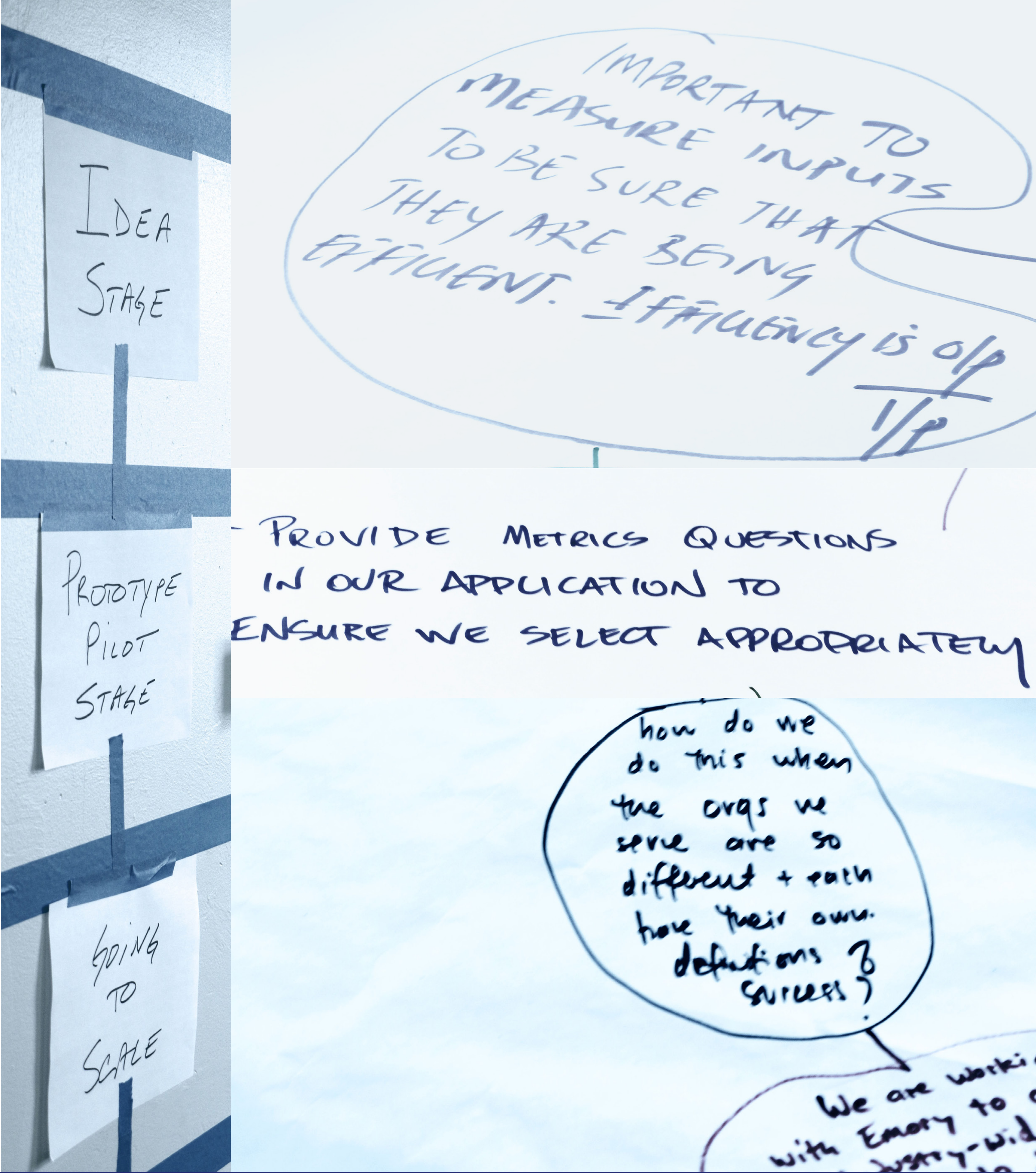

MEASURING VALUE CREATED

By Impact Incubators & Accelerators

November 2014

Aspen Network of Development Entrepreneurs

AGORA PARTNERSHIPS

I-DEV INTERNATIONAL
Market Based Sustainable Development

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Images on the cover were taken during the pre-SOCAP 2014 workshop, hosted by GSBI/Santa Clara University and Conveners.org and it reflects key questions that were posed to impact incubator/accelerator leadership, and the responses or additional questions they wrote down. For additional information on this workshop, Please contact: avary@conveners.org.

INTRODUCTION &
EXECUTIVE SUMMARY

Are impact incubators & accelerators creating value? If so, how?

Key Report Highlights:

- Early Stage SGBs find greater $-value in incubators/accelerators than Growth Stage SGBs
- Incubees & investors have been disappointed by capital raise and investment readiness support
- Most valuable services for Early & Growth Stage SGBs are business plan or strategy development and peer mentoring
- Intangible ecosystem building is the leading value creator for investors
- Programs have a large, untapped opportunity to deliver tangible, quantifiable value for investors via increased pipeline volume & quality, decreased transaction costs and decreased portfolio management costs; however, metrics are not currently being tracked
- Lack of consistent, standardized data collection is limiting impact incubator/accelerator programs' ability to prove and be adequately compensated for value created for stakeholders

Introduction

I-DEV International, in conjunction with the Aspen Network of Development Entrepreneurs (ANDE) and Agora Partnerships, set out to evaluate the value created by impact incubators and accelerators for social enterprises and impact investors they seek to support. This 18-month analysis included over 100 interviews and surveys with stakeholders from 8 impact-focused incubator/accelerator programs, 54 enterprises that had participated in the incubator/accelerator programs analyzed, and 18 active impact investors.

Key research objectives were to:

- Evaluate the quantifiable value created by impact-focused incubator/accelerator programs
- Design and pilot a framework that can be used to objectively compare and benchmark impact incubator/accelerator programs against each other

The study is a continuation of ANDE's research to assess the current and potential value created by impact incubators/accelerators, an initiative launched in 2012. This analysis builds on ANDE's previous findings and was conceived as a means to evaluate how and where incubators/accelerators are creating tangible value. One of the initial goals of the study was to help programs develop quantifiable evidence they need to make a stronger case for charging incubees and investors for their services and the value they create; however, a full quantitative analysis was limited by several key obstacles. Most notably, at the time of analysis, few programs tracked consistent and comprehensive data on their alumni or investors they work with (even basic financial data and investments received or sourced via the program).

Additionally, few impact incubator/accelerator programs have operated long enough to have alumni that can be measured on multiple years of post-incubation performance. While the later limitation will solve itself over time, we strongly recommend that incubators/accelerators begin to track alumni performance data. As part of the analysis, I-DEV developed and piloted an objective framework that could be used by the programs to track both quantitative and qualitative indicators of value creation (see appendix). We recognize that improving alumni services and data tracking capabilities may require increased budgets to hire the appropriate staff; however, many programs have already begun to develop better data tracking systems and our proposed methodology is designed to create efficiencies that limit the burden on program staff.

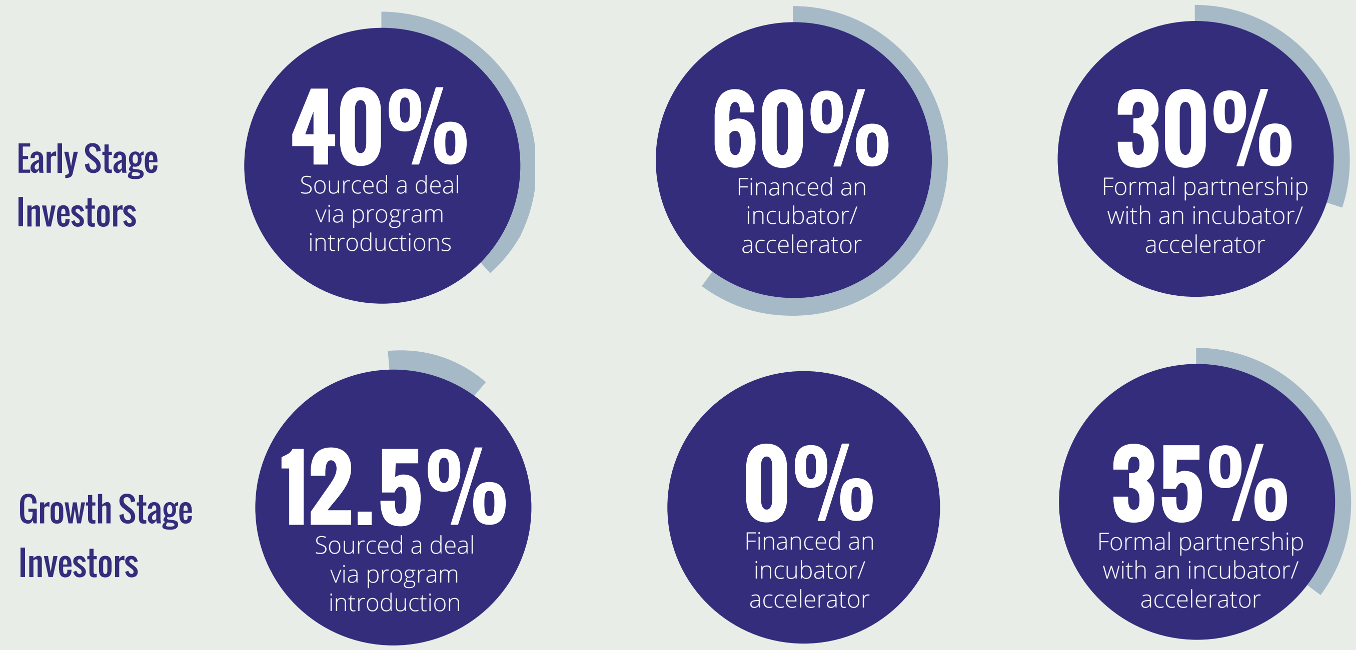
> "Given the crucial need to support entrepreneurial ventures both domestically and in the developing world, it is critical to establish an approach based on holistic evidence that will leverage the potential of incubators to propel the small and growing business (SGB) sector most effectively....Even if appropriate performance metrics can be established and it can be determined that incubators are generally performing well, the relative cost of these programs must be evaluated in order to determine if they are worthy of funding from the public and philanthropic sectors."
>
> - Randall Kempner, ANDE,
> MIT Innovations (2013)

Key Findings

Qualitative and quantitative information collected by I-DEV from over 100 surveys and phone interviews with incubees and investors yielded meaningful insights into how incubators/accelerators could improve and measure value creation going forward. The data collected indicates that programs appear to be creating more value for Early Stage Enterprises (incubees with less than $500,000 in revenues at time of program with less than $500,000 in revenues at the time of program participation) than for Growth Stage Enterprises (incubees with greater than $500,000 in revenues at time of program participation); however, perceived value between these groups varied only slightly. Average revenues for the 36 Early Stage Enterprises analyzed was $125,000, vs. $1.9M for the 18 Growth Stage Enterprises interviewed, while average EBITDA at time of program participation was $-1,700 and $14,700, respectively. Despite the substantial differences in business size and profitability between the two groups, there was significant alignment and overlap in the services Early and Growth Stage Enterprises (or SGBS, small growing businesses) were most interested in prior to joining a program and the services they rated as most valuable upon program completion. However, major differences did emerge between Early vs. Growth Stage SGB responses related to several critical post-program value creation metrics. For example, the percentage of incubees that received financing as the result of an introduction from their incubator/accelerator was 40% for Early Stage SGBs vs. 5% for Growth Stage Enterprises, and revenue growth (CAGR) in the 2 years following program participation was 86% for Early Stage SGBs vs. 14% for Growth. There were also major differences of opinion on value creation between Early Stage Investors (angels, funds and foundations that typically invest $500,000 or less of debt, equity or hybrid capital into idea, prototype and early post-revenue companies) and Growth Stage Investors (funds who typically invest $500,000 to $2M in post-revenue and growth stage companies). For example, 50% of the 10 Early Stage Investors indicated that they had sourced at least 1 investment from an incubator/accelerator, as compared to only 1 or 12.5%, of the 8 Growth Stage Investors. Additionally, Early Stage Investors place a much higher value on the less tangible ecosystem building aspects of impact incubators/accelerators, while Growth Stage Investors felt that programs should focus more on direct value creating services such as investment readiness and opportunities to reduce transaction costs.

These and similar observations prevalent throughout the research have led us to the recommendation that there should be greater distinction between **"Incubator"** programs focused on strengthening and supporting earlier stage enterprises and **"Accelerator"** programs focused on later, growth stage enterprises. Currently, there is little, if any, distinction between the stage of businesses that programs focus on, the nature of support they provide or the investors they work with. Most cohorts of incubators/accelerators feature a mix of both early and growth stage businesses, and often work with both early and growth stage investors in at least some capacity. Drawing a sharper distinction between early stage and growth stage programs will enable better customization of services offered and help increase cohort alignment with very distinct investor groups. The following sections provide additional insights into how incubators/accelerators are currently creating value as well as opportunities to increase value creation based on common recommendations from both enterprises and investors.

INVESTOR ENGAGEMENT IN THE IMPACT INCUBATOR/ACCELERATOR SECTOR



Value Creation for Enterprises

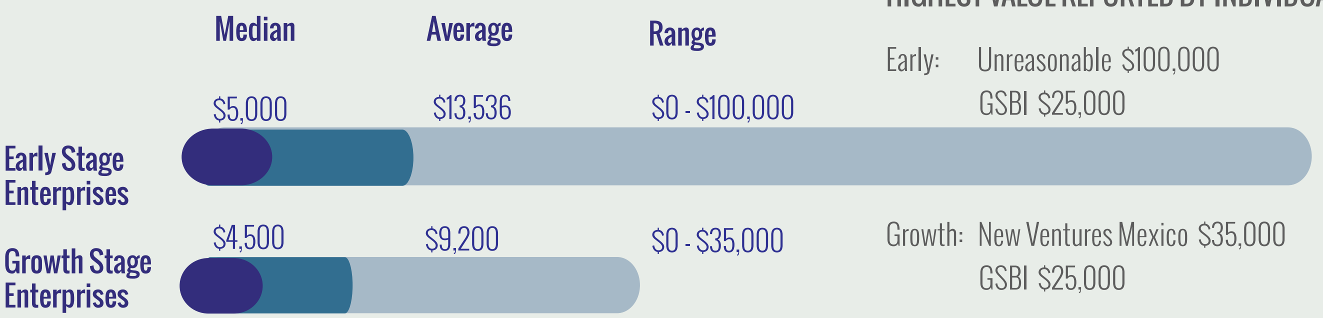
I-DEV conducted surveys and interviews with 54 enterprises selected at random from the full portfolios of 8 incubator/accelerator programs. These incubees were categorized into two groups, 36 Early Stage Enterprises with less than $500,000 in annual revenues at the time of incubation, and 18 Growth Stage Enterprises with $500,000 or more in annual revenues. As the two charts on the following page illustrate, Early Stage Enterprises perceived the incubator/accelerator experience to be more valuable than their Growth Stage counterparts. While there was a significant amount of overlap in the services that both groups found most valuable, as previously stated, there were also considerable differences in the quantitative and qualitative feedback provided by incubees from the two groups. For example, the Early Stage Enterprises derived more value from investment readiness services than their Growth Stage Counterparts, with average ratings of 3.0 and 2.3 respectively (1 being not valuable, 5 being extremely valuable). Not surprisingly, 40% of Early Stage SGBs also received funding via an introduction made by their program compared to only 12.5%, or 1, Growth Stage Enterprise.

Value Creation for Investors

I-DEV conducted surveys and interviews with 18 impact investors comprised of 10 Early Stage Investors (angels, funds and foundations that invest primarily in Early Stage Enterprises) and 8 Growth Stage Funds (funds that invest primarily in Growth Stage Enterprises). All but one investor had some form of engagement (formal or informal) with at least one of the incubator/accelerator programs included in this report. As the chart above illustrates, on almost every metric, Early Stage Investors rated the value created by incubators/accelerators much higher than their Growth Stage Investor counterparts. Nonetheless, both groups indicated that incubators/accelerators create the most value by helping to strengthen the social enterprise/impact investing ecosystem. However, both Early and Growth Stage Investors expressed disappointment in programs' ability to facilitate transactions, prepare incubees for the investment process, or help create increased efficiencies during transaction and post investment on-boarding processes. As the graphs on page 6 highlight, each of these are areas where investors felt that incubators/accelerators could create quantifiable value that they would be willing to compensate successful programs for.

ENTERPRISES: EARLY VS. GROWTH

ESTIMATED VALUE OF SERVICES OFFERED BY IMPACT INCUBATORS/ACCELERATORS



HIGHEST VALUE REPORTED BY INDIVIDUAL ENTERPRISES:

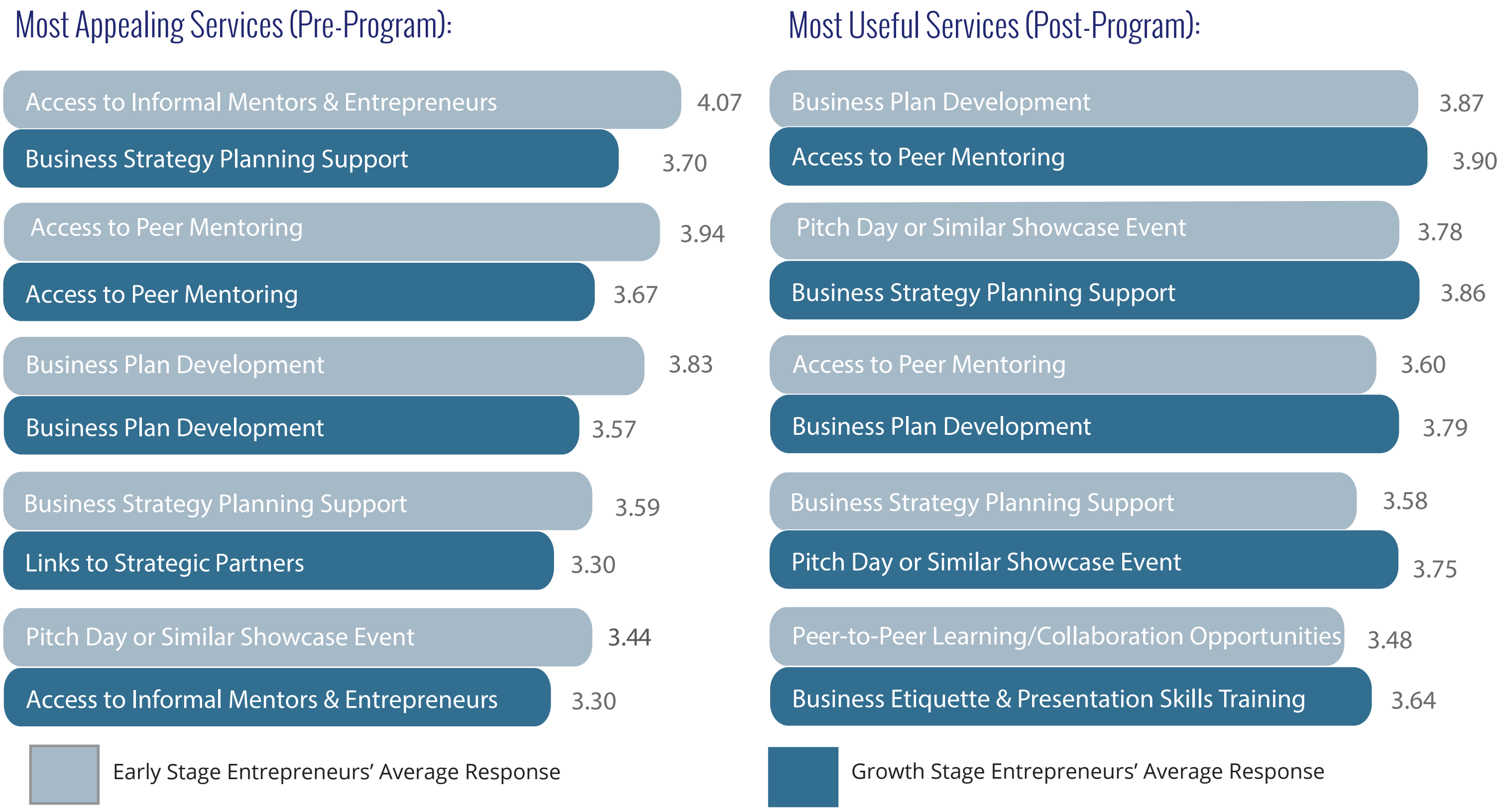
Early: Unreasonable $100,000
GSBI $25,000

Growth: New Ventures Mexico $35,000
GSBI $25,000

As part of the analysis, enterprises were asked to provide an estimated value for the services received from their respective incubator/accelerator. This question was posed in addition to a series of questions asking enterprises to rank satisfaction of specific services offered.

HIGHEST RATED DRIVERS OF PARTICIPATION & VALUE CREATORS

Enterprises were asked to rate 27 common incubator/accelerator services based on their interest in each service prior to program participation and usefulness of each service following program completion. The chart below provides the average values for each of the top rated services where 1 represents the least interesting/least useful services and 5 represents services perceived as very interesting/extremely useful.



INVESTORS: EARLY VS. GROWTH

OPPORTUNITIES TO CREATE QUANTIFIABLE VALUE FOR INVESTORS

The following areas for value creation are based on feedback from interviews with 18 Early and Growth Stage Investors.

	Investors	
Ecosystem Strengthening	**Early**	**Growth**
General ecosystem/sector building	✓	✓
Increased pipeline volume & quality	✓	X
Filter to screen out & eliminate weak companies	X	X
Train & develop impact-focused entrepreneurs	✓	X
Transactional Efficiencies		
Decreased deal origination costs	X	X
Decreased due diligence costs	X	X
Shorter transation process	X	X
Audited financials, MIS systems, legal, etc.	X	X
Post-Investment Savings		
Shorter time to exit	N/A	N/A
Decreased management support/ capacity development required	N/A	N/A
Decreased on-boarding & on going reporting costs	X	X
Audited financials, MIS systems, legal, etc.	X	X

■ Areas where value can be tracked quantitatively, e.g. via time or cost savings, # of deals sourced, etc.

X Areas not currently being addressed by incubators/accelerators

✓ Areas already being addressed by incubators/accelerators

N/A Areas where there is limited perceived opportunity for improvement

OPPORTUNITIES TO CREATE QUANTIFIABLE VALUE FOR INVESTORS

Below is an example of cost-savings that could be realized for investors by incubators/accelerators, based on the average distribution of spending reported by interviewed investors, and several proposed scenarios.

Avg. Allocation of Fund Operating Budget

Illustrative Example: $20M Impact Fund, 10 Year Life, 2% Management Fee

Avg. Allocation of Fund Operating Budget	Total Cost Over Fund Life	5% Cost Reduction	10% Cost Reduction
25% Deal Sourcing	$1.00M	$50,000	$100,000
38% Due Diligence	$1.52M	$76,000	$152,000
37% Portfolio Management & Other	$1.48M	$74,000	$148,000

ESTABLISHING A
FRAMEWORK

In order to measure the extent to which incubator/accelerator programs are creating value for their key stakeholders, we have developed the proposed framework (included in the appendix) to be used by the sector as a standardized tool for comparing average performance over time, across entire program portfolios. The proposed framework was designed after consulting numerous incubators/accelerators and target stakeholders, and is an initial version of an assessment tool that, once implemented, will help sector participants (SGBs, investors, and program funders) evaluate and compare the quantitative, as well as qualitative value created by these programs. The metrics in the framework have been broken down into three main components based on stakeholder group:

- SGBs or Enterprises that have participated in an incubator/accelerator program
- Investors with informal/formal partnerships that have not invested in graduate incubees
- Investors with informal/formal partnerships that have invested in graduate incubees

SGBs or Enterprises: The SGB component of the framework seeks to evaluate enterprise growth and performance over time, rational for program participation and satisfaction with the program's services. To do this, the SGB component of the framework has been divided into 3 sections: 1) General Business Information, 2) Quantitative Value Creation, and 3) Qualitative Value Creation. Select questions from each section should be completed by incubees upon application/entry into the program, upon graduation from the program, and for 5 (ideally) subsequent years after program completion. Post-program data collection is quantitative only to reduce the burden and logistics of data collection over the longer-term. Once the data for each program incubee is aggregated, the average values across any one incubator's/accelerator's entire portfolio should give an insightful view of the program's key strengths, key weaknesses and the average performance across its alumni over time (overall portfolio performance).

Investors: The investor component of the framework seeks to evaluate quantitative and qualitative value creation for investors in three buckets 1) Ecosystem support and strengthening (e.g. growing and strengthening deal pipeline), 2) Reduction in cost/time of a transaction (e.g. reduced deal sourcing or due diligence costs/time), and 3) Post investment performance, or reduction in cost/time of average portfolio company management (e.g. faster growing SGBs with less need for capacity development support). To ensure consistent feedback, the investor section of the framework should be completed on an annual or bi-annual basis (or after each cycle of the incubation/acceleration program) by investors that have formal/informal engagement with incubator/accelerator programs. The transaction related section of the framework should be completed by investors who have invested in a recent incubee (within 2 years of program completion) after each transaction closing. These metrics will help investors evaluate which programs are generating the most amount of deal flow by stage of business, which programs are best preparing their cohorts for the investment process/investment readiness, and which programs are helping to support the best performing incubees- all areas where investors have indicated a willingness to compensate programs for real, quantifiable value creation.

RESEARCH METHODOLOGY

Step 1:
Research & Review of Impact Reports

Step 2:
Research & Review of Tech Incubator Models

Step 3:
Interview Tech Incubators on Metrics

Step 4:
Baseline Assessment Incubators & Investors

Step 5:
In-Depth Survey of Incubees

The following section outlines the key steps and processes used by I-DEV International to analyze the value created by leading impact incubators/accelerators. The purpose of this research was to guide the development of a benchmarking framework by which to assess impact incubator/accelerator value creation for core sector stakeholders.

Definition of Sample Group for Baseline Assessment

Parties interviewed were selected based on previous findings from the Village Capital report "Bridging the Pioneer Gap" paired with additional input from I-DEV International, ANDE, Agora Partnerships, and key actors in the incubator/accelerator and social enterprise sectors.

Definition of Incubator/Accelerator & Selection of Sample

In the Village Capital/ANDE report, incubators and accelerators are described as a category of capacity development organizations (CDOs) that strive to "help build systems and management capability of local small and growing businesses (SGBs)." The analysis states that **"incubators"** typically serve enterprises pre-customers and pre-revenue (often pre-product), while **"accelerators"** assist enterprises with existing customers and revenue; however, during the course of our research we observed very little distinction between programs that are identified as "incubators" vs. "accelerators." This being the case, throughout this report, we refer to the collective group as "incubators/accelerators" and include any program whose core focus is vetting and selecting promising social enterprises and providing a range of support services to build and grow SGBs. Incubators/accelerators included had a primary objective of building and growing impact-focused businesses, largely in emerging markets, and were active participants in the impact investing or social enterprise sectors.

Participant programs were asked to submit a comprehensive list of all alumni from which 25 businesses were selected at random from each and contacted for interviews. A short-list of 7 incubators/accelerators and their entrepreneurs were included in the full analysis with 1 other included for general program-related considerations. These programs represent a diversity of models, geographic focus, etc. It should be noted that few programs with significant years of operations could be found in Asia and Africa to consider; however, as new programs emerge, we hope the findings and recommendations in this report are considered.

PARTICIPANT IMPACT INCUBATORS/ACCELERATORS:

Eight programs were included in the full analysis of this report. Key demographics of participant incubators/accelerators are shown below, and are based on self-reported data from program staff combined with qualitative discussion and comments, led by I-DEV International.

Program Name	Geog. Focus	Program Model	Total Days	Duration (Months)	Avg. Class Size	Partnership with Investor	Fees Charged
Agora	Latin America	Hybrid	30	6	15	Yes	Yes
Dasra	India	In-House	18	6.5	26	No	Yes
Endeavor	Colombia	Virtual	N/A	Ongoing	20	No	Yes
GSBI/ Santa Clara	Global	Hybrid	4.5	6	15	No	No
New Ventures Colombia	Colombia	Hybrid	8	8	10	No	No
New Ventures Mexico	Mexico	In-House	18	6	10	Yes	No
Unreasonable Institute	Global	In-House	42	4.5	12	No	Yes
Village Capital	Global	In-House	12	3	15	Yes	Yes

Hybrid: Programs that incorporate a mix of in-house "bootcamp" style programming and virtual (e.g. online/phone) support.

Total Days: Total days of active training as reported by programs.

Duration: Total duration of active support offered by program. Enterprises "graduate" at the end of this period.

Avg. Class Size: Average number of enterprises or entrepreneurs trained per cohort or class.

Partnership with Investor: Reported a formal partnership with an investor, e.g. funding support, MOU or other clear commitment of ongoing support.

Fees Charged: Program reported charging a fee to incoming program participants.

Selection of Incubee Sample Group

I-DEV asked each incubator/accelerator above to provide a comprehensive list of all past participants, including companies that had ceased operations. From this list, 25 participants from each program were selected at random, with the goal of obtaining complete data for 8-10 enterprises from each program. Each participant selected was sent a survey that included both quantitative and qualitative questions about the organization, historical performance, investments, and the program support received. Initial response rates to the surveys were low. As a result, I-DEV attempted to contact each of the selected participants via email or phone and conducted 45-60 minute interviews to collect comprehensive data. Responses per program ranged from 6 – 13 enterprises. Any accelerator program with fewer than 6 company responses was eliminated from the final results of the analysis. After eliminating incomplete or unusual data, a total of 54 entrepreneurs representing 8 high-profile global impact accelerators were included in our analysis.

For further analysis, participants were divided into two groups: 1) Early Stage Enterprises and 2) Growth Stage Enterprises. Over 65% of the enterprises (36 of 54 respondents) that participated in this analysis were classified as Early Stage Enterprises with an average of 4 years of operations at the time of program participation, and gross revenues below $500,000. The remaining 35% (18 of 54 respondents) were classified as Growth Stage Enterprises with an average of 8 years of operations ranging from $500,000 to $6 million at the time of program participation.

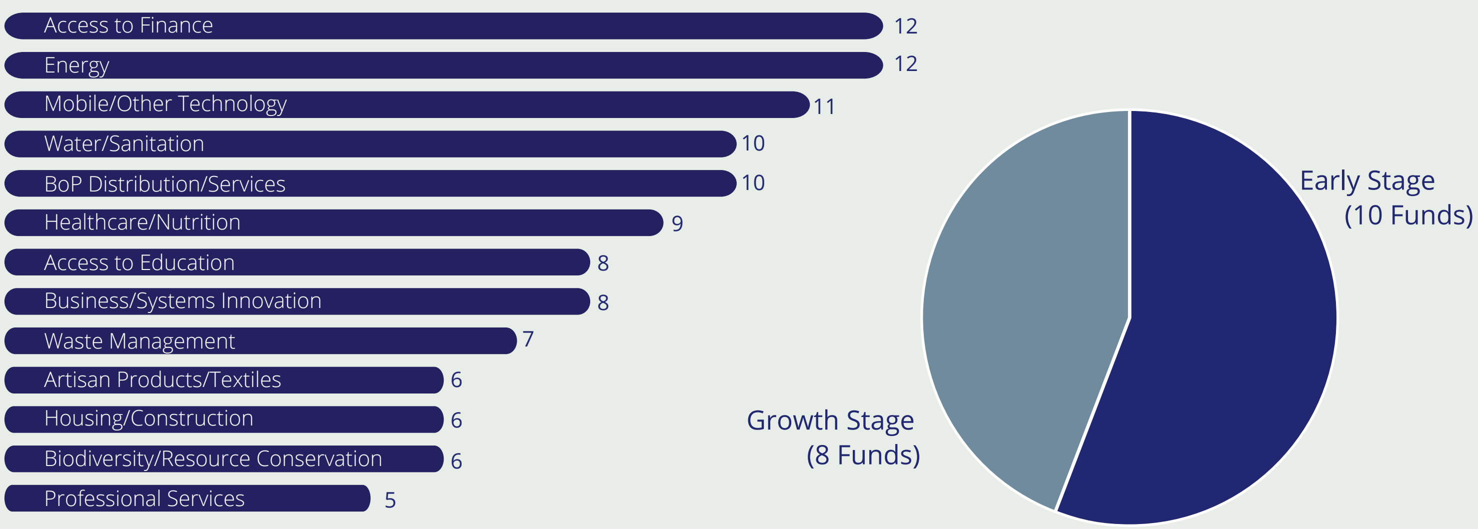
Definition of Impact Investor & Selection of Sample Incubee Group

Impact Investor refers to any individual, fund or foundation that seeks to invest in social enterprises and social impact-oriented SGBs (Small, Growing Businesses). Impact investors included in the final analysis were asked to submit a survey with confidential data, as well as participate in a follow on interview to review responses. Several investors were only willing to speak "off-the-record" or provide informal information that was included in some general comments and recommendations in this report and excluded from quantitative analysis.

The sample set of investors included in this analysis represents a mix of investors actively seeking to invest debt, equity, and/or convertible note in Early to Growth Stage companies and those willing to disclose certain financial, quantitative and qualitative information to be shared in aggregate. All investors approached in the Village Capital analysis "Bridging the Pioneer Gap" were also approached for this analysis, in addition to several funds with whom I-DEV had pre-existing relationships. For final analysis, 18 impact investors ranging from angel investors to growth-stage investors provided comprehensive data. For purposes of analysis, impact investors were analyzed in two groups, based on investment criteria and behavior: 1) Early Stage Investors (56% or 10 of the investors surveyed), angels, funds and foundations that typically invest $500,000 or less of debt, equity or hybrid capital into idea, prototype and early post-revenue companies while 2) Growth Stage Investors (44% or 8 of the investors surveyed) typically seek to invest in post-revenue or growth stage enterprises that have a proven model, existing client base and sales, but are seeking to expand. While some invest less than $250,000, core investment range is $500,000 to $2 million in debt or equity.

Participant funds included (listed alphabetically) Accion Venture Lab, Acumen Fund, Adobe Capital, Bamboo Capital, DoB Foundation The Eleos Foundation, GroFin, Grameen Foundation, Grassroots Business Fund, Halloran Philanthropies, LGT Venture Philanthropy, Lundin Foundation, Persistent Energy Partners, PhiTrust Partenaires, Pomona Capital, R. Hoops (angel investor), Sitawi, Voxtra.

INVESTORS' GEOGRAPHIC FOCUS



Limitations of the Research

The underlying purpose of this research was to launch a pilot to hone in on a relevant benchmarking framework and questions that could be reliably answered by participants; therefore, data collected is by no means comprehensive and did not attempt to exhaustively analyze the overall impact incubator/accelerator industry or social impact of programs. Additional academically-rigorous analysis should be conducted before making any hard conclusions on the overall sector or individual program value creation. The following factors should also be considered:

- The majority of impact incubators/accelerators, entrepreneurs or investors pollled do not track comprehensive or consistent quantitative data. As a result, we often relied on perceived or estimated value responses as indicators of true value.

- Collection of meaningful data from enterprises required multiple phone calls and an average of 1 hour conversations per party, limiting overall number of enterprises that could be interviewed.

- Only 8 impact-focused incubators/accelerators were included in full analysis in accordance with our methodology; therefore, results may not be an accurate indicator of overall sector trends. However, programs included were selected because they were commonly identified as the "leading" and most well-recognized and attended programs in the sector.

- The random sampling of 25 incubated enterprises per program may have resulted in biased results given that it relied on enterprises that could provide meaningful and comprehensive year-over-year data. These were typically later stage enterprises that were still operating and growing, whereas those struggling or with closed operations often did not want to be interviewed.

ENTERPRISE GEOGRAPHIC FOCUS

Note: Many enterprises focus on multiple regions; therefore, the total aggregate number of enterprises per region is greater than the total number of enterprises interviewed.

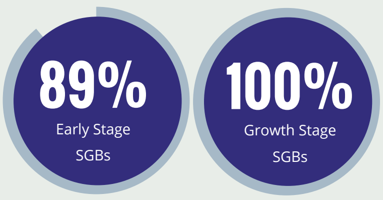
Others (>3 responses each):

Caribbean - 0
East Asia - 2
Middle East - 2
North & Middle Africa - 2
Oceania - 1
Other - 1

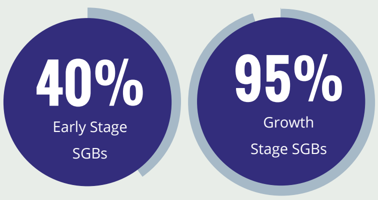
VALUE CREATION FOR ENTERPRISES

Summary

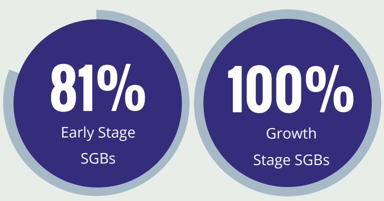
Entry Statistics for Participants



Post-Revenue Upon Entry



Profitable Upon Entry



Enterprise was the Primary Source of Income for Management

Are impact incubator/accelerator programs providing the appropriate training, tools and resources to create meaningful value for the social entrepreneurs and enterprises they support?

I-DEV conducted in-depth interviews and surveys with 54 incubee enterprises selected at random from 8 leading impact sector incubator/accelerator programs. These 54 enterprises were then categorized into 2 groups based on revenues reported at the time of entry into their respective program. ***'Early Stage Enterprises'*** reported revenues of less than $500,000 and ***'Growth Stage Enterprises'*** reported revenues of $500,000 or greater. This categorization allowed for a more in-depth and accurate assessment of the value created by incubators/accelerators for the enterprises they support. The split by revenue was used as an indicator of business stage or maturity, resulted in a sample group containing ***36 Early Stage Enterprises and 18 Growth Stage Enterprises.*** Enterprises inluded were characterized by a broad range of revenues and profitability.

Average revenues at time of participation for Early Stage SGBs were $125,000 and EBITDA of -$1,700, compared to the Growth Stage Enterprises, which reported average revenues of $1.9 million and EBITDA of $14,700. Furthermore, the charts to the left depict the percentage of respondants that were already generating revenues upon entry into the program, as well as percentage that were profitable and with management that was generating income through their enterprise. ***Interestingly, the majority of both Early and Growth Stage Enterprises were post-revenue at the time of program participation (89% and 100% respectively), and both had dedicated management whose sole source of income was generated from the business (81% vs.***

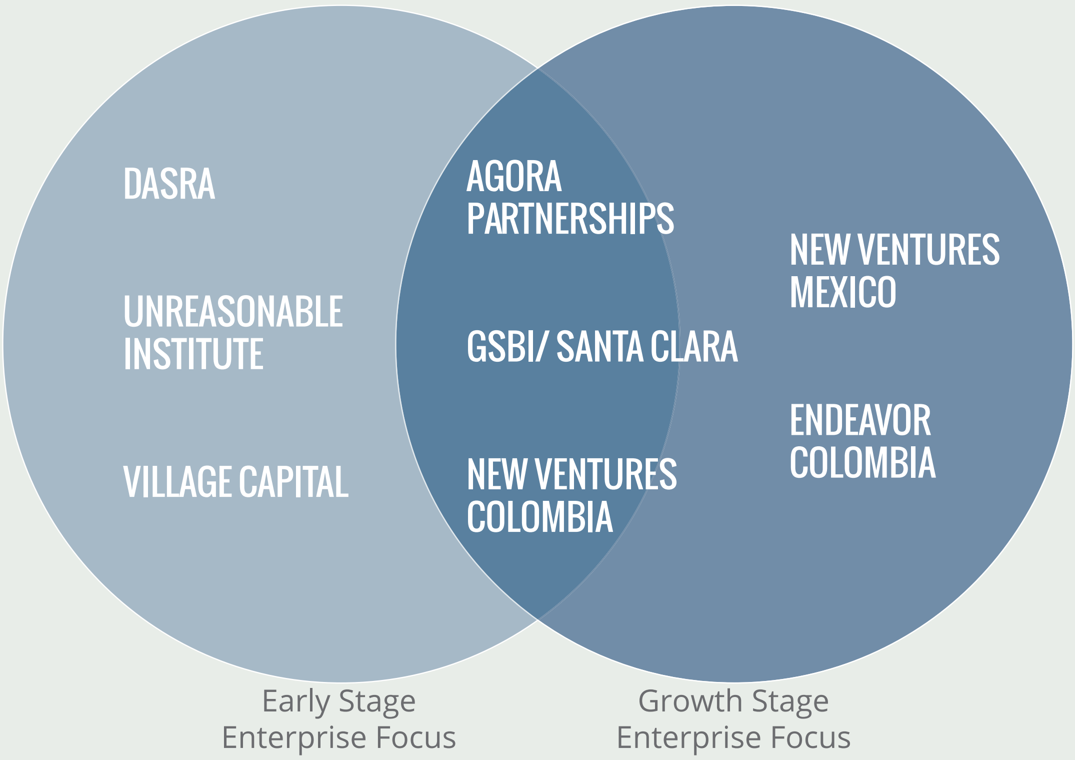
It is important to note that while we have distinguished between Early Stage and Growth Stage Enterprises for the purpose of this analysis, at the time of research, none of the incubator/accelerator programs sampled separated their cohorts based on stages of enterprise maturity- though some were in the process of doing so, such as GSBI/Santa Clara University. ***This one-size-fits-all incubation/acceleration approach was a concern voiced by enterprises, especially the larger Growth Stage SGBs, as well as a number of the investors interviewed as part of the research.*** Both enterprises and investors indicated that they would like to see greater differentiation between "incubation" and "acceleration" programs and the services offered by each.

Separating cohorts based on the stage or maturity of incubees would allow programs to better tailor their services and customize support to the distinct needs and levels of business sophistication of each business. For example, Early Stage Enterprises reported a broad range of (often foundational, business basics) needs and challenges upon entering their respective programs, which is indicative of the varying degrees of business sophistication and stage among enterprises with revenues of $0 to $500,000. By comparison, Growth Stage Enterprises expressed an interest in customized services, especially related to strategic partnership development, access to investors, access to clients and strengthening supply chain or addressing sourcing and distribution issues associated with expansion. The case for separation between Early and Growth Stages is further supported in the data collected as illustrated by the charts on the following page, which indicate that Early Stage SGBs place a higher value on their incubation/acceleration experience than Growth Stage Enterprises.

The following sections discuss the specific quantitative and qualitative data analyzed by business stage categorization.

IMPACT INCUBATOR/ACCLERATOR FOCUS BY STAGE OF ENTERPRISES SUPPORTED

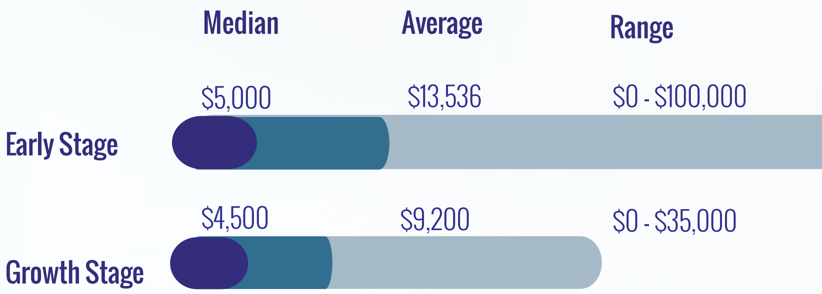
Historical focus of participant incubator/accelerator programs, based upon reported renevues of participant enterprises upon entry into their program



EARLY VS. GROWTH STAGE ENTERPRISES

ESTIMATED VALUE OF SERVICES OFFERED BY IMPACT INCUBATORS/ACCELERATORS

As part of the analysis, enterprises were asked to provide an estimated value for the services received from their respective incubator/accelerator. This question was posed in addition to a series of questions asking enterprises to rank satisfaction of specific services offered.



HIGHEST VALUE REPORTED BY ENTERPRISES:

Early: Unreasonable ($100,000), GSBI ($25,000)

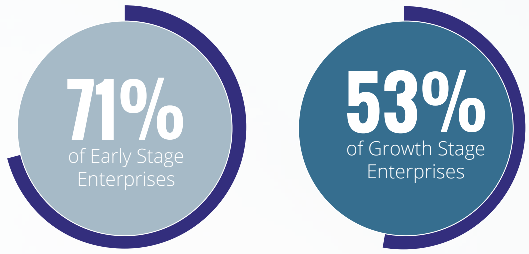
Growth: New Ventures Mexico ($35,000), GSBI ($25,000)

> “The program helped us to better understand investment criteria, but we were not yet ready for investment.”

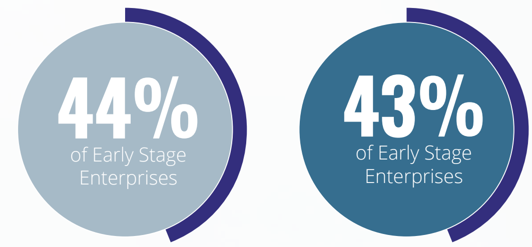
INVESTMENT PREPARATION SERVICES RATINGS: EARLY VS. GROWTH ENTERPRISES

The following charts are based on a rating of 1 to 5, given by enterprises, where 1 was least useful and 5 was very useful.

Did the incubator/accelerator help you to understand investment structures?



Did the incubator/accelerator help you to develop or adjust your financial strategy?



Early Stage Enterprises’ Average Response

Growth Stage Enteprises’ Average Response

VALUE CREATED FOR
EARLY STAGE ENTERPRISES

Summary

Introduction

The following quantitative and qualitative analysis explores where and how incubator/accelerator programs created value for the Early Stage Enterprises analyzed as part of this research. ***In general, despite significant variances in size and profitability between Early and Growth Stage SGBs, both groups reported fairly similar satisfaction rates for their respective programs- 7.7 out of 10 for Early Stage SGBs as compared to 8.0 out of 10 for their Growth Stage counterparts.*** Eliminating outliers, ***both groups also had a similar average estimated value for the services provided by their incubator/accelerator programs at $10,437 and $9,200 for Early and Growth Stage SGBs ,respectively.*** The analysis below delves deeper into what these values were based on and where incubators/accelerators are creating perceived value.

> "Being around other entrepreneurs and learning from their experiences was incredibly valuable. We'd just like to be able to stay connected with entrepreneurs and the mentors we met afterwards."

Quantitative Analysis

As the proposed framework contemplates, tracking and measuring the quantitative data presented below over multiple years across any one program's full incubee portfolio will provide objective, comparable insight into the financial health, viability, and success of the enterprises incubated/accelerated by that program. These metrics can then be used to compare the performance of incubators/accelerators based on the collective performance of all of their incubees.

Revenues: ***Businesses in the Early Stage categorization ranged in size of annual revenues upon entry into their programs (Year 0) from $0 to $425,000, with a median of $61,000. Average CAGR across all 36 Early Stage Enterprises grew at 86% over the two years following program participation from $125,000 in Year 0 to $197,000 in Year 1 and $434,000 in Year 2 representing consistent growth across the category.*** Only 2 of the 36 Early Stage Enterprises in the sample experienced negative revenue growth upon exiting their respective programs, however in both cases this was attributed to realigning their business models as a result of program participation.

Profitability: Average EBITDA across the Early Stage group declined by 321% in the year leading up to program participation, from $800 in the year prior to program participation (Year -1) to -$1,700 in Year 0 (year of participation). However, this trend reversed itself in the 2 years following program

EARLY STAGE ENTERPRISES: ACCESS TO CAPITAL THROUGH AN INCUBATOR/ACCELERATOR

participation with average EBITDA growing 376% to $6,600 and 734% to $55,000 in Years 1 and 2 respectively. ***This represents an important hurdle for the Early Stage businesses as a significant percentage (80%) of the group reached EBITDA break-even over the 2 year post-incubation period indicating that an increasing number were becoming financially viable businesses.***

Financing: ***Contrary to the research hypothesis, only 59% of the Early Stage Enterprises reported that they entered their respective incubators/accelerators seeking to raise capital (debt, equity or hybrid), which is comparable to the level reported by the Growth Stage SGB group. However, the Early Stage Enterprise group achieved a higher rate of success than their Growth Stage peers as half of the 59% seeking investment reported that they were able to close on financing within 2 years of program completion, equating to approximately 30% of the entire Early Stage group (as compared to 23% of the Growth Stage group).***

It is important to note that only 40% of those Early Stage Enterprises seeking capital received their investment based on an introduction through the incubator/accelerator (representing 23% of the total Early Stage Enterprise group). As might be expected, the majority (60%) of these enterprises received equity financing due to the unstable nature of cash flows and financial stress caused by early stage debt financing.

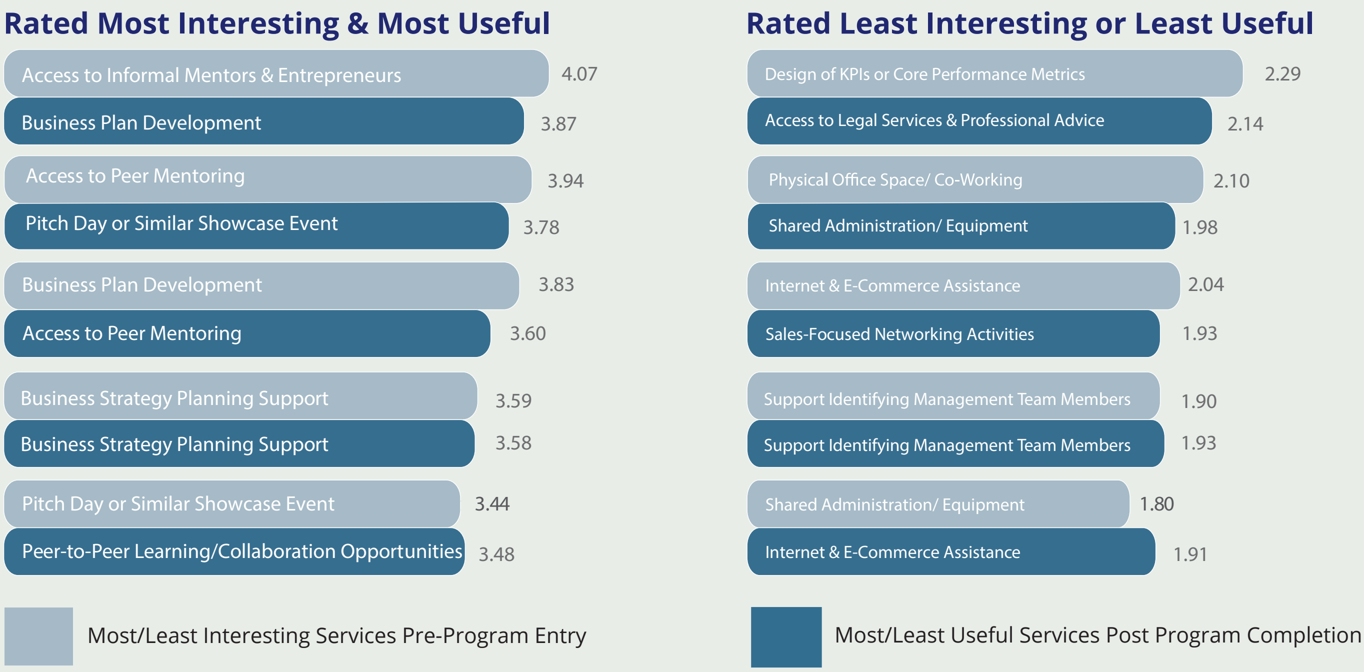
Physical Growth: We analyzed Early Stage SGB physical growth by tracking the number of employees and units sold for each business. These data points should be analyzed in parallel with the data on profitability to ensure that physical growth is based on a sound growth strategy and sustainable (profitable) organizational expansion. ***Average growth in the number of employees across the Early Stage Enterprise group was 20% in Year 0, 92% in Year 1 and 61% in Year 2. Over the same period, median growth in units sold across all Early Stage Enterprises was 8% in Year 0, 29% in Year 1 and 122% in Year 2. Combining this physical expansion with the similar positive trend in EBITDA presented above indicates that on whole the Early Stage SGBs sampled were sustainably growing and expanding operationally in the 2 years following the completion of their respective incubator/accelerator programs.***

Qualitative Analysis

Again, tracking the above quantitative data over time across a program's entire portfolio is an important part of being able to compare programs against each other in an objective manner as well as measure the value created for each program's incubees. Nevertheless, any framework should also track the following qualitative data to gain insights into how much of the growth across any one portfolio can be attributed to

HIGHEST & LOWEST RATED SERVICES FOR EARLY STAGE ENTERPRISES

Enterprises were asked to give ratings of 1 to 5, where 1 was least interesting or least useful and 5 was very



value created by the incubator/accelerator vs. the program's ability to identify, attract and select top performing enterprises (both of which were considered valuable services by enterprises and investors alike). Tracking the following qualitative data will also help interested applicants and investors determine which incubator/accelerator programs perform best or focus the most on their particular areas of need and interest.

As part of the qualitative analysis, I-DEV asked each of the incubees to rank services (from a list of 27 options) that they were most interested in prior to beginning the incubator/accelerator program. Enterprises were also asked to rank the same 27 services based on usefulness after program completion. The services were broken out into 6 broad categories: 1) Financial Training & Investment Preparation; 2) Sales, Marketing & Distribution Support; 3) Human Resources & Management Training Support; 4) General Business Strategy & Planning; 5) Administrative, Legal and Office Services; and 6) Performance & Impact Metrics Training.

Across all of these categories, Early Stage SGBs reported being both most interested in and most satisfied with services relating to General Business Strategy & Planning, followed by Financial Training & Investment Preparation. Services relating to Administrative, Legal and Office support, including pro-bono legal counsel, internet access/e-commerce or website development, and accounting support, were ranked among the least interesting services anticipated by enterprises. The Human Resources/ Management Training Support and Performance/Impact Metrics (including KPIs development) categories also ranked low on the list of services of interest. Further, as the chart indicates, there was a considerable amount of overlap between the services SGBs were most interested in receiving prior to program participation and the services they found most useful after program completion. This might suggest that incubees had realistic expectations and an understanding of what to expect from their programs prior to entry, or that the incubators/accelerators were attuned to the needs of their incoming cohort members. A similar overlap extended to the services Early Stage SGBs were least interested in receiving prior to program participation and the services that were perceived to create the least amount of value post-program.

Some overlap may also be attributed to participants' focus and greater effort in areas of core interest, resulting in a self-fulfilling prophecy.

Furthermore, I-DEV asked incubees a series of questions specifically related to the program's investment readiness and investment process preparation services. Within the Early Stage enterprise group, value-created and quality of investment readiness preparation was mixed. In general, ratings on value created pertaining to investment readiness and investment process preparation were in line with the relatively low number of investments that were facilitated by most incubators/accelerators. ***Nonetheless, as the chart illustrates on page 15, Early Stage SGBs ranked the quality of investment readiness services provided by their programs significantly higher than their Growth Stage peers from the same programs.*** Further analysis and multi-year data across full incubee portfolios is needed to more accurately assess true causality and to draw concrete conclusions.

VALUE CREATED FOR
GROWTH STAGE ENTERPRISES

Summary

Introduction

The same quantitative and qualitative data was analyzed for the 18 Growth Stage Enterprises included in the research. Performance was more mixed among the Growth Stage group as compared to the Early Stage Enterprises. ***In general, Growth Stage ratings for their programs were slightly less favorable than the Early Stage SGBs, especially related to investment sourcing, process preparation and readiness. These lower ratings likely reflect the fact that fewer Growth Stage SGBs obtained financing as a result of program participation.*** In interviews several Growth Stage Enterprises also expressed a desire to see incubators/accelerators develop programs that better fit the level of sophistication and business needs of Growth Stage SGBs.

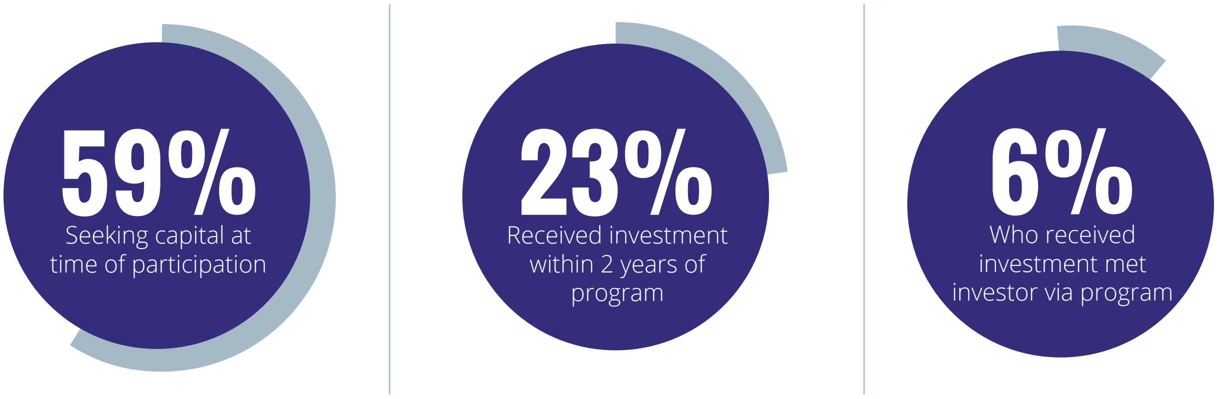
"We clarified our business strategy and strengthened our model, but we could have used additional support and resources to implement it."

Quantitative Analysis

Revenues: ***Enterprises in the Growth Stage group ranged in size of revenues at time of program participation from $500,000 to $6 million, with a median of $1.9 million. Average revenues across Growth Stage Enterprises grew 14% over the two years following program participation from $1.9 million in Year 0 to $2.2 million in Year 1 and $2.5 million in Year 2 representing consistent growth.*** More businesses in this group experienced negative revenue growth than their Early Stage peers; however it was still only 3 of the 18 businesses. Surprisingly, almost twice as many Growth Stage Enterprises than Early Stage (53% Vs. 26%) reported fundamentally realigning their business models during their programs, which could also be a reason for the higher negative growth rates upon graduation.

Profitability: ***Average EBITDA across the Growth Stage group grew considerably year-over-year from $8,700 in the year prior to program participation (Year -1) to $14,700 in Year 0 (year of participation) to $48,700 in Year 1 and $53,300 in Year 2.*** Only 1 of the Growth Stage SGBs reported having no or negative EBITDA in Year 0, and none of the SGBs reported having negative EBITDA growth in any of the years tracked. As with revenues, this positive post-program EBITDA performance may in part reflect the fact that 53% of the Growth Stage SGBs reported making fundamental changes to their business and operating model as a result of program participation.

GROWTH STAGE ENTERPRISE: ACCESS TO CAPITAL THROUGH AN INCUBATOR/ACCELERATOR



Financing: ***As with Early Stage Enterprises, only 59% of the Growth Stage Enterprises reported that they entered their respective incubators/accelerators seeking to raise capital (debt, equity or hybrid). Surprisingly, this group achieved a lower rate of success than their Early Stage peers, as only 40% reported that they were able to secure financing within 2 years of program completion. This equates to approximately 23% of the entire Growth Stage group.*** Additionally, only 1 of the Growth Stage SGBs seeking capital received their investment through an introduction by the incubator/accelerator (6% of the Growth Stage group overall). From discussions with a number of growth stage investors, it was apparent that this may largely be due to a misalignment of focus between incubator/accelerator and Growth Stage Investors. This is further explored in the Value Created For Investors section.

As with Early Stage Enterprises, equity funding was more prevalent than debt (all but one investment), however considering these businesses inherently have more capacity to absorb debt than their early stage peers, it was surprising that not a single one reported raising long-term debt funding in the 2 years following program completion.

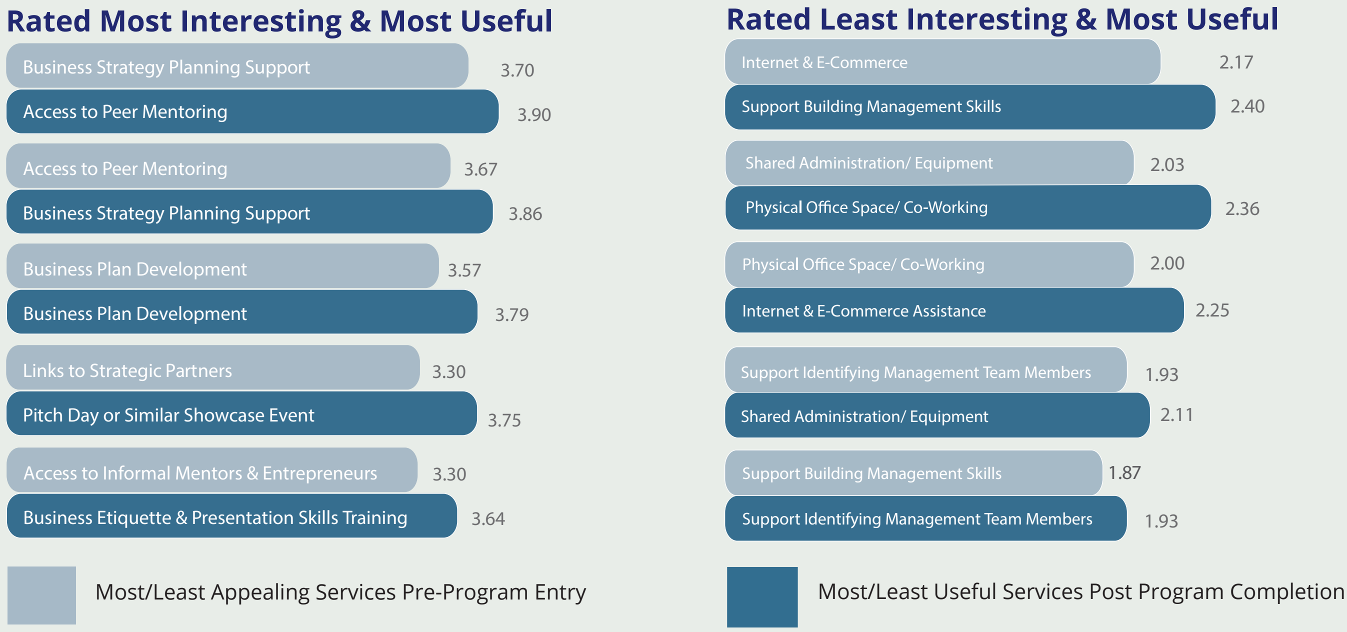
Physical Growth: Average growth in the number of employees across the Growth Stage group was 7% in Year 0, 16% in Year 1 and 18% in Year 2, considerably lower than the growth rates of the Early Stage Enterprise group, but large in absolute terms. Over the same period, median growth in units sold across all Growth Stage Enterprises was 47% in Year 0, 7% in Year 1 and 29% in Year 2. ***Combining this physical expansion with the similar trend in EBITDA presented above indicates that the Growth Stage Enterprises sampled were sustainably growing and expanding operationally in the 2 years following the completion of their respective incubator/accelerator programs, albeit at slower acceleration rates compared to the Early Stage Enterprises.***

Qualitative Analysis

Similar to the Early Stage Enterprises, Growth Stage Enterprises reported the highest pre-program interest and the greatest degree of post-program usefulness for services related to General Business Strategy & Planning. This was proceeded by services related to Sales, Marketing & Distribution Support, as opposed to Financial Training and Investment Readiness services, which ranked among the top 2 categories for Early Stage SGBs. Services related to Administrative, Legal and Office support, which included pro-bono legal counsel and accounting support, were ranked as higher priority and relevance to Growth Stage SGBs than their Early Stage counterparts, as were services related to Performance/Impact Metrics (including KPIs development). Human Resources/ Management Training Support services were ranked as the least

HIGHEST & LOWEST RATED SERVICES FOR GROWTH STAGE ENTERPRISES

Enterprises were asked to give ratings of 1 to 5, where 1 was least interesting or least useful and 5 was very interesting or useful.



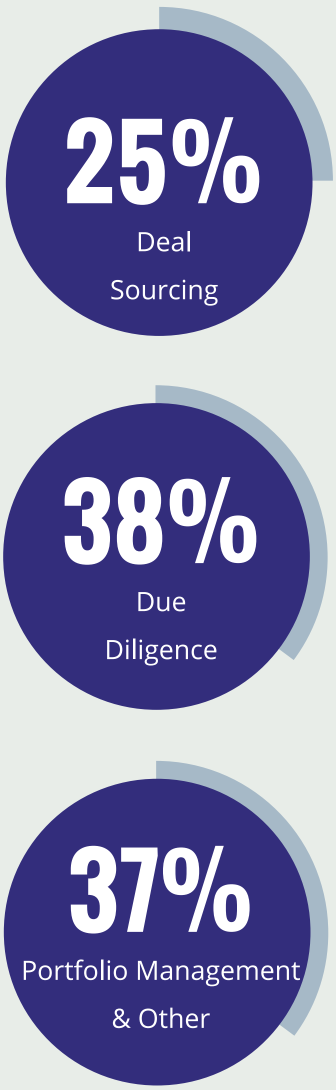
As with Early Stage SGBs, there was also significant overlap between the types of services that were most appealing to incoming Growth Stage incubees and the types of services that Growth Stage SGBs felt added the most value post-program. As the chart above illustrates, the same was true for the services that were the least interesting pre-program and least valuable post-program.

Beyond this ranking of services, I-DEV also interviewed Growth Stage SGBs about their incubator/accelerator experience. The overall responses on program performance and value-creation relating to preparation for the investment process were mixed with lower average ratings than those reported by the Early Stage SGBs across every parameter analyzed. The chart on page 15 presents respondent ratings across all incubator/accelerator programs. Furthermore, while nearly two-thirds of the Early Stage SGBs felt better prepared for investor meetings, having been provided with a general understanding of the options open to them, nearly 50% of Growth Stage SGBs felt that their incubator/accelerator did not help them to further understand investment structures. This may be indicative of the misalignment between Growth Stage Investors and incubators/accelerators, or may be a principle cause of it.

VALUE CREATION
FOR INVESTORS

Summary

Avg. Allocation of Fund Operating Budget

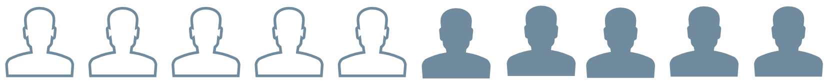


Are incubator/accelerator programs in the impact sector creating significant value for impact investors? And if so, how? And, are some investors deriving more value than others?

Our research included 18 impact investors comprised of 10 Early Stage & Angel Investors and 8 Growth Stage Investors. Dividing investors into these two groups provides more clarity on where the value created by incubators/accelerators diverges as a function of investment focus. The results for Early Stage & Angel Investors differed significantly from those of Growth Stage Funds. ***It was apparent from the surveys and interviews conducted that Early Stage Funds & Angel Investors have realized significantly greater value (both actual and perceived) from their relationships with incubators/accelerators than their Growth Stage counterparts.***

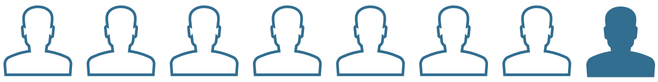
The chart to the right illustrates many of the ways in which incubator/accelerator programs can create positive additional value (both tangible and intangible) for the investment community. ***As the chart indicates, investors reported that up to 63% of their operational budget is spent on deal sourcing and due diligence alone- two key activities that incubators/accelerators could further explore to create greater value for investors.*** The remainder of this section explores the extent to which incubators/accelerators are creating value (actual or perceived) for investors in each of the two groups. Insights arising from this analysis have been developed based on surveys and interviews conducted with all 18 investors and the incubators/accelerators themselves. Furthermore, these insights have been used to inform the creation of the standardized benchmarking framework, which has been designed as part of this report to help the industry more effictively and efficiently measure the value created by impact incubators/accelerators in a more accurate and objective fashion.

EARLY VS. GROWTH STAGE INVESTORS



(5 sourced deals via an incubator/accelerator)

10
Early Stage



(1 sourced deals via an incubator/accelerator)

8
Growth Stage

> "To be honest, we've been disappointed by the investment readiness of acceleratored companies, but we are working to change that by more closely engaging with them."

OPPORTUNITIES TO CREATE QUANTIFIABLE VALUE FOR INVESTORS

The following areas for value creation are based on feedback from interviews with 18 early and growth stage investors.

Ecosystem Strengthening	Early	Growth
General ecosystem/sector building	✓	✓
Increased pipeline volume & quality	✓	X
Filter to screen out & eliminate weak companies	X	X
Train & develop impact-focused entrepreneurs	✓	X
Transactional Efficiencies		
Decreased deal origination costs	X	X
Decreased due diligence costs	X	X
Shorter transation process	X	X
Audited financials, MIS systems, legal, etc.	X	X
Post-Investment Savings		
Shorter time to exit	N/A	N/A
Decreased management support/ capacity development required	N/A	N/A
Decreased on-boarding & on going reporting costs	X	X
Audited financials, MIS systems, legal, etc.	X	X

▇ Areas where value can be tracked quantitatively, e.g. via time or cost savings, # of deals sourced, etc.

X Areas not currently being addressed by incubators/accelerators

✓ Areas already being addressed by incubators/accelerators

N/A Areas where there is limited perceived opportunity for improvement

VALUE CREATED FOR
EARLY STAGE INVESTORS

Investors typically investing under $500,000

Summary

The Early Stage investment community is comprised of a diverse set of players including angel investors, investor networks, early stage funds and foundations. They invest using the entire array of instruments available from pure equity to hybrid debt and mezzanine structures to venture grants. ***However, the early stage focus of these organizations means that all investments tend to be focused on opportunities requiring less than $1 million in capital and targeting idea-stage through post-revenue, pre-profit enterprises. While some Early Stage Investors are able to invest up to $1 million, the typical commitment size for this group is less than $500,000 and often less than $250,000 in a single round.***

> "There is a need for more 'geling' in the sector between investors and incubators."

In general, the Early Stage Investors interviewed as part of this study felt that ***impact incubator/accelerator programs create value on two key fronts: 1) Ecosystem building/sector strengthening, and 2) Potential reductions in investment transaction costs.***

Compared to Growth Stage Investors interviewed, Early Stage Investors in the sample group had smaller teams (often 1 person as is the case with most Angels), limited on-the-ground presence and less developed operational infrastructure. Additionally, most of the enterprises they had provided financing to were less mature and required significantly more capacity development, coaching, and management support. As a result, the Early Stage Investors interviewed generally seemed to realize greater value from working closely with incubator/accelerator programs than was expressed by the Growth Stage Investor group. This was additionally supported by the fact that ***40% of the Early Stage Investors interviewed had sourced at least one deal directly through an incubator/accelerator program***, compared to only 12.5% (1 fund) from the Growth Stage Investor group. ***Furthermore, of the Investors which had sourced deals from incubators/accelerators, the average number of deals sourced by Early Stage Investors was higher at 3 per investor than the average number that been sourced by Growth Stage Investors at 1.*** Additionally, 60% of the Early Stage Investors in the sample group had provided funding (primarily grants) directly to an incubator/accelerator, while 30% had developed formal

DRIVERS OF PARTNERSHIP WITH AN IMPACT INCUBATOR/ACCELERATOR

Regardless of Early Stage Investor's current involvement with an impact incubator/accelerator, these are the top 3 drivers that would encourage partnership or convince investors to formally partner.
(Average rating based on a scale of 1 to 5, where 5 was most important)

> "Accelerators and their management should better understand investor criteria & expectations so they can relay it to participant SGBs...and incorporate it into the selection process."

programmatic-related partnerships with an incubator/accelerator. Several of these investors had leveraged their relationships with incubator/accelerator programs to join the entrepreneur selection committee, to assist in developing program curriculum and to serve as proactive mentors to incoming entrepreneurs. Beyond the investors who had already established partnerships, developing formal relationships with incubators/accelerators was a key strategic focus for most of the Early Stage Investors interviewed.

Ecosystem Strengthening

Measuring the value created for investors through ecosystem development and pipeline strengthening is harder to quantify than direct savings from deal origination or due diligence cost/time reductions. Nonetheless, we were able to gather significant qualitative and anecdotal evidence on the value that investors attribute to ecosystem strengthening. Interestingly, there were clear distinctions between the way the two investor groups value the role that impact incubators/accelerators play in developing or strengthening the social enterprise/impact investing landscape.

Early Stage Investors placed a significantly higher value on the role of incubators/accelerators in developing the SGB ecosystem as compared to the Growth Stage Investors. They considered General Ecosystem Strengthening to be one of the key factors driving their participation in incubator/accelerator programs, second only to Pipeline Generation. Conversely, Growth Stage Investors ranked General Ecosystem Strengthening after Pipeline Generation, Due Diligence Process Simplification/Cost Reductions, and General Sector Knowledge/Networking as a key creator. All of the Early Stage Investors interviewed indicated that they considered attendance at incubator/accelerator pitch days and mentoring incubees a valuable use of their time and a good way to gain exposure to businesses, the sector and entrepreneurs. This, in addition to the fact that 60% of the Early Stage Investors interviewed had provided funding to incubator/accelerator programs, even though only 40% had actually made investments via incubator/accelerator introductions, provides further evidence that Early Stage Investors do place a real, monetary value on the role that early

EARLY STAGE INVESTOR: ENGAGEMENT WITH INCUBATORS/ACCELERATORS

stage support-focused programs (e.g. focused on "incubation" vs. "accelerator") play in developing the social enterprise/impact investing ecosystem.

During the course of our research, conflicting views emerged among investors (both Early & Growth Stage) regarding whether incubator/accelerator programs should be more selective in their cohort admission process. Some investors felt that increased selectivity would improve the quality of deal flow, while others stipulated that eliminating or discouraging early stage entrepreneurs who, with the help of a program, might develop promising businesses in the medium-term could have an overall chilling effect on the sector as a whole.

For example, 50% of the Early Stage Investor group indicated that they were "disappointed" with the caliber and quality of incubees from the programs they had participated in. Additionally, 50% of Early Stage Investors indicated that they would like to see incubators/accelerators realign their selection criteria to better fit fund's investment criteria. On the other hand, several Early Stage Investors (in contrast with no Growth Stage Investors) stated that increased selectivity of participants in early-stage incubation programs could potentially inhibit the overall ecosystem in the long run and hinder long-term pipeline development. As an example of this indirect, medium-term impact, one Early Stage Investor indicated that he had not sourced any investments via direct introductions from incubators/accelerators, but that 66% of the his current portfolio had participated in one or more incubator/accelerators at some point prior to investment.

Furthermore, from an ecosystem building and knowledge acquisition perspective, exposure to the range of early stage enterprises seeking support- both interesting for investment or not- provides a more accurate general perspective on the state of social enterpise, and takes into account the variances in investment criteria among individual Early Stage Investors.

This difference of opinion among investors echoes a sentiment highlighted in the Value Created for Enterprises Section regarding the need for a clearer separation between early stage, "incubation"-focused programs that provide valuable (albeit less quantifiable) ecosystem strengthening services, and growth stage-focused programs that provide more specific and customized business "acceleration" and investment related services.

Transaction-Related Efficienies

Investors interviewed identified 3 key ways in which incubators/accelerators could reduce transaction related costs, thereby creating quantifiable value: 1) Reduced deal sourcing costs, 2) Reduced due diligence

costs, and 3) Shorter transaction processes. However, most investors from both groups indicated that impact incubator/accelerator programs were largely unsuccessful at providing services that directly lead to these costs/time savings. This was either because they felt that the services were not being offered by the programs or that they were not creating the desired value or impact.

Specific services that investors felt would lead to the most measurable cost/time savings during the transaction process included implementing better management processes and systems, providing access to professional legal support on formation through term negotiations, developing stronger training and preparation on the transaction process and common deal terms, compiling professionally prepared financials (or audited financials), and preparing due diligence materials- among others.

> "[Incubators/accelerators should] provide capacity building beyond the duration of the formal program, especially on financial modeling, corporate governance and capital raise."

Post-Investment Savings

All of the Early Stage Investors interviewed ranked opportunities to reduce post-investment portfolio company integration and management costs as the lowest or least likely way that incubator/accelerator programs could create additional value for them. These post-investment opportunities include implementing professional accounting and legal structures into portfolio companies as part of incubator services, establishing formal legal, management and board structures and processes, and helping to develop valuable, long-term partnerships with industry experts or strategic partners, among others.

Incubator/accelerator programs could further reduce costs in the post-investment stage if incubated enterprises required less technical assistance and presented earlier exit opportunities over and above equivalent portfolio companies that have not received the same training and preparation. However, Early Stage Investors in the sample group, for the most part, did not formally track internal costs or post-investment time allocation to portfolio companies making it difficult to measure. This was a noticeable contrast from the Growth Stage Investor counterparts, who are typically required by their Limited Partners or investors to closely track operational and investment data.

In addition, to effectively quantifying value creation post-investment, incubator/accelerator programs would need to track data on their alumni, which is not yet common practice.

VALUE CREATED FOR
GROWTH STAGE INVESTORS

Investors typically investing $500,000 or higher

Summary

For this analysis, Growth Stage Investors have been classified as funds seeking to invest in post-revenue enterprises that have proven business models, existing client bases, and are ready to scale. The typical target for this investor category ranges from $500,000 to $2 million in debt, equity, or hybrid mezzanine financing. Given this investment range and generally more stringent investment criteria, in theory, Growth Stage Investors should be more in alignment with "acceleration"-focused programs, which help scale established, rapidly growing enterprises (as compared to earlier stage, "incubation" focused programs). However, based on feedback from both groups of investors, there did not appear to be many (if any) incubator/accelerator programs in the impact space that focused primarily on acceleration services to growth stage enterprises. As the following sections highlight, this 'stage misalignment' was a critical factor limiting the value that Growth Stage Investors felt incubator/accelerator programs have created for them.

> "[Incubators/accelerators] have broad selection criteria- sectors & stages, which makes the odds of alignment with our investment criteria low...This may be good for them, but it is not ideal for us."

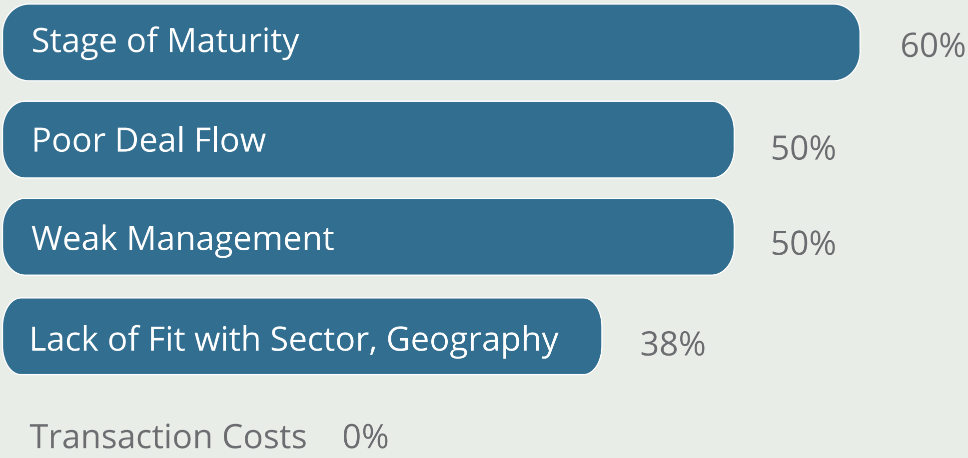
Ecosystem Building

Only 1 (or 12.5%) of the Growth Stage Investors included in the sample group indicated that it had made an investment via a direct introduction from and incubator/accelerator program. This low transaction level was largely attributed to the early stage of incubees, poor deal quality and concerns about management capabilities. The chart on the following page illustrates the key reasons why transaction levels between Growth Stage Investors and incubees has been so low to date (as reported by the sample group of Growth Stage Investors).

Despite the low levels of investment sourcing, all of the Growth Stage Investors that participated in this study indicated that SGB ecosystem development and strengthening was a valuable aspect of impact sector incubator/accelerator programs' work. However, none ranked ecosystem building as something they would pay incubator/accelerator programs to provide. Interviews with the Growth Stage Investors in the sample group brought to light several reasons for this seemingly contradictory position. As previously indicated, the Growth Stage Investors in the sample group indicated that there was significant misalignment between the stage of businesses they look to invest in and the stage of businesses that were coming out of impact sector incubator/accelerator programs. In fact, the early-

KEY TRANSACTION INHIBITORS FOR GROWTH STAGE INVESTORS

Growth Stage Investors listed the following as the key reasons why they have not yet invested in incubated/accelerated companies beyond informal pitch day attendance, or similar. Figures are listed as percentage of respondents.



stage nature of enterprises graduating from impact sector incubator/accelerator programs, and general misalignment of services, were the two fundamental reasons why most of the Growth Stage Investors interviewed (65%) had not built formal partnerships with programs.

Another reason was that many of the Growth Stage Funds interviewed have larger operating budgets, larger locally-based teams, and well-established on-the-ground networks that they are able to leverage for originating and managing deals. ***This broader network, local presence and larger budget reduces Growth Stage Investors reliance on incubator/accelerator programs for deal origination and pipeline development, making them just one of many potential partners.*** In fact, 75% of Growth Stage Investors reported relying on a wide array of partners and intermediaries, such as local law firms, NGOs, and impact sector consulting firms to generate deal flow. Several investors indicated that they had developed partnerships with non-incubator/accelerator programs, such as consulting firms, who focus on helping to scale and accelerate growth-stage SGBs. ***Several of these investors indicated that they had or would pay partner organizations a commission or referral fee for deal introductions that they ended up closing. Conversely, none of the Growth Stage Investors in the sample group had similar agreements in place with incubator/accelerator programs at the time of research.*** Although several indicated that they would be open to exploring similar success based partnerships with programs that fit with their focus and criteria.

Despite the sentiments expressed by Growth Stage Investors regarding deal misalignment and a lack of direct value creation for their funds, most of the investors interviewed did feel that impact incubator/accelerator programs played a valuable role in developing and generally strengthening the sector's SGB ecosystem. This is evidenced not only by their commentary, but also by the fact that ***87.5% of the Growth Stage Investors interviewed actively participated in one or more incubator/accelerator program in some way, generally as advisors, mentors or pitch day participants. Additionally, 3 of the Growth Stage Investors indicated that they had formal relationships with incubator/accelerator programs, either as members of their selection committee or for direct deal origination.*** It is important to note that 1 of these funds was actually spun out of the incubator program it has a formal relationship with. Nevertheless, unlike the Early Stage Investor group, no Growth Stage Investors had yet provided

GROWTH STAGE INVESTOR: ENGAGEMENT WITH INCUBATORS/ACCELERATORS

financing to an incubator/accelerator program and none ranked ecosystem building as something that they would be prepared to pay for.

Transaction-Related Efficiencies

Regardless of their previous involvement with incubator/accelerator programs, Growth Stage Investors cited simplification of the due diligence process and transaction cost reductions as an "important" and quantifiable factor that would encourage them to fund or partner with an incubator/accelerator program in the future. However, since only one Growth Stage Investor reported sourcing any investments directly from an incubator/accelerator, it is difficult to determine the extent to which savings have been realized to date. ***Additionally, while they view transaction time and cost reductions as an important way that incubator/accelerator programs could create value, most Growth Stage Investors were skeptical as to their ability to actually do so.*** This is reflected in the sentiment expressed by a majority (88%) of Growth Stage Investors interviewed who felt that incubator/accelerator programs were not succeeding in identifying and/or advancing businesses to investment readiness.

In providing recommendations on how incubators/accelerators could create greater tangible value for the industry, ***Growth Stage Investors suggested that programs should better "align their models and focus to ensure graduates of an incubator meet the requirements of what funds consider 'investment ready'."*** Additional comments related to the need for programs to better understand investor criteria, transfer that knowledge to supported enterprises, and provide training to incubees on investor expectations, basic transaction knowledge, investment structuring, etc. Further, while each investment fund has a unique due diligence process, limiting the possibility for full standardization, there are many common documents such as a business plan, financial statements, sales contracts, legal incorporation and tax documents, units sold and number of beneficiaries that each fund requires as part of their investment analysis process. Incubator/accelerator programs can help incubees prepare these documents and develop due diligence folders that will help speed up due diligence processes and reduces delays and back and forth between funds and potential investees.

While Growth Stage Investors may be skeptical of incubator/accelerator programs' abilities to reduce transaction costs, on average, funds reported spending 25% of their annual operating budgets on origination and deal sourcing activities, providing significant, high value opportunities for incubator/ accelerator programs to help Growth Stage Funds save costs. Several Growth Stage Investors indicated that they would be willing to pay fees to programs if they were able to prove that the programs reduced average transaction times and costs from deal sourcing, deal analysis and due diligence and term/contract negotiation.

In fact, at least 50% indicated that they had paid transaction fees to other pipeline feeders previously. One fund said, "We're happy to pay any organization - incubators, consultants, TA providers - that sends us deals that we close. It saves us time and resources, which is great." This willingness to pay is a clear illustration of one way in which incubator/accelerator programs can create greater tangible value for Growth Stage Investors, assuming there is alignment regarding stage and focus of incubees.

Additionally, the investors surveyed also indicated that targeted investment readiness training and preparation to streamline the due diligence process and shorten transaction times might create significant value; however, most had not seen any incubator/accelerator programs that had done this effectively to date. The chart below highlights several ways by which incubator/accelerator programs could create real, quantifiable savings for Growth Stage Funds during the transaction process.

> "We often rely on intermediaries to source deals, and are happy to pay a commission for companies they identify if we invest."

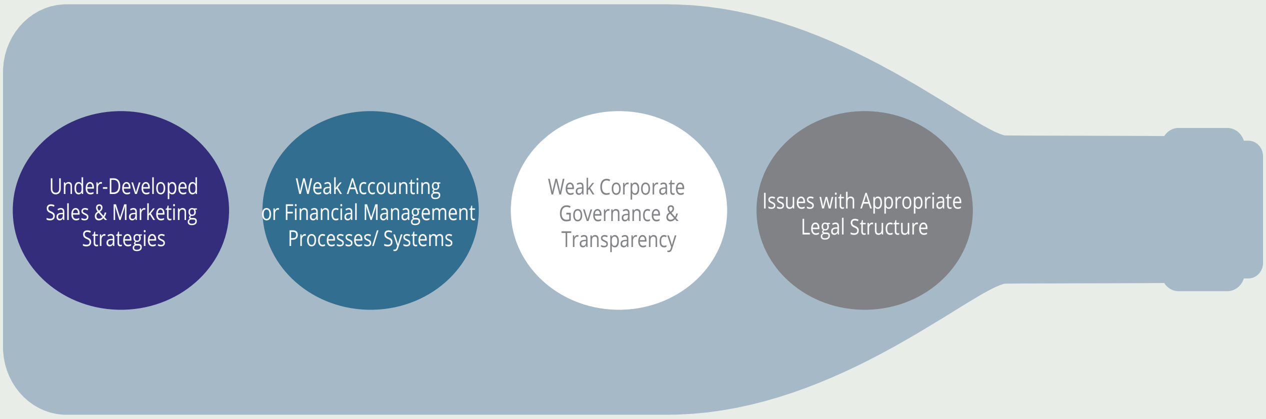
OPPORTUNITIES TO REDUCE TRANSACTION-RELATED COSTS FOR INVESTORS

The chart below highlights key areas of opportunity identified by Growth Stage Investors

Prepare a Due Diligence Folder (e.g. Business Plan, Contracts, Incorporation Documents)	Easier business analysis Reduced back & forth for standard requests Shorter deal times
Prepare Financial Statements (Historical, Projected, Audited, Semi-Audited)	Simplified business analysis Reduced need for independent financial audit Shorter deal times
Educate on Term Sheets, Contracts & Deal Terms	Shortened deal times Reduced fund legal costs from fewer iterations
Provide Professional Legal Transaction Support	Shorter deal times Reduced fund legal costs from fewer iterations

COMMON BOTTLENECKS IDENTIFIED BY GROWTH STAGE INVESTORS

Growth Stage Investors listed the following as common constraints preventing more active deal flow from incubated/accelerated enterprises. Items indicated in the previous chart on page 32, as well as targeted support to address these key constraints could result in more deals and valuable post-investment savings for Growth Stage Investors.



Post-Investment Savings

Most Growth Stage Investors actively track time and costs allocated to portfolio management, some even down to the invididual portfolio company level. This should allow post-investment cost savings created by incubator/accelerator programs to be quantified, assuming there is a large enough sample group of previously incubated portfolio companies. However, as mentioned previously, only one of the Growth Stage Investors in the sample group had sourced a deal through an impact incubator/accelerator.

Other funds indicated that some of their portfolio companies had likely participated in incubator/ accelerator programs prior to investment, but none tracked this metric as it was not considered relevant to their investment strategy. Therefore, incubator/accelerator programs might consider tracking future investments received by program alumni in order to prove to funds, in particular, that they are creating significant long-term value and pipeline. In fact, the long-term success and track record of alumni incubees is one of the key ways in which traditional incubators demonstrate success and justify charging investors and incubees for their services. As such, metrics to track and quantify this relationships over time and value created in improved long-term, post-investment performance of incubees are incorporated into the proposed benchmarking framework included in this report.

Additionally, all of the Growth Stage Investors interviewed indicated that they either hired internal portfolio managers, staff or external intermediaries, such as consulting firms or TA providers, to support and strengthen portfolio companies after investment. This reflects Investors' willingness to pay for services that demonstrate improved portfolio performance and provides an incentive to incubator/ accelerator programs to focus on services that reduce post-investment management costs. Growth stage, "acceleration"-focused programs (vs. early stage "incubation" programs) could create real long-term value for funds if they offered services or partnerships that addressed these common post-investment challenges.

The chart on the following page highlights several of the services that "acceleration"- focused programs could provide to create increased value for Growth Stage Investors.

SERVICES THAT COULD CREATE GREATER POST-INVESTMENT VALUE

The following points were mentioned by Growth Stage Investors as key opportunities for impact incubators/accelerators to further prepare target SGBs and attract greater interest from investors.

Preparation of Post-Investment Reporting & Expectations (e.g. Reporting, BoD Meetings, Transparency)	Eases friction between management and fund during the on-boarding process
Business Growth, Sales & Market Penetration Strategy Development (Incl. Implementation Plan for the 1st 6 months after investment)	Enables SGBs to inject capital and hit the ground running faster with a pre-vetted, pre-established execution plan
Alumni Networks & Peer Learning/Collaboration	Help SGBs anticipate and address growth stage challenges, share client networks, share best practices, etc.
Appropriate Professional Legal Support (Related to Organizational Structure, Contracts, HR, etc.)	Reduces risk of post-investment legal issues , ensures the SGB has the right legal structure in place to scale
Support Implementing MIS & Accounting Systems (e.g. Salesforce, Quickbooks)	Less strain and friction with management as they get up to speed on external reporting requirements, more efficient streamlined companies, faster on-boarding and on-going reporting processes
Financial Accounting & Audit Support	Reduced friction with management as they get up to speed on external reporting requirements

CASE STUDY:

A PARTNERSHIP FOR IMPACT

Agora Partnerships, Eleos Foundation & GSBI/Santa Clara University Collaborate to Facilitate Early-Stage Impact Investment in Maya Mountain Cacao

In 2012, Agora Partnerships and the Eleos Foundation created the Agora-Eleos LatAm Women's Fund to provide opportunities for early stage impact investors to accelerate the success of women-run companies and companies that support the empowerment of women and girls in Latin America.

Agora Partnerships, through its Impact Accelerator, supports high-potential entrepreneurs seeking to create impact and then provides them with strategic consulting, mentoring, leadership development and a community of peers. The Eleos Foundation, working with Agora, conducts due diligence on companies in the Accelerator that meet its investment criteria and then assumes the role of lead investor in those companies in which it decides to invest. Once due diligence is complete, the investment opportunity is made available to other investors who can co-invest at their discretion. The Fund makes this easy for investors by using Eleos's wholly owned subsidiary, Eleos Investment Management LLC, to create distinct investment vehicles for each individual investment in each company.

Emily Stone, founder of Maya Mountain Cacao (MMC), was recruited by Agora for the 2013 Accelerator. Agora matched MMC with Eleos and worked with Emily to prepare MMC to meet Eleos' criteria for investment. Once the due diligence was complete, Agora worked with Emily and Eleos to implement the Demand Dividend investment model, an innovative investment structure developed by John Kohler and Tom Sabel of Santa Clara's GSBI. The Demand Dividend model combines equity and debt to resolve many of the challenges posed by existing impact investing structures. It features an initial investment followed by a 1-2 year repayment holiday during which the entrepreneur grows the business, but makes no payment. Then, payments are based on free cash flow rather than a fixed capital + interest amortization schedule. Repayments continue until a specified target is reached (generally 1.5x-3x return), at which point, the investment is closed and the investor retains no further interest in the company. Investors are attracted by the reliable exit with a predictable time frame while entrepreneurs are attracted by the flexible capital and repayment term. This model has enormous potential to unlock new capital, particularly for early-stage, post-revenue companies with rapid growth prospects.

Using this model, Eleos attracted 20 investors to each contribute $10,000 to the fund, resulting in investment of $200,000 into Maya Mountain Cacao - the first ever investment made using the demand dividend structure. MMC shortens cacao supply chains and leverages direct trade to obtain premium prices for base of the pyramid farmers in Belize. The investment has allowed MMC to grow its supply by planting additional trees, subsidize smallholder farmer expansion, and enter Guatemala.

SUMMARY

RECOMMENDATIONS

In addition to the summary findings presented, I-DEV has identified key take-aways and recommendations that may help strengthen the value created by impact incubator/accelerator programs for both enterprises and investors. These points are highlighted below:

Track Data & Standardize Collection Methodology

A key ongoing limitation to assessing or quantifying the value created through an impact incubator/accelerator is that few of the key ecosystem players track consistent and reliable data, and therefore, limited conclusions can be made on value creation over time. This lack of consistent data collection across incubator/accelerator programs has perpetuated the question "What and how much value do incubators or accelerators offer in building the social enterprise and SGB landscape?" Furthermore, it has left programs with limited evidence to respond or demonstrate value creation. While funders of most impact investment funds require extensive data tracking and reporting to gauge both financial and social return on investment, impact incubators/accelerators have, for the most part, not been required to do so. In conducting our broader initial interviews of incubators/accelerators, it became apparent that most programs do not track even basic information on their incubees and alumni such as revenues and profitability over time, capital raised, or introductions to investors facilitated. Incubators/accelerators did express an interest in developing more robust data tracking capabilities (and several were in the process of doing so at the time of this research); however, they also indicated that they lack the funding and bandwidth necessary to do so. The foundations and development organizations that fund incubators/accelerators can be a catalyst behind impact incubator/accelerator formalization by requiring that investee programs carefully collect more robust data from their incubees and alumni and by providing the budgets and resources necessary to do so. In the following recommendations and with the standardized framework we propose, we hope to help incubators/accelerators save time that is needed to research and develop their own data collection methodologies, as well as reduce the time required for program-related data collection and analysis.

Define and Implement Industry-Wide Standardized Benchmarking Framework

Once impact incubator/accelerator programs begin to track data for their incubees and alumni, program funders, investors, and potential incubees should encourage all incubator/accelerator programs to define and implement an industry-wide benchmarking framework. Until a standardized and high-quality data collection protocol is established and implemented by stakeholders, we can only gain loose insights into the specific nature of value created by incubators/accelerators. A framework will allow programs to be compared against one another and also allow applicants, program funders, and investors to more accurately select which programs to dedicate their time and resources to. It should be noted that in-depth data collection of non-incubated companies is also required to serve as a baseline or control group. The research conducted by Peter Roberts at Emory University, and also funded by ANDE, has begun to collect this data and will provide additional insights. The framework included as part of this report may be used as a baseline and "stepping stone" towards developing a metrics framework that enables all stakeholders to evaluate the performance and value created by each incubator/accelerator program objectively.

In addition, we suggest that the proposed framework be integrated into the incubator/accelerator application process, in order to collect baseline data on maturity and performance of enterprises and to familiarize enterprises with standard questions they will be asked to answer upon exit from the incubator/accelerator and in subsequent years to track progress, as well as if they ever enter due diligence with a potential investor! While collecting accurate and consistent data from alumni can be challenging, we recommend a few approaches that can increase ongoing engagement:

- Develop strong alumni programs & follow-on support to continually engage past participants

- Integrate training on proper calculation and completion of the framework upon entry into the incubator/accelerator, explaining that data collected reflect data that potential investors will expect to see, including year-over-year historical performance. By sharing this data with the incubator/accelerator, the program will also be better positioned to assist the incubee with a future capital raise.

- Have enterprises sign a commitment to provide year-over-year performance data for a minimum of 3 years after graduation as part of their non-financial commitment or “payment” to the incubator/accelerator program if they are admitted.

Develop More Robust Alumni Programs & Follow-On Support

One common complaint of incubator/accelerator alumni is that programs did not provide enough follow-on support once the formal program came to an end, as well as when participants were then required to implement and work through the new strategies identified during the program. Several participants said that they struggled to access the resources or ongoing support to translate plans into action. In particular, participants said that an online platform that allowed program alumni to connect, share experiences, and access mentors they had met during the program would be particularly beneficial. Furthermore, additional live training or online resources were also mentioned as valued additional services. Creating this ongoing value and network for alumni will also increase sense of ongoing involvement and commitment to promoting and further engaging in the incubator/accelerator, for example, in reporting year-over-year financial and growth data that the program can use to promote its long-term value creation for participants. Providing additional services such as trainings or capital raise support can also serve as a revenue generator for programs. Key areas where alumni suggested a need for additional customized or advanced support include legal services, market penetration strategy, accounting, investor connections or capital raise, and strengthening supply chains for growth.

Separate Incubation from Acceleration or Cohorts By Industry

As the analysis in this report highlights, Early Stage and Growth Stage Enterprises have very different levels of sophistication and require different types of support to achieve the next level of growth and development. While currently there are programs that call themselves “incubators” or “accelerators”, there is very little differentiation between the two based on stage of companies or type of support offered. Instead, most programs have attempted to create a one-size-fits-all training solution. This was a concern expressed by incubees and investors alike. We recommend that programs formally differentiate between “Incubation” (earlier stage) and “Acceleration” (growth stage) cohorts and group incubees accordingly. This will enable programs to better customize support, better target the right types of mentors and relationships, attract more appropriate investors and ultimately attract higher performing, later stage incubees. Alternatively, programs might choose to differentiate their program based on industry (e.g. a cohort focused on agri-business or BoP hardware-based businesses.

An industry-based focus will accomplish a similar result enabling programs to develop highly relevant industry connections (e.g. manufacturing consultants and consolidators) and offer deep subject matter expertise. The chart below illustrates one possible way to differentiate between the two groups in order to maximize value created for each:

INCUBATOR: EXAMPLE CRITERIA	ACCELERATOR: EXAMPLE CRITERIA
• Focus on ecosystem building & exposure to entrepreneurship for early stage entrepreneurs • Focus on building a strong business foundation to increase odds of survivorship & future investment for promising concept to pilot stage companies • Focus on introducting the realities of entrepreneurship, provide support to a broad range of companies, and "weed out" sooner those entrepreneurs and early stage companies that our bound to fail • Focus on providing general exposure to a range of peers & mentors • Enterprise support in concept through post-pilot phase (e.g. $100,000 in revenue or less)	• Focus on helping already successful companies achieve the next level of growth, integrate triple or double bottom line principles, & increase operations efficiencies through targeted strategies, capital raise • Focus on strengthening companies to be future national or regional business leaders • Focus on supply chains, sales & marketing, and operations review & improvement support • Offer avanced business strategy support • Offer support in development of investor readiness, incl. due diligence folder • Preparation of post-revenue companies for follow-on investment of $500,000 or more, and facilitate capital raise

Increased Focus on Services that Generate Quantifiable Value (& Measure that Value!)

As highlighted throughout this report, there are numerous ways in which incubator/accelerator programs can create tangible, quantifiable value for incubee enterprises and investors alike. These include increased access to financing for incubees, increased pipeline volume, and quality for investors, as well as reductions in transaction and post-investment management costs and time. Both investors and incubees indicated that they would be willing to pay for these services if the case can be made to support and justify fees. Programs should increase their focus on and improve their delivery of these services and build relationships with investors in advance that would be willing to pay a fee to programs for success.

Increase Formal Partnerships with Investors

For incubators/accelerators seeking to prepare enterprises for future investment, developing formal partnerships with target investors can increase knowledge exchange between parties and increase the likelihood of future investment by ensuring investor's commitment to make 'best effort' attempts to invest. To further strengthen this relationship, clearly defining the role that partner investors will play is beneficial. Some commitments that can also develop a stronger partnership include incorporating investors in the selection committee, incorporating investors as mentors who commit to a specific scope or number of hours of individual support or to a 'best effort' to invest, and incorporating investors in business and investment readiness training. Including investors in the selection committee was strongly recommended by several investors, who said this would increase the odds of future investment, by ensuring that enterprises selected to participate in the program are ones that fit or could fit their core investment criteria. Consider new models to align the incubator/accelerator process with target success outcomes. Unlike traditional tech incubators who have built in incentive alignment, by taking equity stakes in companies, impact incubators/accelerators must cater to many different stakeholders which can include incubees, their target beneficiaries, impact investors, program funders, and others.

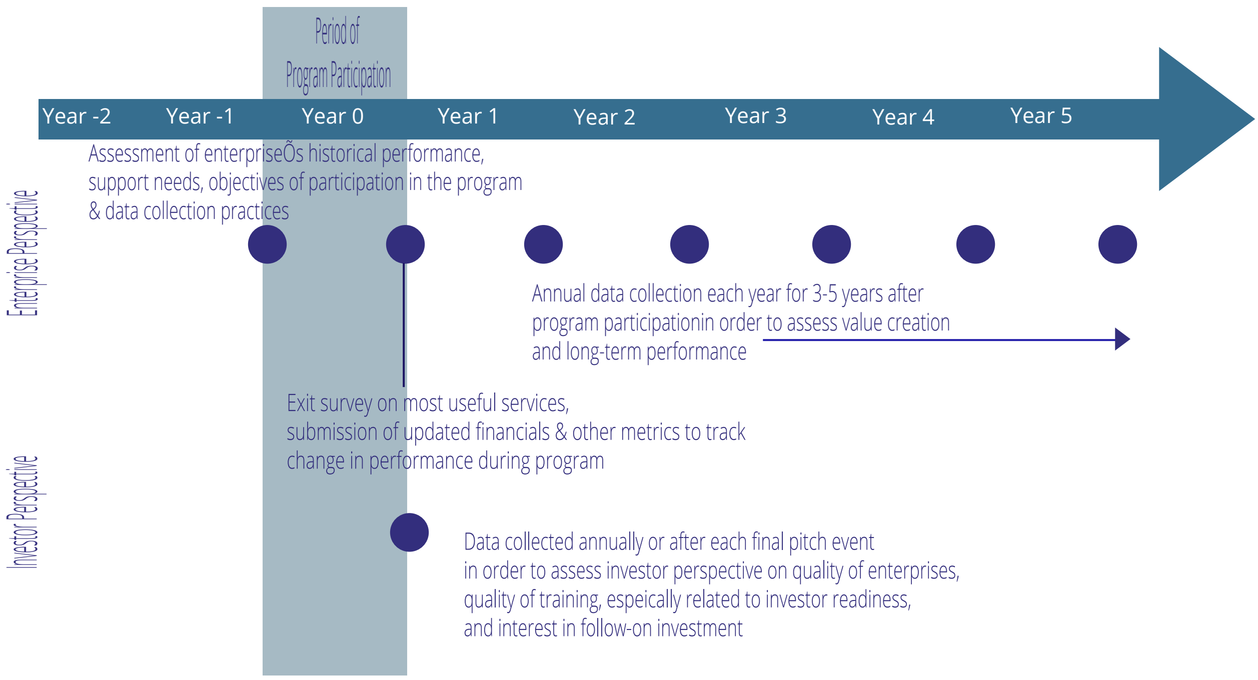
In addition, programs that have developed an incentive-based revenue or funding component have shown promising positive feedback from participants. For example, Agora offers follow-on consulting and investment advisory services, and is paid a success fee based on a percentage of total raise facilitated. Alternatively, incubator/accelerator funders might consider linking a portion of year-over-year grant funding to year-over-year performance, such as number of follow-on investments facilitated, total capital raised for participant enterprises, increase in number of beneficiaries targeted, etc.

Share Objectives of Participation & Detailed Investment Criteria Directly with Programs

Investors' transparency with incubators/accelerators regarding the nature of their objectives and the specifics of their investment criteria will allow both parties to gauge the potential value of collaboration. If an investor is primarily interested in ecosystem building and general knowledge acquisition, a program should manage the relationship with this investor differently than if his or her main interest is investing capital to early-stage businesses. Additionally, the better incubators and their program participants understand investors' specific evaluative criteria, the better their ability to position themselves to appeal to investors in the future. Programs may also benefit in tailoring their selection criteria to align with those of investors they seek to target, screening for business characteristics most valued by those positioned to provide funding post-graduation.

IMPACT INCUBATOR/ACCELERATOR BENCHMARKING FRAMEWORK

Highlights of the Framework



Core Quantitative Data Collected From Enterprises:
Years of Operations
Year-Over-Year Revenues
Year-Over-Year EBITDA
# of Direct & IndirectBeneficiaries/ # of Clients/ # of Units Sold
Most Interesting/Most Useful Services Offered
Capital Sought/ Capital Raised

Core Quantiative Data Collected From Investors:
Investment Criteria (Size, Type of Capital, Sectors, Geog.)
Investments Made Via Incubator/Accelerator Introduction
Transaction Related Costs (Incubated vs. Non-Incubated)
Formal or Informal Partnerships with Incubators/Accelerators
Motivations in Partnership
Services of Interest that Incubators/Accelerators Could Offer

APPENDIX. PROPOSED FRAMEWORK

ENTERPRISE ASSESSMENT: SECTION 1

Framework Survey for Incubated/Accelerated Enterprises

General Information ***(To Be Filled Out At Time Of Application/ Entry)***

Name of incubee organisation:

Name of incubator/ accelerator program:

Year of program participation:

Country of legal incorporation (Headquarters):

Year organization was founded:

Is the organization still operating (If no, please provide year the organizations ceased operations)

Which geographies are you operationally focused on (select all relevant options):

Carribean	North Africa	Southeast Asia
Central America / Mexico	Middle Africa	Southern Africa
East Africa	North America	West Africa
East Asia	Oceania	Western Europe
Eastern Europe	South America	Other (please specify)
Middle East	South / Central Asia	

Which of the following describe the operating structure of the business (select all relevant options):

- Production/ Manufacturing
- Processing/ Packaging
- Distribution
- Wholesale/ Retail
- Services (general)
- Financial Services

Which of the following sectors best describes your business operations (select all relevant options):

Agriculture	Housing Development
Artisanal	Information and Communication Technologies
Culture	Infrastructure/ Facilities Development
Education/Youth Services	Technical Assistance Services
Energy	Tourism
Environment	Supply Chain Services
Financial Services	Water & Sanitation
Health/Nutrition	Other (please specify)

Current legal structure (select all relevant options):

- Corporation
- Limited Liability Company
- B Corporation
- Non-profit/NGO
- Partnership
- Sole-proprietorship
- Other (please specify)

How would you best describe the business's revenue model:

- Business to Business
- Business to Consmer
- Business to Government or NGO
- Other (please specify)

Stage of organization at time of entry into program:

- Idea Stage (Pilot revenues)
- Launch / Early Stage ($10k - $250k)
- Early Growth Stage ($251k - $1m)
- High Growth & Beyond ($1m+)

Please select from the following dropdown list the five main drivers for participation in the program:

Please allocate 100 points across the 5 services selected with the most points weighted toward services you think will be most useful:

#1

#2

#3

#4

#5

ENTERPRISE ASSESSMENT: SECTION 2

Quantitative Analysis ***(To Be Completed Annually From Application to 5 years Post Program)***

Current stage of organization (By Revenues):

Idea Stage (Pilot revenues)	
Launch / Early Stage ($10k - $250k)	
Early Growth Stage ($251k - $1m)	
High Growth & Beyond ($1m+)	
Not Operational	
If 'Not Operational' please indicate in which year the company ceased operations:	

Operational Performance

			Year of Program					
Numbers to be entered in $	**Yr -2**	**Yr -1**	**Yr 0**	**Yr 1**	**Yr 2**	**Yr 3**	**Yr 4**	**Yr 5**
Revenue (not including grants)								
% Growth		*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
EBITDA (not including grants)								
% Growth		*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Number of units sold								
% Growth		*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Number of Full-time employees								
Number of Part-time employees								
Total number of employees	0	0	0	0	0	0	0	0
Number of direct beneficiaries								
% Growth		*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Number of indirect beneficiaries								
% Growth		*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Total number of direct + indirect beneficiaries	0	0	0	0	0	0	0	0

Equity/ Hybrid Investment (includes convertible debt)

			Year of Program					
Numbers to be entered in $	**Yr -2**	**Yr -1**	**Yr 0**	**Yr 1**	**Yr 2**	**Yr 3**	**Yr 4**	**Yr 5**
Total equity/ convertible debt raised prior to program								

Please complete the following for any equity/ convertible debt investments made in the business either **<u>during or after</u>** the program:

	Was investor introduced by program (Y/N)?	Amount of Investment (in US$)					
<Please insert fund/investor 1 name here>							
<Please insert fund/investor 2 name here>							
<Please insert fund/investor 3 name here>							
<Please insert fund/investor 4 name here>							
<Please insert fund/investor 5 name here>							
Total equity/convertible debt raised		**0**	**0**	**0**	**0**	**0**	**0**
Total equity raised as a direct result of participation in program		**0**	**0**	**0**	**0**	**0**	**0**

Debt/ Mezzanine Financing (including demand dividends and debt based royalty facilities)

			Year of Program					
Numbers to be entered in $	**Yr -2**	**Yr -1**	**Yr 0**	**Yr 1**	**Yr 2**	**Yr 3**	**Yr 4**	**Yr 5**
Debt/ Mezzanine raised prior to program								

Please complete the following for any debt/mezzanine financings made in the business either **<u>during or after</u>** the program:

	Was funder introduced by program (Y/N)?	Amount of Financing (in US$)					
<Please insert fund/investor 1 name here>							
<Please insert fund/investor 2 name here>							
<Please insert fund/investor 3 name here>							
<Please insert fund/investor 4 name here>							
<Please insert fund/investor 5 name here>							
Total debt/ mezzanine raised		**0**	**0**	**0**	**0**	**0**	**0**
Total debt/ mezzanine raised as a direct result of participation in program		**0**	**0**	**0**	**0**	**0**	**0**

ENTERPRISE ASSESSMENT: SECTION 3

Qualitative Analysis ***(To Be Completed Upon or Within 1 Year of Program Exit)***

Program Value Creation

Please select from the following dropdown list the five most useful services provided by the program:

Please allocate 100 points across the 5 services selected with the most points weighted toward the most useful services:

	Service	Points
#1		
#2		
#3		
#4		
#5		
Total *(should equal 100)***:**		

Evaluation of Service Provision

Please mark an X in the box that most accurately reflects your answer:	**No Strongly Disagree**	**Disagree**	**Neither Agree nor Disagree**	**Agree**	**Yes Strongly Agree**
Did you change your core business or operating model/ strategy substantially as a result of program participation?					
Did your core client profile/ strategy change substaintially as a result of program participation?					
Was the business the management team's sole source of income during the program					
Was the business seeking an investment prior to going into the program					
The program exceded my expections.					
Did the program prepare you for the following:					
The program significantly helped grow the company to the next level of maturity (concept to pilot, pilot to post-revenue, post-revenue to growth)?					
I would highly recommend this program to pre-revenue enterprises.					
I would highly recommend this program to post-revenue and growth stage companies.					
I would highly recommend this program to companies seeking to raise capital & prepare for investment.					

The three key recommendations I have to strengthen the program are:

#1	
#2	
#3	

Please estimate the overall $-value of the incubator/accelerator services:

ENTERPRISE ASSESSMENT: KEY FOR DROP DOWN MENUS

List of Potential Services Offered

Administrative & Office:
- Shared administration/equipment (e.g. printers, fax, projector)
- Internet access & e-commerce assistance
- Peer-to-Peer learning & collaboration opportunities
- Physical office space/ co-working space

Financial Training & Investment Readiness:
- Business basics & accounting training
- Financial modeling training or build out
- Access to financial support from the incubator/ accelerator program
- Pro bono/discounted financial advisors (accounting/financial modeling, etc.)
- Direct access to sources of financing (e.g. formal intros to potential investors)

Sales & Marking/Distribution Support:
- Sales-focused networking activities with clients/potential clients (e.g. trade show)
- Brand building & general public relations support
- Marketing assistance (e.g. strategy and/or design & branding support)
- Skills training for existing staff
- Links to strategic partners

HR & Management Training & Support:
- Support identifying management team members
- Support building management capabilities/ skills

General Business Set-Up Support:
- Business strategy planning support
- Business etiquette & presentation skills training
- Access to legal services & professional advice
- Bootcamp or other formal in-house training
- Access to peer mentoring
- Pitch day or similar showcase event
- Business plan development
- Access to informal mentors & entrepreneurs

Impact & Perfomance Metrics:
- Exposure to IRIS & Other Impact Metrics
- Design of relevant impact metrics
- Design of KPIs or core performance metrics

List of Potential Services Offered

Section: General Information: Program Scoring

1 = No real additional value was added to business throughout incubator/ accelerator program
2 = Additional value was added to business throughout incubator/ accelerator program, however impact was minimal
3 = Additional value was added to business throughout incubator/ accelerator program, which had a positive impact
4 = Significant additional value was added to business throughout incubator/ accelerator program, which had a positive impact
5 = Significant additional value was added to business throughout incubator/ accelerator program, which fundamentally changed operations

Section: Satisfaction with Services After Completion of Program

1 = Not useful
2 = Fairly useful
3 = Useful
4 = Very useful
5 = Extremely useful

Section: Appeal or Interest in Services Prior to Program Participation

1 = Not appealing
2 = Fairly appealing
3 = Appealing
4 = Very appealing
5 = Extremely appealing

Section: Satisfaction with Investor Readiness Preparation

1 = No preparation
2 = Fairly good preparation
3 = Good preparation
4 = Very good preparation
5 = Extremely good preparation

INVESTOR FEEDBACK: SECTION 1

General Information

Name of organisation:

Primary sector focus of the organisation:

Water/sanitation		Agriculture/ agri-processing		Biodiversity or Resource conservation	
Access to financial services		Community development		Energy: access, new tech, efficiency	
Access to education		Health: tech, access, prevention		Pollution prevention and waste management	
Artisan Products/Textiles		Employment generation		Business or system innovation	
Affordable housing		Healthcare/ nutrition		Impact to small-holder farmers	

How would you categorise the investment focus of the organisation:

- Average initial investment size is less than $250,000 (Early Stage Investor)
- Average initial investment size is between $250,000 and $500,000 (Early Stage Investor)
- Average initial investment size is greater than $500,000 (Growth Stage Investor)

What instrument does the organisation typically use to invest (Select multiple if they apply as common structures used):

- Equity
- Hybrid/Convertible Equity
- Hybrid/Convertible Debt
- Debt
- Debt Based Hybrid/ Mezzanine (Royalties, Demand Dividends, Etc.)

How would you categorise your organization (select the one that is most releveant):

- Individual/ Angel Investor
- Investment Fund
- Foundation
- Other

Assessment of Relationship with Incubator/Accelerator Program ***(To Be Completed By Each Investor with Involvement in a Program (formal/informal) on an Annual or Bi-Annual Basis)***

Do you have a formal relationship with the accelerator/incubator programme (program funding, pre-commitment to invest, member of the BOD, Selection Committee) (Y/N):

Please rate how important each of the following factors is behind your current involvement with the program *(1: Not important; 5: Very important)*:		Please rate how well the program performs on each of the following factors *(1: Not useful; 5: Extremely useful)*:
Strategic: exposure to larger volume of SMEs		
Strategic: exposure to pre-vetted/ better prepared SMEs		
Mission: Ecosystem-building		
Knowledge-sharing: want to learn more about a particular stage or sector		
Networking: exposure to other players/organisations in the sector		

From the dropdown list below please select up to 5 services you would like to see the incubator/accelerator program focus more on:

Please allocate 100 points across the 5 services selected with the most points going to the most useful services:

#1

#2

#3

#4

#5

How many (if any) of your investments/ portfolio companies have participated in any incubation/accleration program?

How many (if any) of your investments/ portfolio companies were past-participants in this incubator/acclerator program?

Assessment of Incubee's Investment Readiness ***(To Be Completed By Investors Upon Closing Any Financing Within 2 Years of Incubees Program-Participation)***

Since last completing this form, have you invested in a company directly introduced to you by the incubator/accelerator?

If yes to the above please complete the following section

Did you meet the business(es) as a result of an introduction from the incubator/accelerator program?

Please mark an X in the box that most accurately reflects your answer:

Transaction Related Costs	**Significantly More than Portfolio Avg**	**More than Portfolio Avg**	**Neither Less nor More**	**Less than Portfolio Avg**	**Significantly Less than Portfolio Avg**
How did the following items compare to the portfolio average of your fund to date:					
Origination costs					
Due Diligence required					
Quality of Due Diligence documents (more = worse, less = better)					
Company's understanding of financial statements and financial forecasts					
Company's knowledge of the transaction process, key financial and legal terms					

From the dropdown list below please select up to 5 aspects of the business that you think benefitted most from program participation:

Please allocate 100 points across the 5 services selected with the most points going to the most useful services:

#1

#2

#3

#4

#5

Total *(should equal 100)***:**

INVESTOR FEEDBACK: SECTION 2

How long was the transaction process from initiation of contact to final contract signing (in # of months)	
How long is the typical transaction cycle from initiation of contact to disbursement for existing portfolio companies (in # of months)	
Total months saved/(lost) on incubated company compared to portfolio average	0
What were the estimated external transaction costs for the transaction (accountants, lawyers, consultants, etc.)	
What are the average external transaction costs for a typical transaction (accountants, lawyers, consultants, etc.)	
Total dollars saved/(lost) on incubated company compared to portfolio average	0
What were the estimated number of hours spent by your organization's team on the transaction	
What is the average number of hours spent by your organization's team on a typical transaction	
Total hours saved/(lost) on incubated company compared to portfolio average	0
What were the estimated total internal expenses on the transaction (travel costs, etc.)	
What are the average total internal expenses on a typical transaction (travel costs, etc.)	
Total dollars saved/(lost) on incubated company compared to portfolio average	0

Assessment of Incubee's Post Investment Performance ***(To Be Completed Annually or Bi-Annually By Investors That Have Financed an Incubee)***

Please mark an X in the box that most accurately reflects your answer:	**Significantly Weaker than Portfolio Avg**	**Weaker than Portfolio Avg**	**Neither Stronger nor Weaker**	**Stronger than Portfolio Avg**	**Significantly Stronger than Portfolio Avg**
How did the following items compare to the portfolio average of your fund to date:					
Strength of administrative processes and systems					
Ability to regularly report financial performance					
Establishment of governance structure					
Capacity development needs					

What were the estimated external new portfolio company on-boarding costs for the transaction (accountants, lawyers, consultants, etc.)	
What are the average external new portfolio company on-boarding costs for a typical business (accountants, lawyers, consultants, etc.)	
Total dollars saved/(lost) on incubated company compared to portfolio average	0
What were the estimated number of hours spent by your organization's team to manage the incubee portfolio company	
What is the average number of hours spent by your organization's team to manage a typical portfolio company	
Total hours saved/(lost) on incubated company compared to portfolio average	0
What are the estimated total professional services/ capacity development expenses of the incubee portfolio company (accountants, lawyers, consultants, certifiers, etc.)	
What are the average professional services/ capacity development expenses of a typical portfolio company (accountants, lawyers, consultants, certifiers, etc.)	
Total dollars saved/(lost) on incubated company compared to portfolio average	0