Due diligence

Commercial due diligence

A) Assessment of commercial risk and business opportunities

Problem and solution
1. What is the product and which problem does it solve?
2. Which new opportunities does the solution provide?

Product market potential

1. Which competitors are already in the market and which competitors are likely to enter the market in the future?
2. What is the demand for the product in the market?
   - Description of the market in which the product will be launched
   - The demand should be quantified when possible
3. Which market will be attacked first and what are the realistic market shares in the long run?

Business model

1. Description of value chain
   - Which customers will be focused on: end customer, supplier or producer?
   - Any individual stakeholders in the value chain worth mentioning?
   - Which potential customers have the highest demand?

2. Product pricing
   - Production costs
   - Margins
   - Pricing and payment solution

3. The road to the market
   - Leads and pilot customers, customers and partners
   - Sales and marketing plan
   - Budget revenue

B) Team

1. What is the team’s overall commercial competence as a group?
2. What is the team’s overall technical competence as a group?
Technical due diligence

Technology

1. Has the problem been solved before?
   - Is the new solution better? Can this be demonstrated?
   - Cheaper?
   - More stable?
   - More secure?
   - Other valuable qualities for customers?

2. Is there a prototype?
   - Can it be demonstrated?
   - Is it based on published solutions?
   - Is it based on patented solutions?

3. Who owns the technology?
   - Has external or open software been used?
   - Can it be used for commercial purposes?
   - Which standards are used for implementation?
   - How is the software and the product tested?
   - What remains for the product to be ready for sales?