GOVERNANCE FOR INVESTOR-BACKED COMPANIES

Enabling companies to scale from seed stage
to IPO and beyond

Your foundation for success at scale

For many early-stage companies, governance is considered something to worry about later. Prioritizing governance as a resource-constrained founder or CEO feels premature when your priorities are maintaining daily business operations, achieving growth and raising money. Additionally, the concept of governance feels like it's meant for someone else. It may conjure up images of old school boardrooms with red tape at every turn. Of rules, regulations and roadblocks. Of nefarious outside influences. However, these are all misconceptions that can have profound consequences on the future of an early-stage business.

Without the right governance tools in place at a company's inception, the business becomes susceptible to risks as it grows. Broken cap tables, leaked financial documents, and collaboration inefficiencies can cost your team time, money and reputational damage. Regardless of where a company is on its growth trajectory, using general purpose collaboration tools to perform critical processes like equity management, fundraising, hiring, and meeting with your board only further exacerbates these risks.

Research from the Diligent Institute shows that when companies prioritize good governance, they consistently outperform the competition. Failure to procure the right governance tools and bring on independent board members is a missed opportunity. As businesses navigate uncharted territory and exponential growth, having a well-rounded board can serve as a competitive advantage.

With Diligent's solutions for growth companies, early-stage businesses can manage governance easily at every stage of their growth, from seed stage through IPO. Our packages provide companies with the essential tools to govern as they scale to ensure accuracy, compliance and governance best practices for their exit journey and beyond.

Diligent customers who have gone public since 2019 have outperformed the rest of the U.S. IPO market by nearly 4x.*

*Comparison in stock performance is based on growth in stock price from IPO to market close May 11, 2021.

Diligent's governance for investor-backed companies fuels success at every stage

Accurate equity ownership

- Confirm a single source of truth for your cap table as you bring on new hires and investors.
- Simplify the administration of option plans with automated document workflows

Fundraising workflow optimization

- Realize cost and time efficiencies during the fundraising process when sharing documents with outside counsel and potential investors.

Board and advisory meeting effectiveness

- Ensure board meetings are secure, efficient and engaging for your advisors and board directors.
- Empower board directors with the right data & intelligence tools to stay up-to-date on business matters, recruit new talent, and design executive compensation packages.

Regulatory compliance

- Ensure IPO-readiness with a streamlined system for accessing corporate record data and legal documents.
- Prepare for new regulatory requirements like ASC 718, 409A valuations, SOX compliance, disclosure reporting, D&O questionnaires, and more scrutiny on executive compensation plans.

Security risk mitigation

- Safeguard sensitive documents and conversations from email, text, and other general purpose collaboration tools managed by IT.

Organizational impact

- Provide integrated organizational insights, market analytics and other tools to support more informed and effective decision-making on highly complex issues.

LAUNCH

Maximize fundraising and minimize legal fees
Everything you need for your first round of funding. Simplify the cap table management process and ensure accuracy around equity ownership data.

Use Cases:

- **Term sheet comparison:** Easily run scenarios on different term sheets to understand dilution compare their long-term impact on your cap table
- **Certificate issuance:** Issue electronic certificates in seconds via our native DocuSign integration.
- **Document storage:** Host your corporate documents in one place.
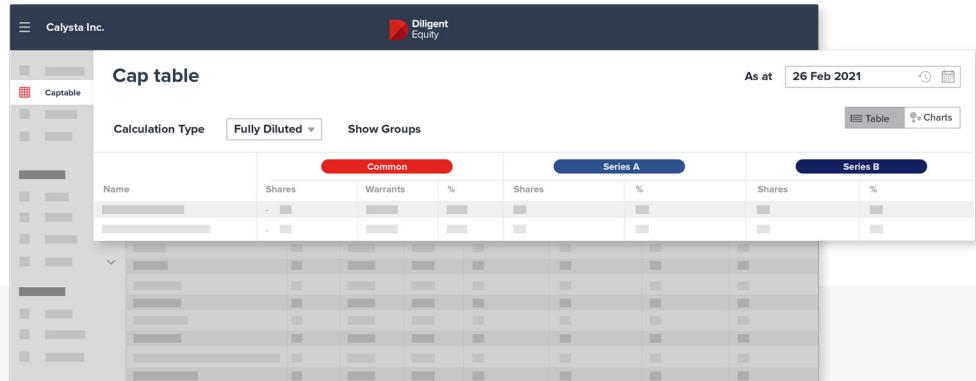
"Diligent enabled us to model out different scenarios when we were raising our seed round and compare offers from multiple investors. We ultimately felt confident in the investor we chose to partner with, and being able to easily run scenarios even gave us some leverage in the fundraising process."

**Founder, Israel-based SaaS company**

GROWTH

The structure you need to manage a growing option pool
Access the governance tools needed to scale your headcount. Mitigate risk, save time and eliminate errors during the option administration process.

Use Cases:

- **Option planning:** Create and model your option plan with customizable vesting schedules
- **Option grant management:** Propose, issue, and manage options grants in seconds
- **Scenario modeling:** Model out multiple versions of future notes, rounds and option plans to determine the best course of action for your company.
- **Waterfall analysis:** Run waterfall analyses in seconds to see how a potential exit would pay-out to equity holders
- **ASC718:** Generate Black Scholes expensing calculations and ASC718 reporting in a single click.
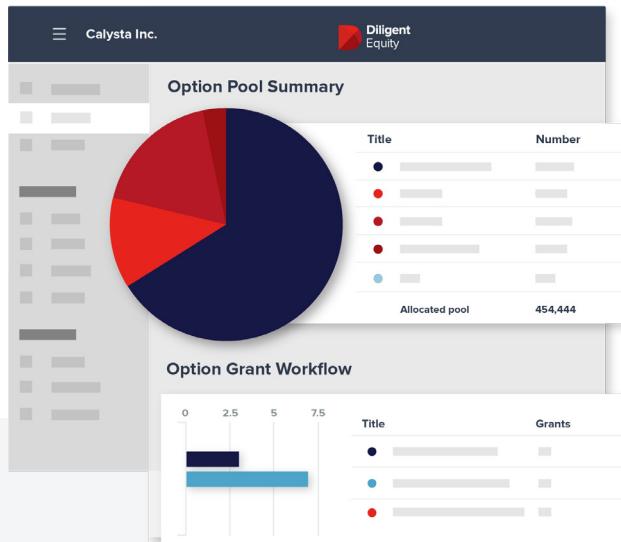
"As all of our options, terminations and transactions are managed in Diligent, we know that the ASC718 reports we create with Diligent are correct and have taken all factors into consideration and can send them directly to our auditors. Diligent is a one-stop-shop for stock administration and accounting purposes – highly recommended"

**Head of Finance, NY-based SaaS company**

SCALE

Align your governance practices with investor expectations
Foster good governance and plan for the future. Step up your security and governance practices as you bring on new investors, employees and board members.

Use Cases:

- **Board meeting management:** Manage board meetings and minute-taking securely and easily.
- **Employee option portal:** Provide employees with an easy-to-access option portal as you grow.
- **Secure data rooms:** Leverage data rooms to securely communicate and collaborate with investors, outside counsel and auditors as you scale.
- **Board and leadership talent recruitment:** Access a large pool of diverse, executive-level talent for your board and leadership team.
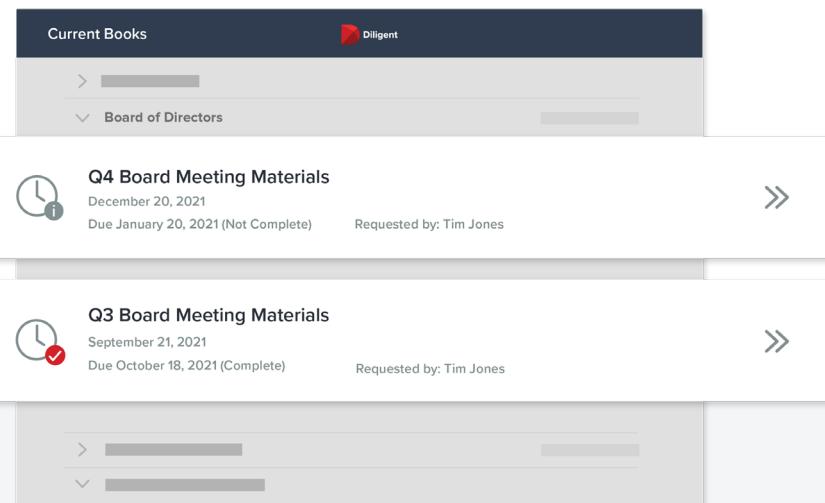
"After raising our Series A, we brought on some established board members, many of whom used Diligent on other boards. Diligent helped button up our processes really quickly and convey to our board that we were serious about governance."

**Founder, NY-based eCommerce business**

IPO READY

Don't let compliance stall your exit
As you prepare to go public, ensure that you have the tools in place to comply with the new set of regulations and scrutiny you'll face as a publicly traded company.

Use Cases:

- **D&O:** Complete directors' and officers' questionnaires with greater ease and efficiency on one integrated platform

- **M&A ready:** Manage entity data for M&A or conflicts of interest

- **Executive Compensation:** Design executive compensation packages with greater confidence in preparation for your first annual general meeting.

- **SOX compliance:** Automate internal controls to simplify SOX compliance.

- **IPO communications:** Securely communicate and collaborate about confidential deals with leadership, the board and outside counsel in a contained ecosystem.

- **Public sentiment monitoring:** Proactively communicate with stakeholders and activist investors by identifying governance or reputational risks before they become public.

- **Market intelligence:** Identify market trends, risks and opportunities and monitor information about the companies in your peer group.

Executive Compensation Model for Pay Alignment / Misalignment

Relative position of Company A
index/industry peer group

Company A

CEO Total Pay (3Y) - Percentile

Total Shareholder Return (3Y) — Percentile
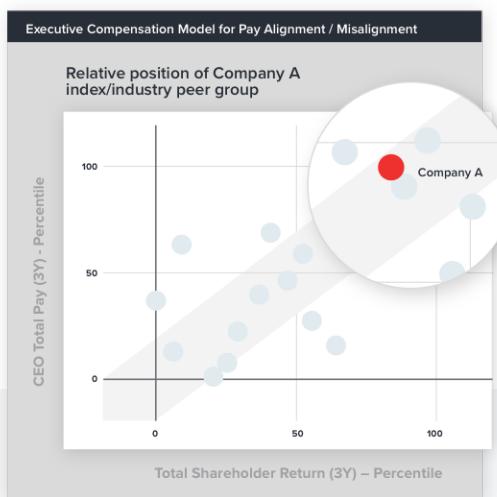
"One of the challenges of going through an IPO is having to review everything you've ever done. Companies should adopt Diligent earlier. It would save everyone a lot of headaches."

Lead Counsel, Silicon Valley-based hospitality business

Packages for Growth Companies

	IPO Ready	Scale	Grow	Launch
	Built for companies that are preparing to go public.	Built for companies that need to level up their board processes as they scale.	Built for companies that are scaling headcount and planning their capital structure.	Built for early-stage start-ups.
Cap table	✓	✓	✓	✓
Scenario modeling	✓	✓	✓	✓
Term sheet comparisons	✓	✓	✓	✓
Option administration	✓	✓	✓	
Option grant and exercise	✓	✓	✓	
Exit modeling	✓	✓	✓	
ASC718	✓	✓	✓	
Employee option portal	✓	✓		
Board meeting management	✓	✓		
Meeting minutes	✓	✓		
Secure data rooms	✓	✓		
Director recruitment	✓	✓		
Secure messaging	✓			
Questionnaires and Evaluations	✓			
Executive compensation	✓			
Reputation monitoring and intelligence briefings	✓			
SOX compliance	✓			
Entity management	✓			

Diligent

a MODERN GOVERNANCE company

About Diligent

Diligent is the pioneer in modern governance. Our trusted, cloud-based applications streamline day-to-day collaboration and deliver the insights that empower company leaders to make better decisions in today's complex landscape. With the largest global network of corporate directors and executives, Diligent is relied on by more than 25,000 organisations and 1,000,000 leaders in over 90 countries. With award-winning customer service across the globe, Diligent serves more than 50% of the Fortune 1000, 70% of the FTSE 100, 65% of the ASX and 36% of the BEL20.

Trusted by over 1,000,000 leaders and 25,000 organizations across the globe

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NYMBUS®   INTROMMUNE THERAPEUTICS   IMPERFECT FOODS   PELOTON   sumo logic

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- Remote locking
- Two-factor authentication

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- 24/7/365 support
- 5-second response time
- Comprehensive help center

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- ASAE 18 audits
- ISO-certified
- Third-party security testing

For more information or to request a demo:

Call: **+1 877 434 5443**   •   Visit: **diligent.com**   •   Email: **info@diligent.com**