# Start Ups -- Deal Killers

And Near Death Experiences

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## Questions:

- How should we solve due diligence surprises?
  - Failure to efficiently organize and establish legal compliance (entity formation, IP ownership, cap table)
- How can we avoid a myopic focus on what parties believe a deal requires?
  - Myopic focus on particular form
  - Myopic focus on what is “Market”
- How should investors avoid not investing in winners?
- How should people agree on valuation?

# How should we solve due diligence surprises?



## Most surprises are fixable (if money is no object)

So is it just a transaction cost analysis?

# Entity formation

- Automated robot legal forms are great!
- Or are they? Some structures are very difficult to undo or have terrible tax consequences for founders.
- But if it's about transaction costs, what are good ways to do it right?



# IP ownership

- Doesn't every single form agreement have a rep as to CIIAAs?
- So how come these still pop up?

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