A CFC Guide to Data Rooms

Intro:

You will likely need data rooms for any follow-on financing and definitely for M&A events. Since both of these events already require a lot of time from you, and – even more importantly – since it is hard if not impossible to fix any holes you might have in your documentation (think: a forgotten IP Assignment agreement with a developer or contractor from years ago), we recommend you at least have a "Preliminary Data Room" ready at all times (or reviewed say once a quarter or twice a year for completeness).

We're here to help; we have seen these dozens of times, so when you get to needing one or wanting to set your first one up – reach out to us and we can work through this together.

In general, I would distinguish between a "Preliminary Data Room" and a full Data Room:

- Preliminary data rooms highlight some main documents and overviews for investors / acquirors while they decide if they want to issue a term sheet. I see preliminary data rooms as "marketing" (while I see full data rooms as "legal" / cover your bases) – you want to show a great picture of the company; don't overwhelm or confuse folks and make it look like "you got your stuff together" and have well organized, easy to follow data rooms.
- Full data rooms you would then give access to after a term sheet. At that point it will be mostly lawyers sifting through those docs to make sure that you are not missing a signature for an option grant, that you haven't licensed your IP without it being revocable, etc. This is where you want to error on the side of "overpopulating" a data room – show them absolutely everything you have, so they can't come around in the future and say that you failed to disclose a partnership, a vendor contract or the like.
  For full data rooms, you will likely get an individual and tailored to your company request list. Here is an example of one. While the individual items may vary a little bit, some of the larger building blocks shown below will always appear; so we do recommend you do that check here on having all [fully] signed documents available.

In this template, I'm greying out items that I would only put in the full data room, but not a preliminary one:

Item	Template	Notes
1. Corporate Organization		
Certificate of Incorporation		Only the latest version if you have multiple amendments (we'll save all the prior ones for the "Full Data Room")
Cap Table		Make sure you have an "as of" date in there; and this is a good checkpoint for you for completeness of documentation t
All equity financing, convertible note, SAFE documents		All "fully executed" documents; can include term sheet and I would add folders if you have multiple financing rounds in
All stock option agreements, stock option terminations		*Only for full data room*
All former Certificates of Incorporation		
Any conversion documents		*If you were previously a LLC for example*
EIN Assignment ("Form SS-4")		
All board meeting minutes and resolutions		*I'd put them in a new folder and start the name of each doc with the date in form yyyy-mm-dd so they can easily order t*
If acquisiiton (or required by investor): Good Standing Certificates		*You will likely need two "certificates of good standing": one from your state of incorporation (Delaware) and one from*
2. Customers		
List of customers		I would make a spreadsheet of your customers, their subscription start and end dates (i.e. show cancelled customers a
Form Agreement		If you have a standard contract with all your customers, I would add this here. If all your contracts vary, I would leave th
Optional: Case Studies		
Optional: Retention / Expansion Data		
All customer agreements		*Only for full data room; make sure they are all fully signed*
3. Employees		
List of employees and contractors		
Form (NDA, IP Assignment, "New Hire") Agreements		
All employee, contractor agreements		*Only for full data room; make sure they are all fully signed*
4. Financials		
Historic Financials		Besides your model (for the point below) that likely will show historic data too, I would put in here: 1. Balance Sheet (a
Forecast		Your model
A/R and A/P Aging Reports		
Details on any debt or liabilities exceeding $10k		

Tools & Organization:

Any (secure) data sharing tool works for a data room. I would personally go with Dropbox, but you can purchase subscriptions to Sharefile or the like. To give you a quick visual for folder structure and numbering items; this is what I think a well-organized data room looks like: