SEED INVESTMENT MEMO

KopiTech

A B2B coffee-supply platform for Indonesia's independent warung channel.

ROUND	PROPOSED VALUATION
$500k seed raise	$4.0M - basis to be clarified

CURRENT SCALE	MEMO STATUS
$120k ARR / 500 active outlets	Initial screen; not an investment approval

SCREENING VERDICT

Proceed to focused diligence - do not issue a term sheet yet.

Growth and outlet adoption merit a deeper look. Retention, gross-margin quality, cash needs, and team evidence must clear explicit gates first.

15%	12%	28%	$20
monthly growth, sustained for 8 months	monthly churn; primary red flag	gross margin before quality-of-margin checks	derived monthly revenue per active outlet

DOCUMENT BASIS

This sample uses a fictional company and founder-reported illustrative metrics supplied for the exercise. No founder biographies, cohort files, bank records, contracts, cash data, or external market datasets were provided. Derived values are labeled; missing evidence remains missing.

01 / EXECUTIVE SUMMARY

Growth is promising, but retention prevents an invest-now decision

KopiTech has found a credible distribution wedge: aggregate coffee supply for independent outlets, reduce procurement friction, and build repeat purchasing behavior. The early signal is real enough to investigate - 500 active outlets and eight months of 15% monthly growth - but not yet strong enough to underwrite.

INVESTMENT THESIS

- **Behavioral wedge:** frequent replenishment can create recurring workflows and proprietary purchasing data.
- **Distribution potential:** one supplier relationship can expand from beans into adjacent high-frequency inputs.
- **Early velocity:** sustained monthly growth suggests the product is solving a recurring operational problem.
- **Data advantage:** outlet-level ordering patterns may improve forecasting, credit assessment, and route economics over time.

WHAT COULD BREAK THE THESIS

- **12% monthly churn** implies weak durability unless acquisition is unusually efficient and churn is front-loaded.
- **28% gross margin** may compress after discounts, delivery leakage, spoilage, returns, and supplier concentration.
- **Working capital** can absorb cash before reported revenue becomes economically valuable.
- **Team underwriting** cannot be completed without biographies, references, cap table, and functional ownership.

DECISION ITEM	CURRENT READ	INVESTMENT IMPLICATION
Round ask	$500k seed	Potentially appropriate for a proof-and-scale plan, but use of funds and burn are absent.
Valuation	$4.0M, basis unclear	If pre-money, new-money dilution is 11.1%; if post-money, 12.5%. Clarify before comparing price.
Screening verdict	CONDITIONAL PROCEED	Open a narrow diligence workstream. No term sheet until gating evidence is met.

02 / MARKET ANALYSIS

The opportunity is operationally plausible; market size still needs evidence

KopiTech targets a repeat-purchase pain point rather than a discretionary workflow. Frequency, service reliability, and route density matter more than a broad consumer-coffee headline.

BOTTOM-UP MARKET MODEL

Revenue opportunity = serviceable active outlets × monthly spend per outlet × 12 × realized take rate

Required inputs: verified outlet universe by city, serviceable-density threshold, addressable spend, take-rate bridge, and expected retained share. None was supplied for this sample.

SIGNAL TO VALIDATE	WHY IT MATTERS	EVIDENCE REQUIRED
Procurement fragmentation	Supports an aggregation wedge only if merchants lose time, price visibility, or service reliability.	20-30 customer calls; supplier count; lead time; stock-out frequency.
Repeat ordering behavior	Creates recurring revenue and improves demand forecasting.	Monthly cohorts; orders per outlet; reorder intervals; gross retention by vintage.
Route density	Determines whether delivery economics improve or deteriorate with scale.	Contribution margin by city and route; stops per route; failed-delivery rate.
Cross-sell permission	Can expand revenue per outlet without equivalent acquisition cost.	Category attach rates; margin by SKU; reorder and churn by bundle.

TIMING THESIS

The timing case is strongest if merchants already use mobile ordering, supplier service remains fragmented, and KopiTech can build dense routes before incumbents respond. These are hypotheses to verify, not established facts in this sample.

SCALE TRANSLATION

At the current derived revenue rate of **$20 per active outlet per month**, every 10,000 retained outlets would represent approximately **$2.4M ARR**, before any change in pricing or mix. This is a sensitivity anchor, not a market-size claim.

03 / FINANCIAL HIGHLIGHTS

Current unit economics are not yet investable

$10k	$2.8k	8.3 mo	~$47
derived monthly recurring revenue	derived monthly gross profit at 28%	simple expected lifetime at 12% churn	simple gross-profit LTV per outlet

Provisional LTV = $20 monthly revenue × 28% gross margin ÷ 12% monthly churn. It assumes logo churn approximates revenue churn and ignores expansion, contraction, cohort shape, and discounting. It must not be used for pricing without cohort validation.

METRIC	CURRENT VIEW	UNDERWRITING NOTE
ARR / MRR	$120k / $10k	Confirm the recurring definition, invoicing cadence, refunds, discounts, and revenue recognition.
Growth	15% MoM, 8 months	Compare by cohort, geography, paid vs. organic acquisition, and new vs. returning outlets.
Gross margin	28%	Rebuild after logistics, spoilage, returns, payment fees, credits, and promotional subsidies.
Churn	12% monthly	Separate logo, revenue, voluntary, involuntary, and first-90-day churn.
CAC / payback	Not provided	Cannot determine whether growth creates enterprise value or accelerates cash consumption.
Cash / burn / runway	Not provided	Runway cannot be stated. Request bank statements, monthly P&L, balance sheet, and an 18-month plan.

ANOMALIES AND QUALITY CHECKS

Growth-retention tension: 15% monthly growth beside 12% monthly churn may indicate acquisition masking a leaky base. Reconcile new, retained, resurrected, and churned outlets by month.

Valuation ambiguity: “$4M valuation” must be labeled pre-money or post-money. The difference changes ownership and return math.

Concentration: no customer, city, route, supplier, or SKU concentration data was provided.

04 / TEAM ASSESSMENT

Traction suggests execution; the team is not yet underwritten

Reaching 500 active outlets and sustaining reported growth indicates real operating work. It does not establish founder-market fit, governance quality, or functional depth without biographies and references.

OBSERVED EDGE

- Building to 500 active outlets indicates field execution, merchant onboarding, and supply coordination.
- Eight months of reported growth suggests operating cadence rather than a one-month spike.
- A narrow vertical may allow faster learning than a generalist B2B marketplace.

EVIDENCE GAP

- Founder biographies, prior outcomes, references, and ownership are absent.
- No functional map identifies who owns sourcing, logistics, product, finance, and merchant success.
- No hiring plan ties the $500k raise to specific capability gaps.

DIMENSION	CURRENT READ	DILIGENCE QUESTION
Founder-market fit	Unverified	What privileged insight or access enabled initial merchant and supplier adoption?
Commercial execution	Early positive signal	Which founder owns acquisition, and how much growth depends on founder-led selling?
Supply and operations	Unverified	Who owns service levels, supplier quality, inventory, and route economics?
Finance and controls	Unverified	Who owns revenue recognition, working capital, credit losses, and monthly close?
Governance	Unverified	Are the cap table, IP assignment, vesting, and related-party arrangements clean?

The next team decision should be based on references and role ownership, not on a polished founder narrative.

05 / KEY RISKS

Retention and margin quality dominate the risk stack

RISK	WEIGHT	PRIORITY	FLAG	REQUIRED MITIGATION
Retention durability	30%	CRITICAL	12% monthly churn can erase cohort value.	Bring 3-month monthly churn below 8%, or prove high-churn cohorts are economically positive with rapid payback.
Margin quality	25%	HIGH	28% may exclude delivery and leakage.	Rebuild contribution margin by city, route, and cohort; show a path above 20% after fulfillment.
Working capital	20%	HIGH	Inventory and supplier terms may consume the round.	Provide cash-conversion cycle, aging, stock turns, bad debt, and downside cash model.
Growth quality	15%	MEDIUM	Acquisition may mask base leakage.	Provide eight monthly cohort bridges and CAC by channel.
Team depth	10%	MEDIUM	Founder-market fit and functional coverage are unverified.	Complete references, role map, cap table, vesting review, and first three hires.

Weights are an illustrative prioritization framework, not probabilities. They indicate where diligence time should be concentrated.

KILL CRITERIA

- Cohort data cannot reconcile reported active outlets or recurring revenue.
- Contribution margin turns negative after full fulfillment costs.
- The round funds working-capital losses without a credible path to supplier terms or positive cash conversion.
- Cap table, IP ownership, or founder references reveal unresolved integrity issues.

RISK-REDUCTION EVIDENCE

- Retention improves across successive cohorts without a rise in incentives.
- Route density reduces cost per delivery while service levels hold.
- Expansion revenue offsets churn and raises contribution profit per outlet.
- Supplier concentration declines without sacrificing quality or margin.

06 / RECOMMENDATION

Proceed to a two-week evidence gate - not a term sheet

DECISION

Conditional proceed

Advance to focused diligence. Keep pricing discussion non-binding until source data reproduces retention, contribution margin, cash needs, and team quality.

INVESTMENT COMMITTEE GATE

Return only when churn quality, contribution margin, runway, and ownership math can be reproduced from source data. Update the memo with verified figures, not narrative explanations for missing files.

TWO-WEEK DILIGENCE SEQUENCE

1 **Reconcile retention**

Eight monthly cohort tables with outlet adds, churn, resurrection, orders, revenue, and gross profit.

2 **Rebuild economics**

CAC by channel, contribution margin after fulfillment, payback, working-capital cycle, and downside cash plan.

3 **Verify the market**

Merchant calls, serviceable outlet count, route-density map, supplier references, and competitive alternatives.

4 **Underwrite the team**

Founder interviews, references, cap table, role ownership, hiring plan, and legal review.

APPENDIX / TERMS & DATA BASIS

Price should follow evidence, not precede it

The stated $4.0M valuation cannot be evaluated until its basis is clear and the operating model is reproducible. Ownership math should be explicit before any commitment.

ILLUSTRATIVE TERMS POSTURE

- Clarify whether $4.0M is pre-money or post-money.
- Size participation only after ownership targets, reserves, and downside return cases are modeled.
- Use standard investor protections: 1x non-participating preference, pro rata rights, information rights, and customary founder vesting review.
- No exclusivity before the core data room is complete.

OWNERSHIP SENSITIVITY

INTERPRETATION	NEW-MONEY DILUTION
$4.0M pre-money + $500k	11.1%
$4.0M post-money incl. $500k	12.5%

These figures describe round-level dilution before option-pool changes, fees, or other instruments.

DATA BASIS AND LIMITATIONS

Company facts in this memo are fictional and illustrative. Inputs: $120k ARR, 15% monthly growth for eight months, 500 active outlets, 12% monthly churn, 28% gross margin, and a $500k seed raise at a stated $4M valuation.

Derived outputs include $10k monthly recurring revenue, $20 monthly revenue per active outlet, $2.8k monthly gross profit, an 8.3-month simple expected lifetime, approximately $47 simple gross-profit LTV, and the ownership sensitivities above.

WHAT THIS SAMPLE DOES NOT CLAIM

No external market figures are presented. No runway, CAC, payback, contribution margin, customer concentration, founder background, or legal status is inferred. Those fields remain diligence requirements.