**

Staff members: **Majority full-time**

## Skills and capabilities

Business and managerial: **Top-tier management experience**

Position reached: **CEO**

Technical: **Both technical background and expertise**

## Competition

Target market: **Estimated via comparable products**

Level of competition: **Negligible competition**

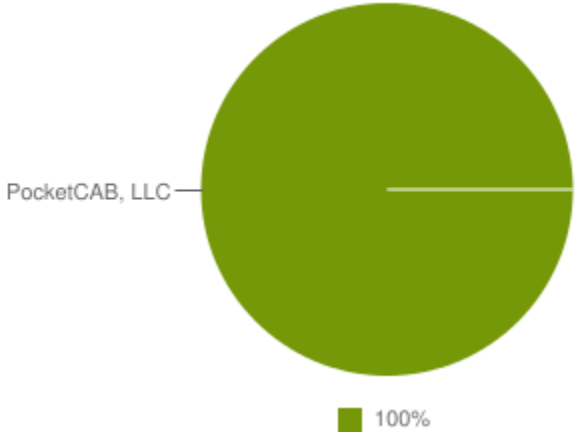
Competitive products are: **Good and comparable in innovation**

Marketing approach: **Beta users and Discounts and other promotions on selling price**

# COMPANY PROFILE

## Shareholders

## Letters of intent



### Annual Recurring Revenues (ARR) as % of Turnover

Year 1	Year 2	Year 3
\$ 0	\$ 0	\$ 0

## Key figures

### Latest operating performance

Revenues	\$ 0
Cost of Goods Sold (COGS)	\$ 0
Operating expenses (SGA)	\$ 0
EBITDA	\$ 0
EBIT	\$ 0
Net Profit	\$ 0

### Ratios

Profit as % of revenues	0%
COGS as % of revenues	0%
EBITDA as % of revenues	0%

### Assets

Cash and Equivalents	\$ 0
Accounts Receivables	\$ 0
Inventory	\$ 0
Tangible assets	\$ 0
Intangible assets	\$ 0
Financial assets	\$ 0

### Liabilities

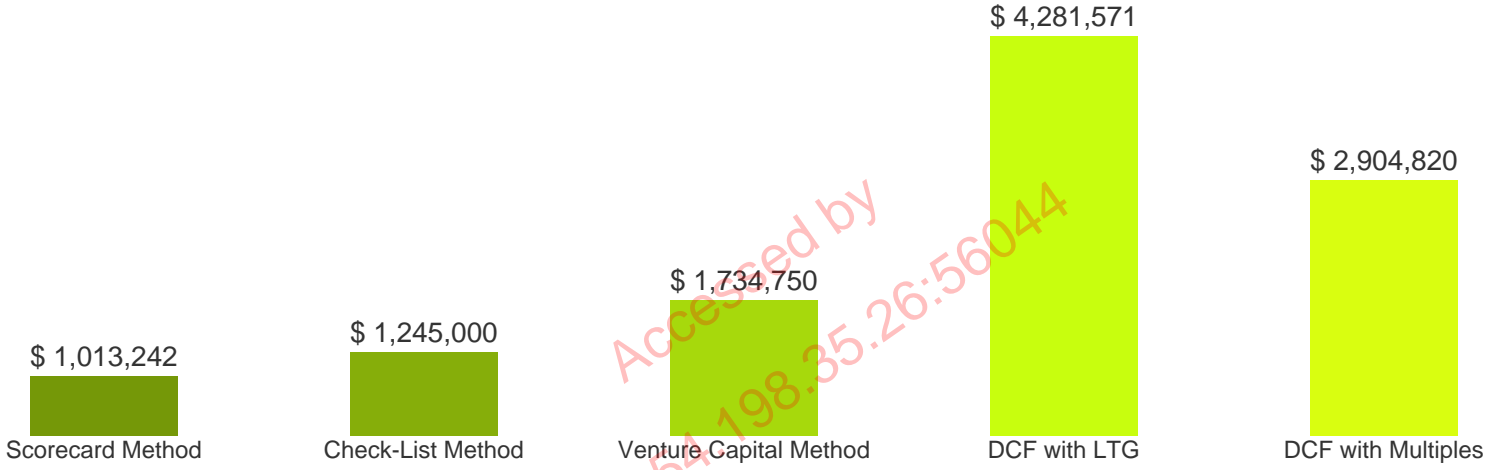
Accounts Payables	\$ 0
Other current liabilities	\$ 0
Long term liabilities (Debt)	\$ 0
Equity	\$ 0

## Elevator pitch

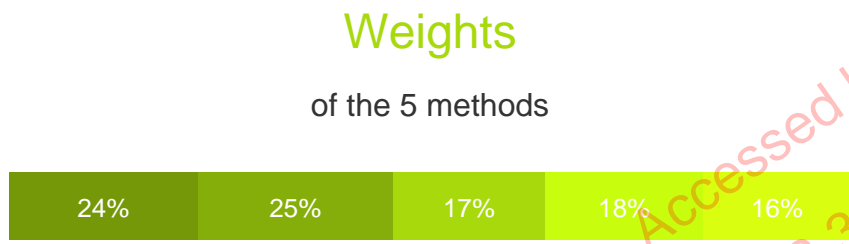
The Best Mobile Dispatch Network Of Professional, Licensed And Safe Taxi And Limo Drivers.

# VALUATION

## The 5 Methods Used



## Valuation Average Weights



**Valuation weights**

The weights displayed in the chart are those used to average the outcomes of the 5 valuation methodologies implemented in this analysis. The weights are set according to the stage of development of the start-up: the later the stage and the higher the influence of analytical models given the higher reliability of the financial projections. Users may however prefer one method over another in determining their valuation estimate.

# VALUATION

The Average Pre-Money valuation is:

\$ 2,084,790

Lower Bound

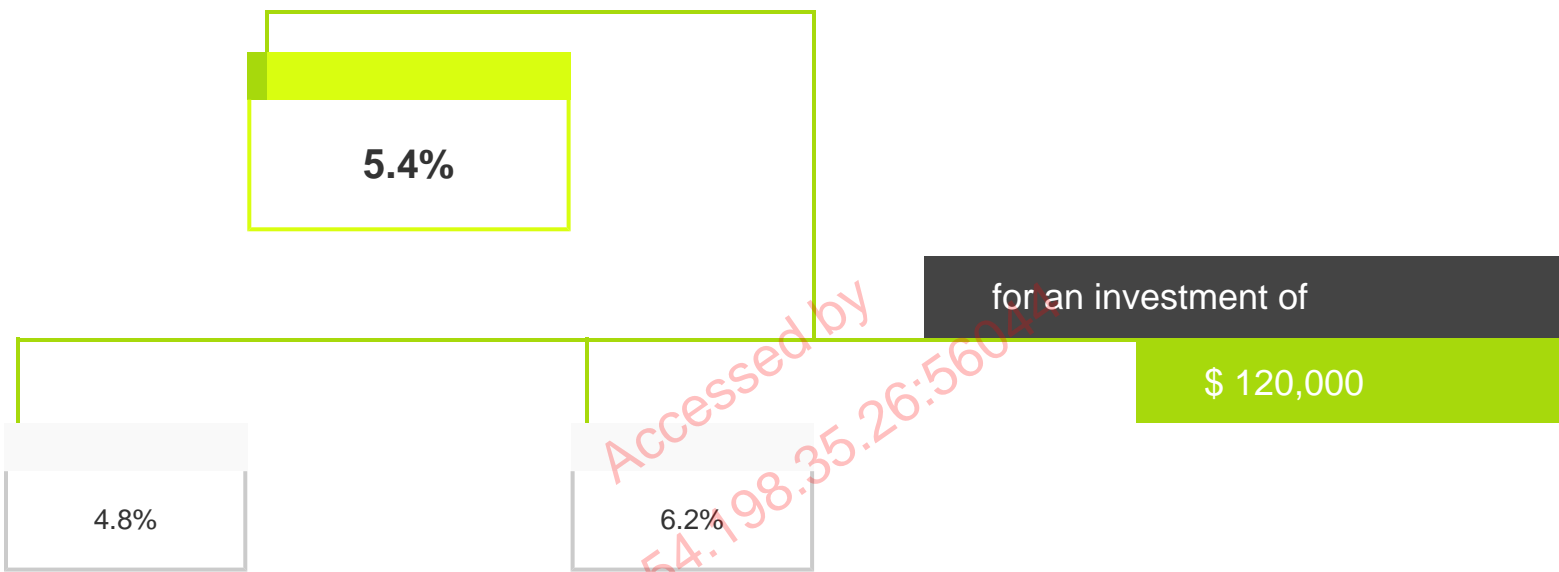
\$ 1,810,000

Higher Bound

\$ 2,360,000

This determines a percentage of

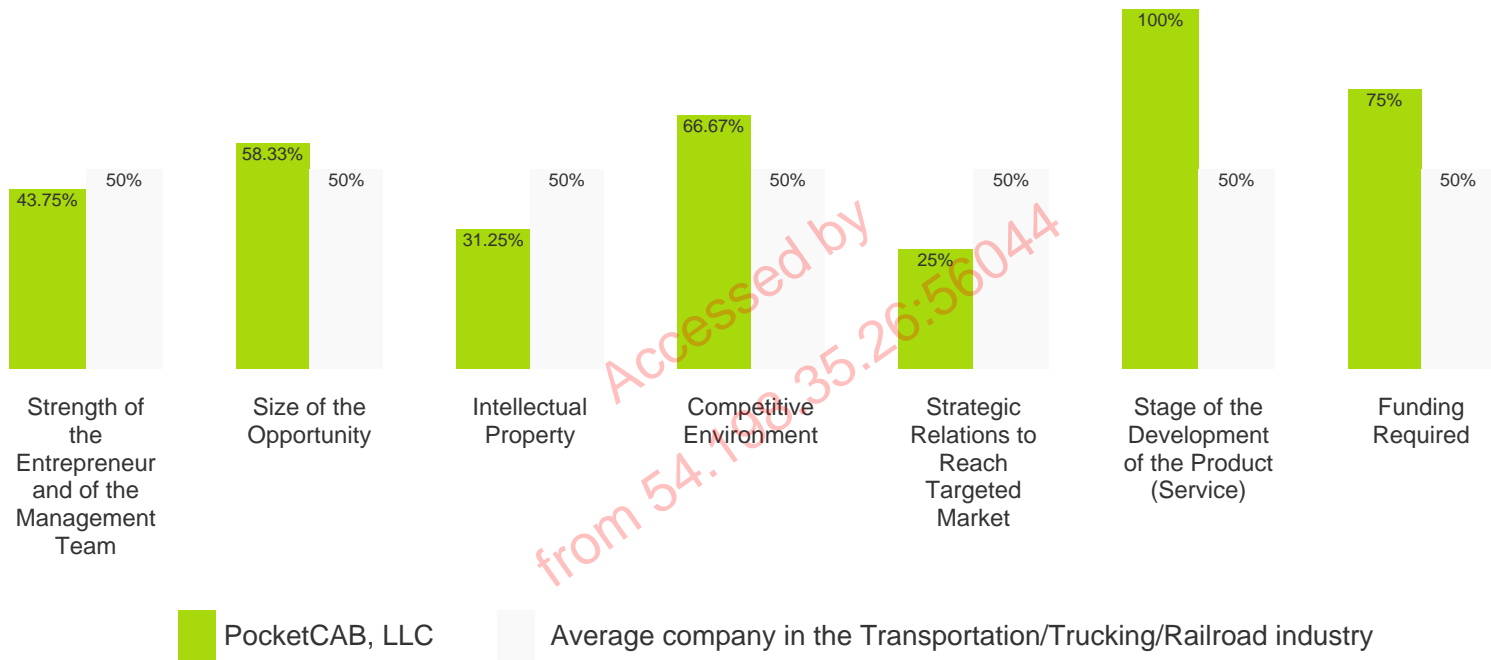
Accessed by  
from 54.198.35.26:56044



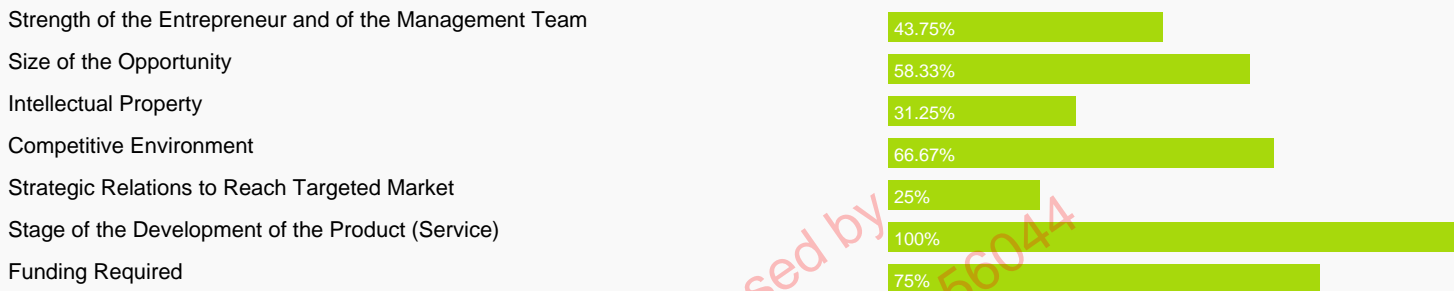
# HIGH-LEVEL VALUATION

## SCORECARD METHOD

\$ 1,013,242



### CRITERIA



### ASSUMPTIONS

Starting value of this method (Average Company Valuation) \$ 1,066,571

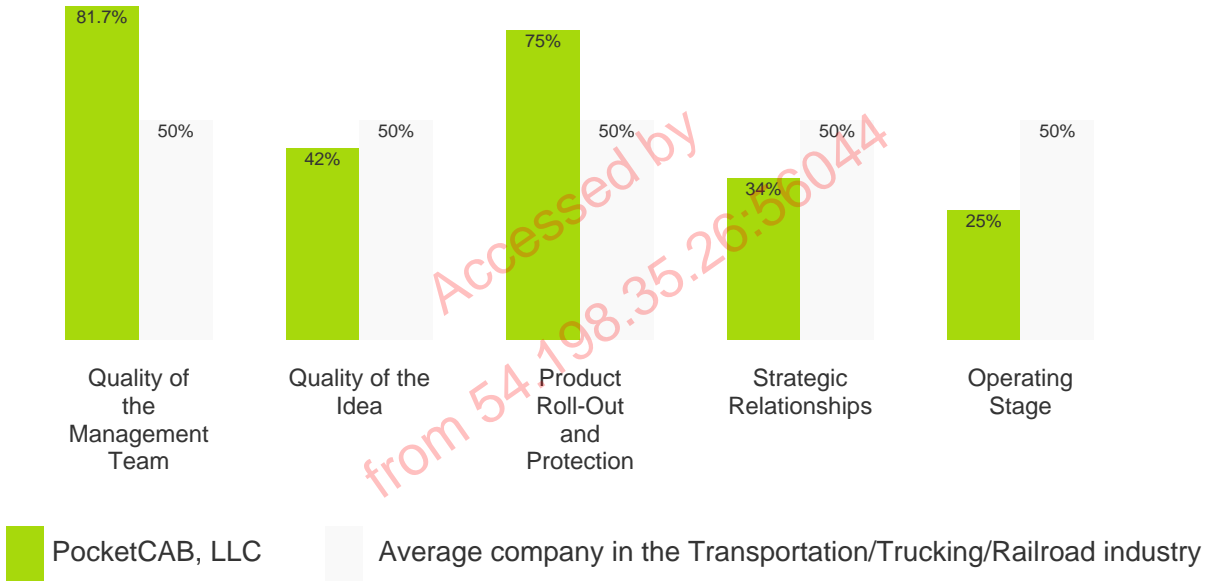
### Explanation

This valuation approach is based on the technique of benchmarking. Starting from the average valuation of comparable transactions, the value can increase or decrease according to analysis of those aspects that matter the most to investors. This model applies the same approach and structure theorized by the researches carried out by the Ewing Marion Kauffman Foundation in 2007 as well as by Bill Payne in its book "The Definitive Guide to Raising Money from Angels" (2006). Equidam created the questions and answers and, more importantly, the scores be applied. In addition, some elements were added to the model following the empirical researches carried out by the Equidam team.

# HIGH-LEVEL VALUATION

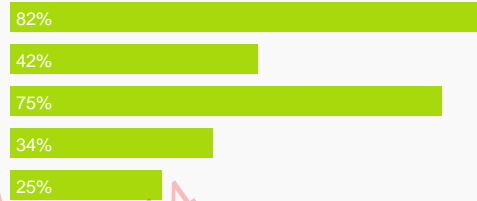
## CHECK-LIST METHOD

\$ 1,245,000



### CRITERIA

- Quality of the Management Team
- Quality of the Idea
- Product Roll-Out and Protection
- Strategic Relationships
- Operating Stage



### ASSUMPTIONS

Maximum value for this method \$ 2,500,000

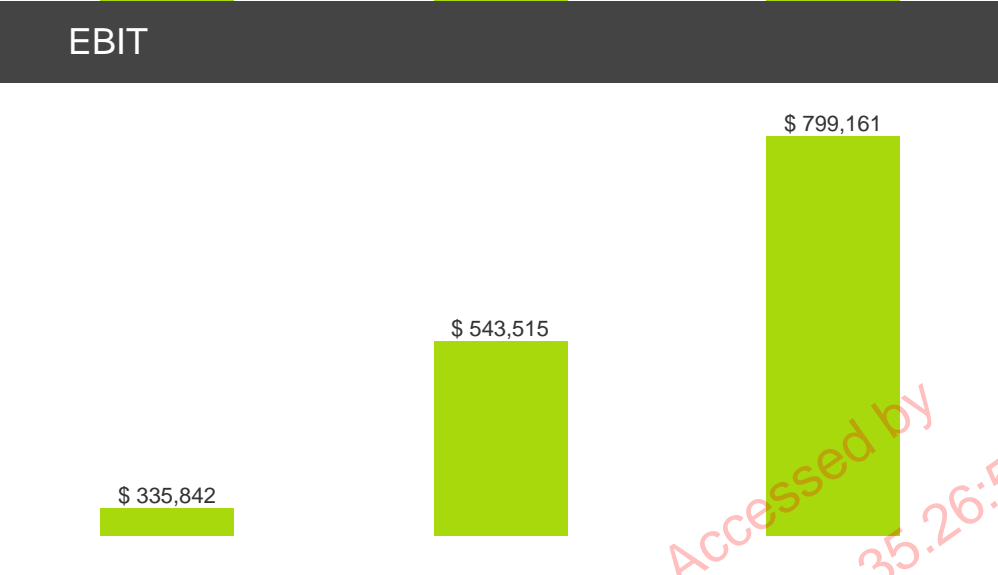
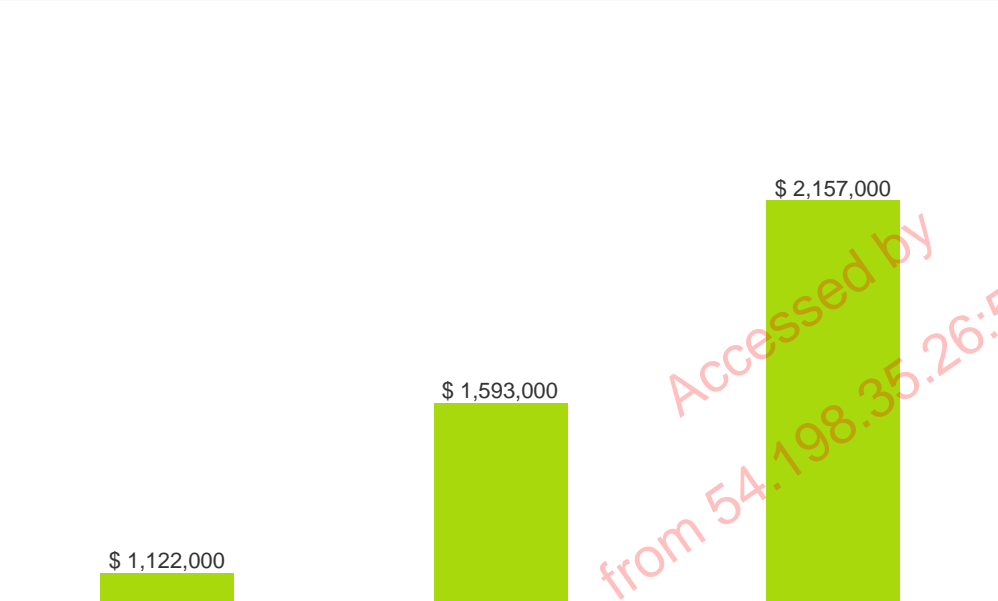
### Explanation

This valuation model is based on a rating approach: a higher value is generated according to the presence or not of key value-drivers. These factors are included in the five categories reported above. This method was originally proposed by Dave Berkus, a full-time Angel and founder of Berkus Technology Ventures LLC in Los Angeles. It has been modified several times since then. This version is based upon the empirical researches carried out by the Equidam team. For European companies, the maximum valuation attainable is 2 MLN, while for U.S. companies this value is \$ 2.5 MLN as indicated by Dave Berkus and in line with the historical analysis by Bill Payne of average company valuation across the U.S.. The lower value for EU market is given by the lower level of development and sophistication of this region compared to the U.S..

# FINANCIAL FORECASTS

Revenues		
Year 1	Year 2	Year 3

**Average estimate**  
 The stage of development of the company allows for the estimation of expected performance. The risk involved is however very high since there is no track-record.

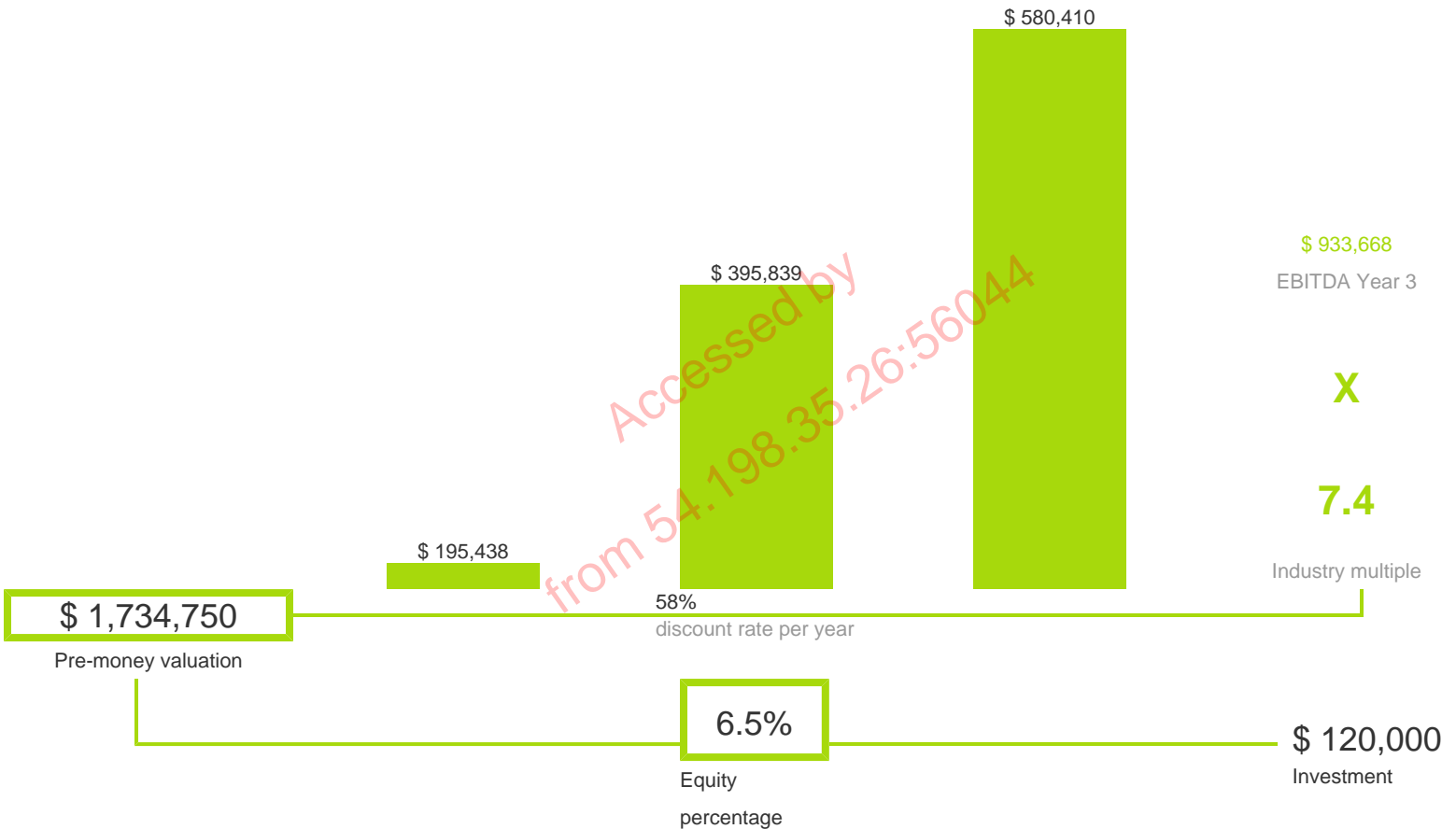


**The uncertainty featuring financial projections**

The projections about the expected performance of the company are provided by the users and are not, by any means, subject to the previous check by Equidam. The users are required to indicate the projected values regarding revenues and costs (fixed and variables), while other items as Working Capital, Depreciation and Amortization and the interest expenses are estimated by Equidam according to industry-specific databases. The Cash Flows are also estimated by the Equidam algorithm combining users' inputs and the Equidam data. Equidam provides an indication of the level of reliability of the users' projections based upon the stage of development of the business. Another way to check the reliability of the projections is offered by the revenues from contracts in place, displayed in the second page of the Company Profile.



Cash Flow to Equity for the next three years



**CRITERIA**

Exit value in year 3

\$ 6,906,165

**ASSUMPTIONS**

Annual discount rate applied

58.49%

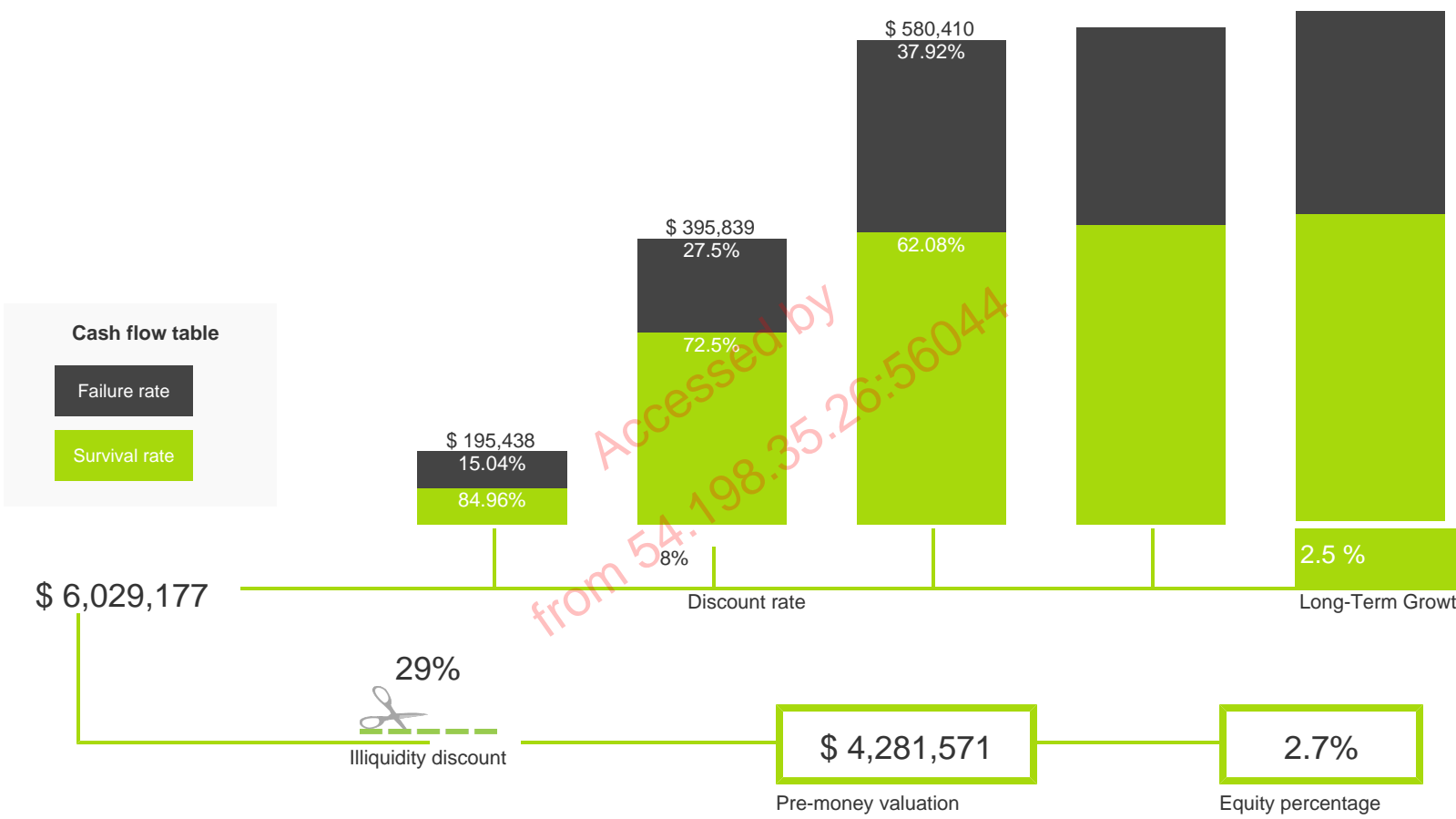
**The quick approach used by Venture Capital Funds**

The venture capital method is a quick approach to the valuation of companies. It comprises in estimating the exit value of the company at the end of the forecast horizon and ignoring the intermediate cash flows. The exit value is calculated by taking the final financial result of the company and applying the earning multiple (Price/Earnings ratio). This value is then discounted at a high rate to get the present value. The discount rate is determined according to the stage of development and is reported in the table above. Given its simplistic approach, this model does not apply illiquidity or survival discount as the following to methods do. The annual discount rate applied already accounts for these issues.

VC METHOD

DCF WITH LTG

DCF WITH MULTIPLES



**CRITERIA**

EBITDA Year 3	\$ 933,668
Long Term Growth Windsorized*	2.5%
Value of the company in the last Year (Terminal Value)	\$ 6,728,786

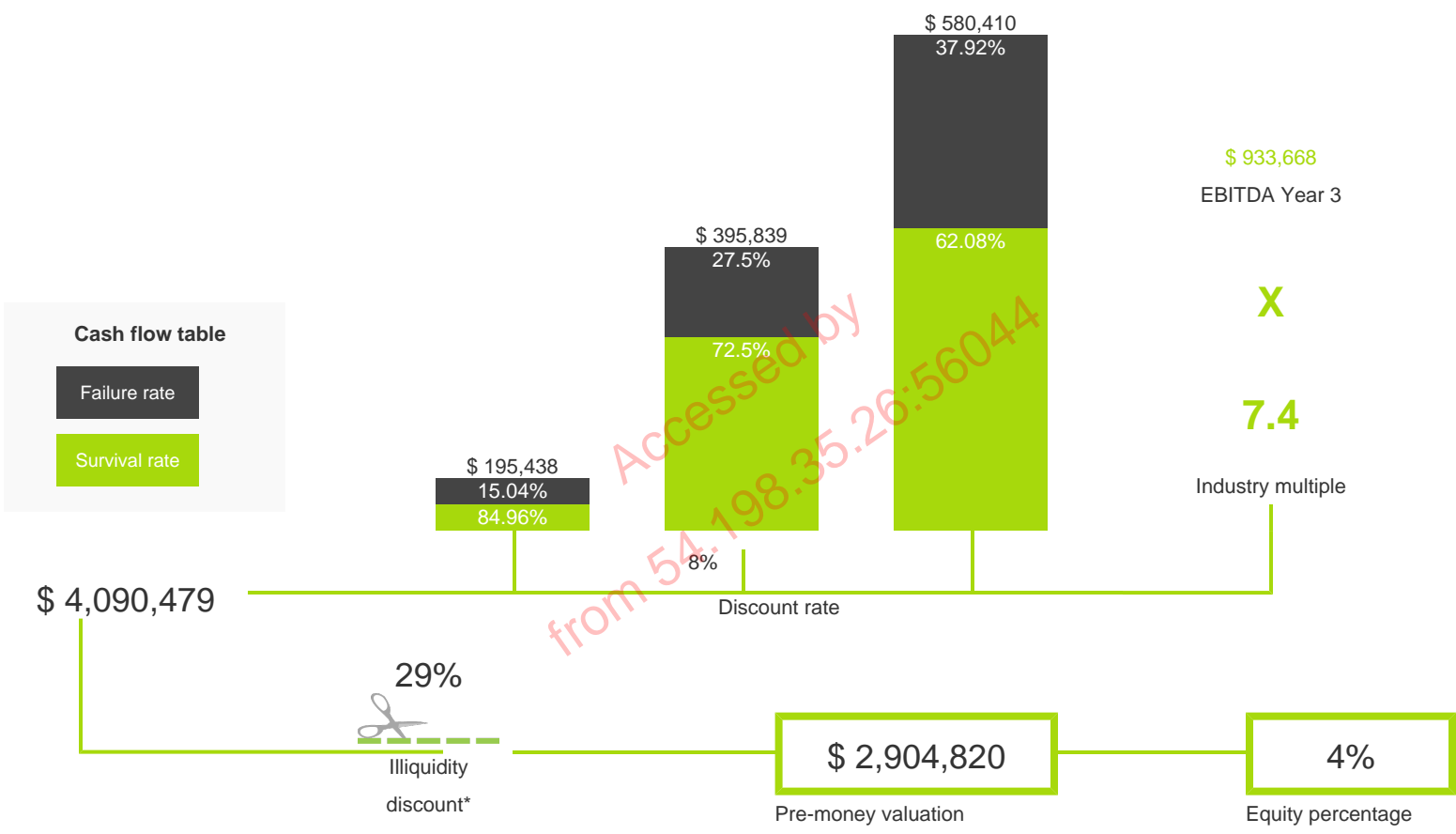
\*The winsorization is a statistic approach that eliminates the outliers from a dataset by applying a lower and higher bound. In this case is necessary since some of the industries in the Equidam database have a negative historical growth.

**ASSUMPTIONS**

Industry Beta	1.15
Market Risk Premium	5.5%
Weighted Average Cost of Capital	7.99%

**The innovative approach to Discounted Cash Flows (DCF)**

The DCF with terminal growth model is one of the most used models to value public companies. This method assumes that the company is going to survive at a steady and constant growth rate. The growth rate applied is based on the industry of belonging. The Equidam methodology however applies two important additional features: 1. The annual cash flows are estimated by the Equidam algorithm and are weighted according to the country-specific survival rate for companies. 2. The calculated present value is further discounted by applying an illiquidity discount to account for the fact that the sale of the equity stake is likely to happen on the private market. As a consequence, investors need a higher return. The illiquidity discount is estimated according to the work of academic researches.



**CRITERIA**

EBITDA Year 3	\$ 933,668
EBITDA multiple Year 3	7.4
Value of the company in the last Year (Terminal Value)	\$ 4,287,348
Implied Annual Return if sale value realized (ROI)	112.2%

**ASSUMPTIONS**

Industry Beta	1.15
Market Risk Premium	5.5%
Weighted Average Cost of Capital	7.99%

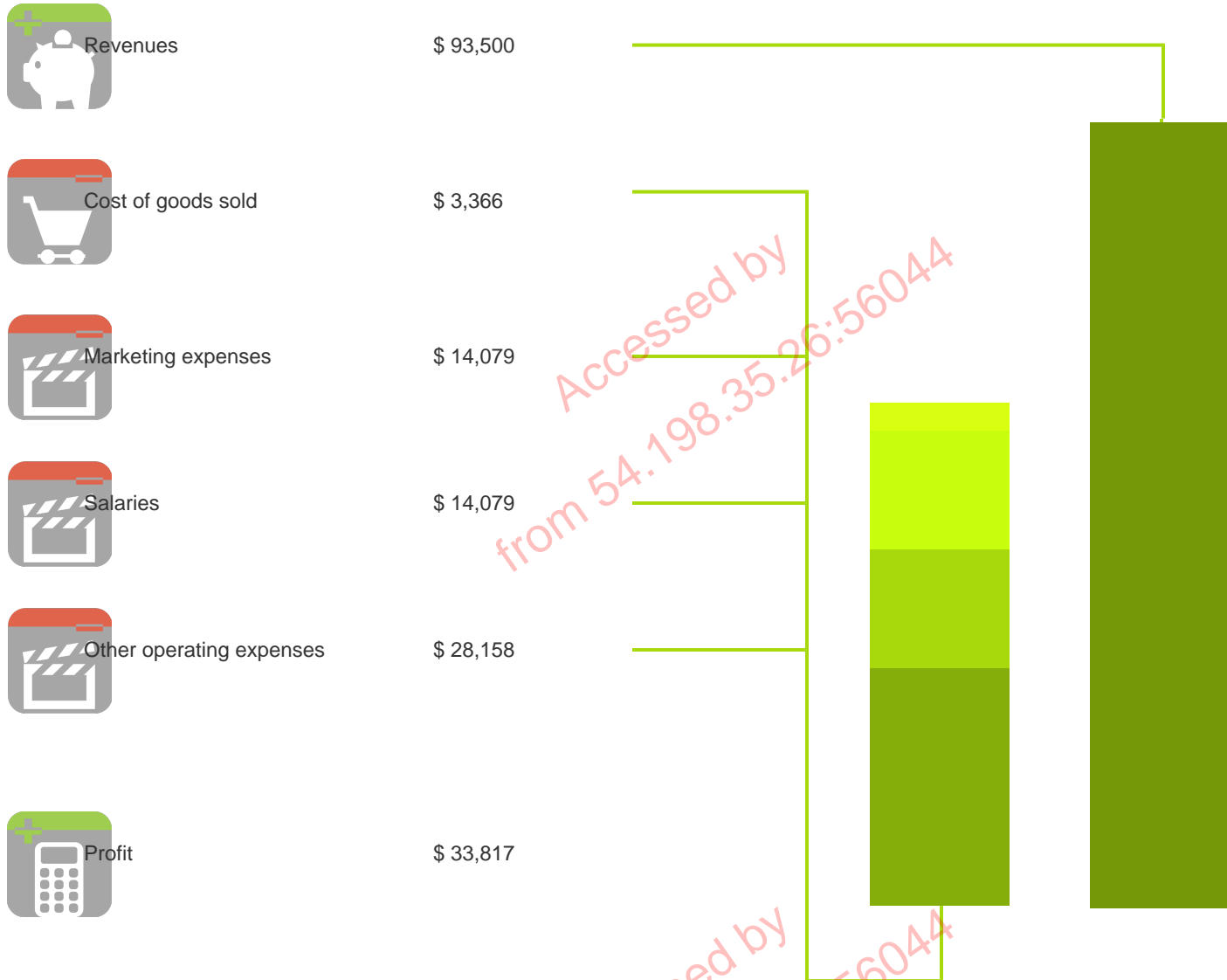
**Industry peers' comparison**

The DCF with exit multiple is the other most used valuation approach. It is based on the assumption that the exit value of the company is determined by the average of industry peers. The most commonly used multiple is the Price/Earnings (P/E) since the generated estimate is less susceptible to differences in the operating margin among industry peers. The Equidam methodology also applies: 1. The annual cash flows are estimated by the Equidam algorithm and are weighted according to the country-specific survival rate for companies. 2. The calculated present value is further discounted by applying an illiquidity discount to account for the fact that the sale of the equity stake is likely to happen on the private market. As a consequence, investors need a higher return. The illiquidity discount is estimated according to the work of academic researches

# PROFIT AND LOSS

# CASH FLOW

Average Monthly Profit and Loss First Year










### Monthly average burn rate

The analysis of the monthly prospect of revenues and costs is useful in order to get an overview of the monthly break-even point for the company. In addition, it also gives the measure of the burn rate, provided the initial investment by external investors. The monthly prospect of revenues and costs only refers to the first year of projections and is based on the estimates provided by the user.

## PROFIT AND LOSS

## CASH FLOW







	Year 1	Year 2	Year 3
 <b>Revenues</b> sales quantity	\$ 1,122,000 0	\$ 1,593,000 0	\$ 2,157,000 0
 <b>Cost of goods sold</b> Average individual price Average individual cost Gross margin	\$ 40,392 \$ 0 \$ 0 96.4%	\$ 57,348 \$ 0 \$ 0 96.4%	\$ 77,652 \$ 0 \$ 0 96.4%
 <b>Selling, General and Administrative</b>	\$ 675,800	\$ 892,800	\$ 1,145,680
<b>EBITDA</b>	<b>\$ 405,808</b>	<b>\$ 642,852</b>	<b>\$ 933,668</b>
 <b>Depreciation and Amortization</b> as % of revenues	\$ 69,966 6.2%	\$ 99,337 6.2%	\$ 134,507 6.2%
<b>EBIT</b>	<b>\$ 335,842</b>	<b>\$ 543,515</b>	<b>\$ 799,161</b>
 <b>Financial Gain-Loss</b> Debt interest payment Interest rate on debt Cash interest gain	\$ 1,200 \$ 0 13.65% \$ 1,200	\$ 4,354 \$ 0 13.65% \$ 4,354	\$ 8,313 \$ 0 13.65% \$ 8,313
 <b>Taxes</b> Deferred tax assets Effective tax payable Effective tax rate	\$ 134,817 \$ 0 \$ 134,817 40%	\$ 219,148 \$ 0 \$ 219,148 40%	\$ 322,989 \$ 0 \$ 322,989 40%
 <b>Profit</b>	<b>\$ 202,225</b>	<b>\$ 328,722</b>	<b>\$ 484,484</b>

### Good understanding of numbers is good understanding of business

Revenues, Cost of Goods Sold and Selling, General and Administrative are provided by the user, while the D and A and Financial expenses are estimated by Equidam. The former is based upon the average D and A as % of Revenues of the industry peers and the latter upon the COVERAGE RATIO (EBIT/INTEREST PAID) and then adding the related risk premium to the Risk Free rate. The risk premia related to the COVERAGE RATIO are fixed as determined by academic researches. The Risk Free rate is assumed to equal the 10-year maturity German Bund. The tax outlays are determined by applying the country-specific tax rate for companies, as reported in the Equidam databases.

## PROFIT AND LOSS

## CASH FLOW

	Year 1	Year 2	Year 3
 Profit	\$ 202,225	\$ 328,722	\$ 484,484
 Change in Working Capital	\$ 76,753	\$ 32,220	\$ 38,582
Account payables	\$ 56,288	\$ 79,917	\$ 108,211
Account receivables	\$ 125,503	\$ 178,188	\$ 241,275
Inventory	\$ 7,538	\$ 10,702	\$ 14,491
 Depreciation and Amortization	\$ 69,966	\$ 99,337	\$ 134,507
<b>OPERATING CASH FLOW</b>	<b>\$ 195,438</b>	<b>\$ 395,839</b>	<b>\$ 580,410</b>
 Financing activity	\$ 120,000	\$ 0	\$ 0
Change in outstanding debt	\$ 0	\$ 0	\$ 0
Raise or repayment of equity	\$ 120,000	\$ 0	\$ 0
 Investments	\$ 0	\$ 0	\$ 0
 Cash Flows	\$ 315,438	\$ 395,839	\$ 580,410
Beginning of the year cash	\$ 120,000	\$ 435,438	\$ 831,277
End of the year cash	\$ 435,438	\$ 831,277	\$ 1,411,687
<b>CASH FLOW TO EQUITY</b>	<b>\$ 195,438</b>	<b>\$ 395,839</b>	<b>\$ 580,410</b>

### Cash is the king

The cash flows are estimated by Equidam starting from the user's data. This is to provide the reader with a more reliable estimation based upon industry peers benchmarks rather than leaving the user the freedom to guess the estimates.

Both Depreciation and Amortization and Working Capital are based on the Equidam industry databases, while the change in Debt and in Equity and the investment outlays are based upon the user's projections.

## DESCRIPTION SCORECARD METHOD

The Strength of the Entrepreneur and of the Management Team includes:

- The years of industry experience of the managers
- The managerial and business skills achieved by the managers academically and professionally
- The technical skills and capabilities achieved by the managers academically and professionally
- The level of managerial responsibility achieved in the past working experiences
- The team spirit and comradeship
- The size of the staff
- The time and economic commitment by the founders and any other member of the staff

The Size the Opportunity includes:

- The estimated potential size of the market (if provided)
- The estimated revenues in the third year according to the stage of the development (if provided)
- The geographical scope of the business
- The scalability of the business

The Competitive Environment includes:

- The analysis of the number of active market players
- The quality of competitive products/services
- The competitive advantage over competitive products/services
- The threat of international competition (if any)

The Intellectual Property includes:

- The presence of IP
- The type of IP protection applicable
- The IP protection in place (if any)
- Barriers to entry determined by IP-related aspects

The Strategic Relations to Reach the Targeted Market includes:

- The partnership with vendors and other selling channels
- The partnership with strategic market agent to achieve the commercialization

The Stage of the Development of the Product/Service includes:

- The roll-out of the product/service

The Funding Required includes:

- The capital need required according to stage of development. Later-stage businesses raising limited budgets are showing higher quality compared to similar companies seeking larger amounts.

## DESCRIPTION CHECK-LIST METHOD

The Quality of the Management Team analyzes:

- The managerial and business skills achieved by the managers academically and professionally
- The technical skills and capabilities achieved by the managers academically and professionally
- The level of managerial responsibility achieved in the past working experiences
- The positive interaction of the previous features to the overall company success
- The team historical relationship (if any)
- The years of industry experience of the managers
- The average age of the founders: entrepreneurs of 35-45 are statically the most likely to succeed
- The presence in the team of serial, successful entrepreneurs

In addition, the score of this section is weighted by the time commitment of the founders and managers. A full-time commitment determines a 100% weight and so on. This is necessary in order to reflect the relative waste of skills due to reduced working hours dedicated to the business and the related opportunity cost.

Product Roll-Out and IP Protection

- The presence of IP and the stage of the protections in place
- The type of IP protection applicable
- The positive interaction of the previous features to the overall company success
- The roll-out of the product/service

Strategic Relationships

- The presence of external investors among the shareholders
- The presence of the advisory board and their number
- The partnership with vendors and other selling channels
- The partnership with strategic market agents to achieve the commercialization
- The partnership with legal counselors

Operating Stage

- The stage of development of the business: revenues/pre-revenues/profitable etc.



## Important legal notes

Equidam BV does not represent or endorse the accuracy or reliability of any advice, opinion, statement or any other information displayed or distributed through this report or its website. The estimates and the data contained herein are made using the information provided by the user, publicly available information and data for different industries. Equidam BV has not audited or attempted to confirm this information for accuracy or completeness. Under no circumstances the present report is to be used or considered as an offer, solicitation, or recommendation to sell, or a solicitation of any offer to buy any security. Equidam BV excludes any warranties and responsibilities concerning the results to be obtained from the present report nor their use and shall not be liable for any claims, losses or damages arising from or occasioned by any inaccuracy, error, delay, or omission, or from use of the report or actions taken in reliance on the information contained in it. The use of this report and the information provided herein is subject to Equidam BV online Terms of Use and Privacy Policy.

Accessed by  
from 54.198.35.26:56044