

# Mastering Due Dilligence: Blueprint for Tech Audit

Shadowboxer

Summary by



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## Overview:

Stephen Graham, partner and founder of Shadowboxer, discusses the technical due diligence process for startups seeking investment. He emphasizes the crucial need for startups to demonstrate value, capability, and quality in their product, focusing on development processes, team structure, and product quality. Through his comprehensive guide, Stephen aims to arm founders with the knowledge to successfully navigate investor evaluations, particularly during the early stages of venture creation.

## 20-Point Summary:

- Stephen Graham's Introduction: Partner and founder of Shadowboxer, specializing in building software products for early-stage founders.
- Shadowboxer's Focus: Concentrates on guiding products from seed stage to growth, preparing them for Series A funding.
- Technical Due Diligence (DD) Importance: Highlights the investor's need to trust the real value and potential of a startup's product.
- Key Themes in Technical DD: Focuses on development processes, team capability, and product quality.
- Development Processes Scrutiny: Evaluates how the product functions, its architecture, and the back-office processes supporting it.
- Solution Stack and Architecture: Discusses the significance of documenting the product's technical stack and architecture.
- Team Capability Assessment: Stresses the need to review team structure, knowledge retention, and risk mitigation related to staff turnover.
- Intellectual Property (IP) Retention: Ensures that IP is secured and properly documented within the business.
- Roadmap and Backlog Insight: Investors seek clarity on product development roadmaps and feature backlogs.
- Product Quality Evaluation: Underlines the need for a comprehensive review of the source code and product quality.
- Demonstrating Product Live: Advocates for product demos or allowing investors to interact with the product directly.
- Varied Technical Audits Based on Stage: Recognizes that the focus of technical audits differs based on the startup's maturity stage.

- Feasibility Conversations for Early Stages: For very early-stage startups, discussions revolve around feasibility and de-risking assumptions.
- Prototypes and Proof of Concepts: Highlights the importance of having a working prototype focusing on key areas.
- Importance of Security in Certain Industries: Acknowledges the heightened importance of security in industries like fintech and health.
- Three Pillars for Success: Reinforces the importance of processes, team capability, and product quality.
- Tailoring Information for Investors: Emphasizes packaging the right information to meet investor expectations.
- Adapting to Investor Requirements: Encourages startups to understand and adapt to different investor needs and styles.
- Comprehensive Documentation: Stresses the importance of having detailed, accessible documentation for all technical aspects.
- Strategic Presentation of Information: Advises on presenting information in a manageable format that aligns with investor capabilities and expectations.