



# Guide for Entrepreneurs



**BlueTree**<sup>™</sup>  
ALLIED ANGELS

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Where Capital Meets Opportunity



## **Introduction**

BlueTree Allied Angels is a network of angel investors dedicated to funding high-growth start-ups in Western Pennsylvania and the surrounding regions. We strive to be more than just a source of capital to our portfolio companies. The experience and knowledge of our investors makes us a partner who can add significant value to your business through mentoring, coaching, and sharing expertise and connections.

## **Benefits for Entrepreneurs**

### **Large Capital Source**

BlueTree investors possess financial means as well as investment and business experience. Each investor brings the ability and willingness to invest in promising early-stage companies. By bringing these top regional investors together, you save time by presenting to one group to raise capital rather than attempting to locate and present to multiple individual angel investors.

### **Broad Pool of Knowledge and Contacts**

BlueTree's members have extensive operational business experience spanning a wide variety of industries. As a result, our membership stands as an excellent resource for coaching and mentoring. Furthermore, our broad network of contacts can help you gain access to key decision-makers, suppliers, customers, and partners to accelerate the growth of your company.

### **Efficient Processes and Structure**

BlueTree utilizes proven, efficient procedures to streamline the process of raising capital, allowing you to focus your time on growing your business. Furthermore, we form a single limited partnership for each investment to simplify your cap table and provide a single point of contact.

### **Capital Connections**

BlueTree is constantly expanding our network of investors, investor institutions, and corporate enterprises. By co-investing with other angel groups and early-stage venture capital funds, BlueTree can help you raise sufficient capital to fill larger Seed and Series A funding rounds. As your business grows and you require larger venture capital investments, BlueTree can be a source of introductions to VC's, corporate investors and strategic partners.

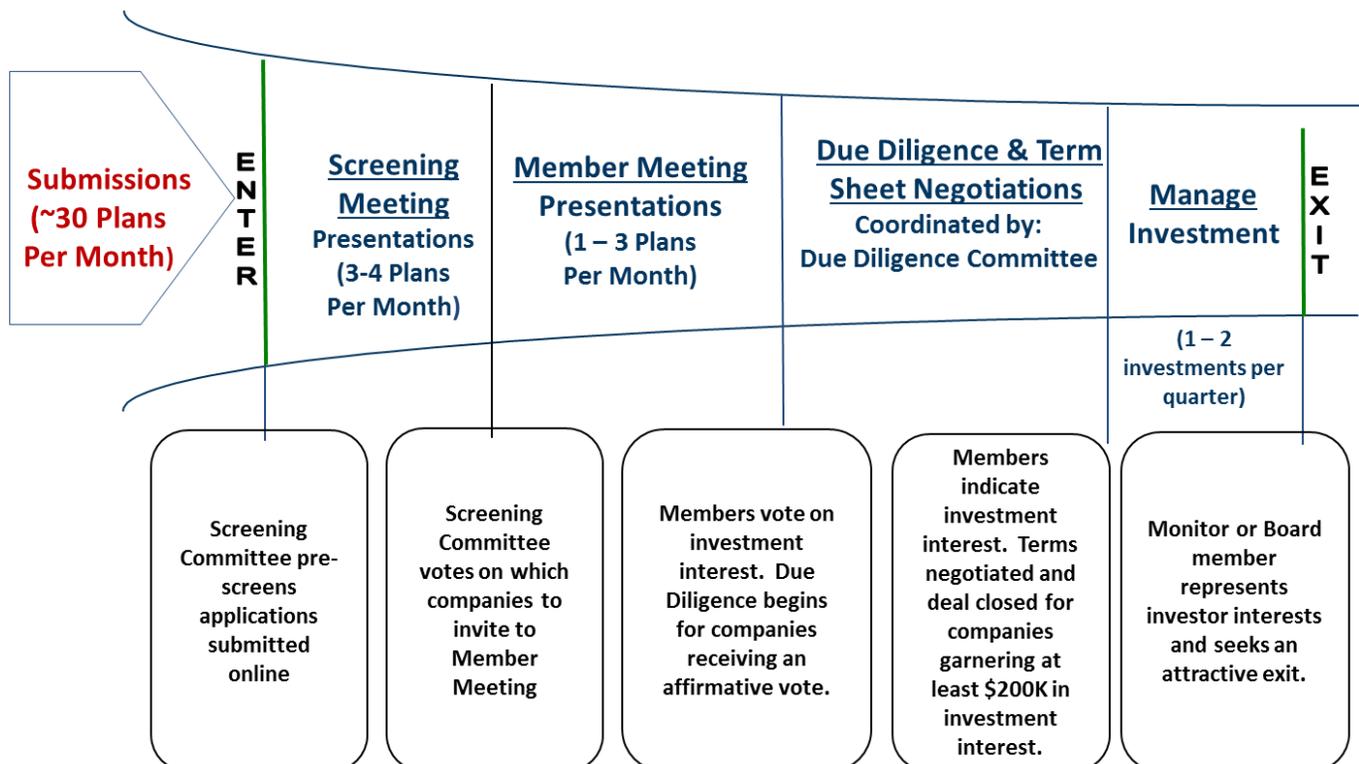


## Investment Criteria

BlueTree invests in companies meeting the following criteria:

- Company headquartered within 250 miles of Pittsburgh or Erie, Pennsylvania (*We will only consider out-of-region investments as part of a syndicate with a reputable local lead investor*)
- Experienced and talented management team
- Beta product preferred
- Business proof-of-concept via customer sales commitments preferred
- Clear path to cash flow breakeven
- Clear exit strategy
- Minimum of 10x return for investors expected within 3-5 years
- Primary operations in targeted, high-growth industries aligned with member's interests
- Seeking equity investment between \$200K and \$3M
- Pre-money valuation of less than \$5M

## Investment Process





## **Investment Process (Continued)**

### **Submit Application**

The first step is to read our investment criteria. If your company meets our criteria, we encourage you to visit our website ([www.bluetreealliedangels.com](http://www.bluetreealliedangels.com)) and follow the links to submit your application. Your application will be reviewed by our Screening Committee within 30 days of your submission and you will receive one of the following responses:

- An invitation to present at our formal Screening Meeting
- A decline
- A request for more information

### **Screening Meeting**

If your application is approved, you will be invited to present at one of our monthly Screening Meetings in Pittsburgh. These meetings are used to determine which companies will get the opportunity to present to our members for investment consideration.

At the Screening Meeting, you will be given 20 minutes, uninterrupted, to present your investment opportunity followed by 15 minutes of Q&A. Your presentation should address the following:

- Management team
- Problem being solved
- Solution or product
- Intellectual property
- Market size
- Sales and distribution plan
- Initial customers or targeted customers
- Competition
- Financial projections
- Funding – history, this round and future projected rounds
- Exit strategy for your investors
- Possible acquirers and exit multiples

The Screening Committee will vote following your presentation and may invite you to present at our monthly Member Meetings in Pittsburgh and Erie.



## Investment Process (Continued)

### Member Meetings

We hold two Member Meetings each month—one in Pittsburgh and one in Erie. If you are invited to present at the Member Meetings, you will be given 20 minutes, uninterrupted, to present your investment opportunity and 15 minutes for Q&A. The presentation should cover the key items discussed above for the Screening Meeting presentation.

Members will vote to indicate their level of interest following your presentation. If there is enough member interest, we will proceed to due diligence.

### Due Diligence

Prior to closing any investments, BlueTree performs a detailed due diligence process led by our Due Diligence Committee. Our process, based on National Venture Capital Association best practices includes the following phases:

- Review of all pertinent documents including financial statements, tax returns, articles of incorporation, customer contracts, cap tables and supplier contracts.
- Meetings with the management team to ask questions and discuss the aforementioned documents.
- Contacting references including customers, suppliers and former employers.

Our findings will be summarized in a due diligence report provided to each of our members. Upon reviewing the report, members select whether or not they wish to invest. If enough investment interest is generated, we will proceed to negotiating terms and closing the deal.

### Term Sheets and Closing

The deal negotiation and closing process begins with a discussion of deal terms. If a mutually agreeable term sheet is negotiated, we then proceed to deal closing. All BlueTree investments are structured as limited partnerships to simplify your cap table and provide a single point of contact.

### Contact Us

Please visit our website or contact us for more information:

**Website:** <http://www.bluetreealliedangels.com/entrepreneurs.aspx>

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