

# In-depth Assessment — ClearTrace

AI-driven ESG compliance intelligence for mid-market manufacturers

AI system that automates ESG compliance assessment for mid-market manufacturers, replacing the manual audit cycle with continuous, evidence-graded monitoring. Working product in use by 3 pilot manufacturers. Full compliance assessment pipeline operational. Pilots report 60–80% time savings versus manual process. No paying customers — all pilots are free. Product built in under 3 months using AI as the development team.

AI system that automates ESG compliance assessment for mid-market manufacturers, replacing the manual audit cycle with continuous, evidence-graded monitoring. Total addressable market: Global ESG compliance and reporting market ~\$15B by 2028. Serviceable market: European mid-market manufacturer ESG compliance — estimated €2-4B addressable. Initial target: Dutch mid-market manufacturers facing CSRD — estimated €50-100M addressable within 2 years. Entry wedge: Dutch mid-market manufacturers facing imminent CSRD compliance deadlines — regulatory urgency plus geographic concentration. Expansion: Geographic: NL → DE → FR (CSRD commonality). Vertical: manufacturing → logistics → services. Regulatory: ESG → broader compliance intelligence..

Lena Hoffmann — Industrial Engineering, TU/e Eindhoven. Six years running ESG/sustainability reporting at a mid-market manufacturer. Built ClearTrace prototype in under 3 months using AI as development team. No enterprise sales experience. No fundraising experience. No previous startup. Founder potential: 68/100 — HIGH.

Stage	Validation
Model	B2B SaaS
Deal Signal	WATCH — HIGH POTENTIAL

**WATCH — HIGH POTENTIAL**

## Overall Assessment

ClearTrace is building something that doesn't have a name yet — AI-driven ESG compliance intelligence that replaces the manual audit cycle with continuous, evidence-graded monitoring. The technology works. A working prototype processes supplier data and produces compliance assessments that three pilot manufacturers describe as 'better than what the Big Four deliver.' But the market for this product doesn't exist as a procurement category — ESG compliance budgets go to consulting firms, not software. ClearTrace is a category creator with proven technology and zero commercial validation. The distance between 'this works' and 'someone will pay for it' is the entire assessment.

The gap is the widest in the portfolio. Pain at 75% — three independent pilots confirming 60-80% time savings — alongside need-to-have at 25% (usage , payment ). Bitching ain't switching. The pilots use the product. They praise it. They haven't been asked to pay. That single conversation — naming a price to the most engaged pilot — is the highest-leverage action in this assessment.

The Category Creation Modifier is triggered. Low commercial evidence may reflect market maturity rather than founder weakness. 'AI ESG compliance intelligence' is not a budget line at any mid-market manufacturer. The founder's task is not just to sell the product but to create the category it belongs to. This context doesn't change the scores but it changes the interpretation: the gap between product quality and

commercial evidence is characteristic of category creators, where the technology is ahead of the market's procurement processes.

## Key Insights

- The strongest validation in the assessment comes from someone using the product for free. 'Better than what Deloitte delivered last year' is an unsolicited comparison to Big Four — validates differentiation and continuous monitoring value proposition simultaneously.
- Continuous monitoring model is a genuine reframe. Most ESG tools sell report generation. ClearTrace sells ongoing compliance confidence. This changes the unit of value from 'a document' to 'a state of readiness.'
- The beachhead transfer logic — Dutch → German → French manufacturers via CSRD commonality — is designed, not opportunistic. This is a better strategy than most early-stage companies articulate.

### Tarpit Warning — Severity 2

Categories: Environmental / Sustainability, ESG Platform.

Climate Software tarpit pattern detected. ClearTrace's narrow focus on mid-market manufacturers and CSRD compliance deadline provides a legitimate override. B2B infrastructure with regulatory mandate, not consumer sustainability. Monitor for incumbent downmarket moves.

**Override applied:** B2B infrastructure with regulatory mandate, not consumer sustainability; CSRD enforcement creates structural forcing function; Narrow manufacturing focus vs broad ESG platform

### POTENTIAL CATEGORY CREATOR

ClearTrace is building for a procurement category that doesn't exist. 'AI ESG compliance intelligence' is not a budget line at any mid-market manufacturer. Current ESG spending goes to consulting firms (Big Four), internal headcount, or ad hoc tools. The low commercial scores on and may reflect this structural constraint: the product works and users value it, but the buying process for this type of product hasn't been established. The founders' task is not just to sell the product but to create the category it belongs to.

## Green Flags

- ▶ **3-Strong** — Working product producing output that three pilot manufacturers independently describe as better than Big Four deliverables. Technology risk largely eliminated.
- ▶ **3-Strong** — Regulatory tailwind: CSRD mandates are creating forced demand. This isn't discretionary — manufacturers above the threshold must comply. Timeline is fixed and accelerating.
- ▶ **2-Promising** — AI-Native Builder: solo founder built entire platform using AI as development team in under 3 months. Output equivalent to 3-5 person engineering team. Structural cost advantage.
- ▶ **2-Promising** — 60-80% time savings validated by three independent pilots. Quantified pain with specific metrics, not generic claims.
- ▶ **2-Promising** — Founder experienced the problem firsthand for six years. Didn't read about it — lived it. Domain expertise is embodied, not researched.
- ▶ **1-Noted** — Continuous monitoring model (not annual report) is a genuine reframe that changes the value proposition from 'cheaper audit' to 'ongoing compliance confidence.'

## Red Flags

- ▶ **HIGH** — diagnostic gap: pain validated at 75% but need-to-have at 25% ( usage, payment). Three pilots using the product for free. None have been asked to pay. 'Bitching ain't switching' pattern active.
- ▶ **HIGH** — No enterprise sales capability. Founder has never sold B2B software. Pilots came through former employer network. Cold outreach untested.
- ▶ **HIGH** — AI Dependency: entire product built on foundation model APIs. Model changes, pricing changes, or capability changes could disrupt core product. No fallback architecture.
- ▶ **MEDIUM** — Tarpit proximity: ESG/sustainability space matches Environmental tarpit pattern. Override applies — B2B infrastructure with regulatory mandate, not consumer sustainability.
- ▶ **MEDIUM** — Solo founder constraint. AI covers technical execution but distribution, sales, and partnership development require human capabilities the founder doesn't yet have.
- ▶ **MEDIUM** — Procurement category doesn't exist. 'AI ESG compliance intelligence' is not a line item in any mid-market manufacturer's budget. Selling requires category creation, not just product sales.

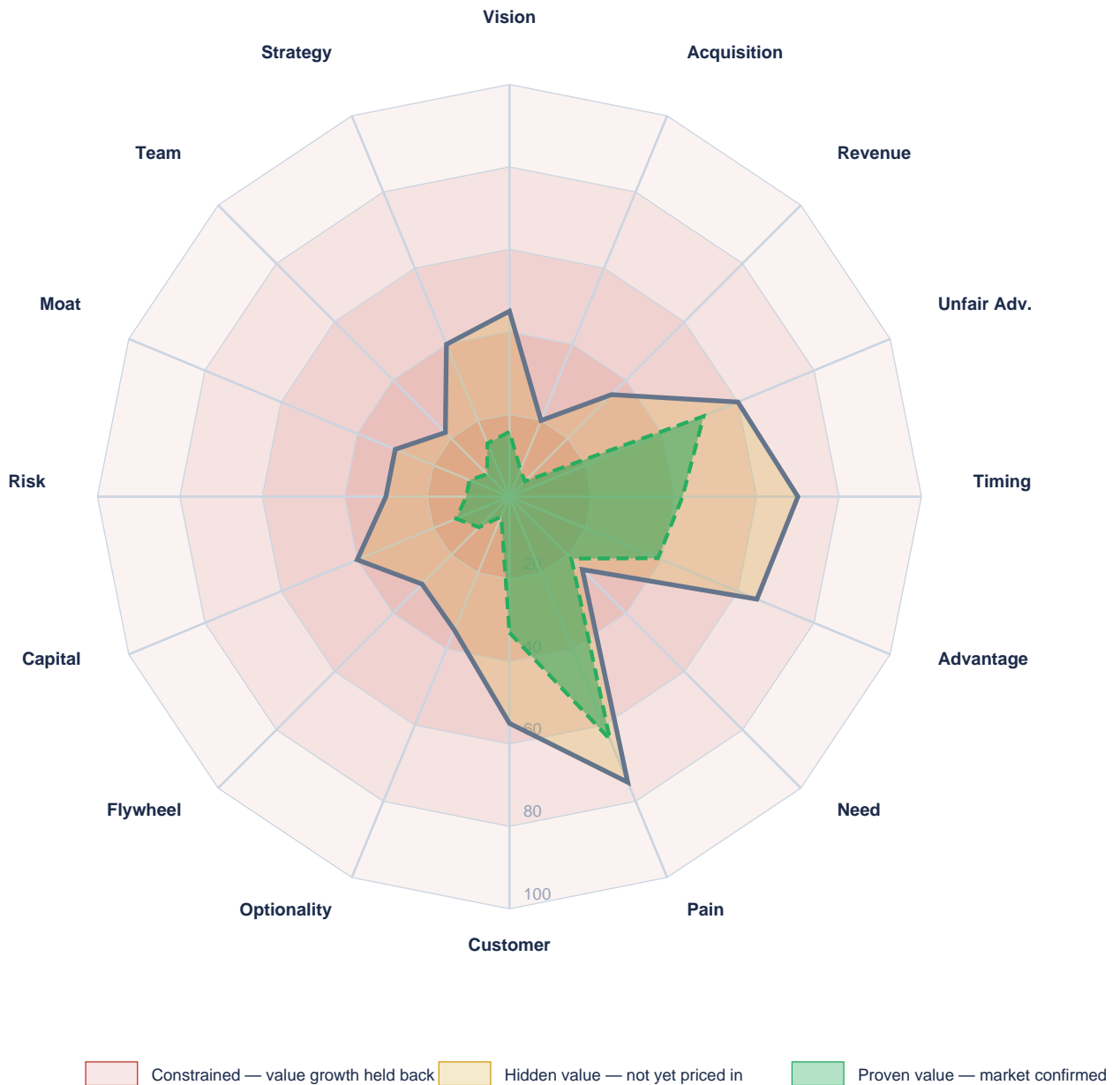
## Assessment Confidence

Assessment	Confidence	Basis
Technology validation	90%	Working product with 3 independent pilot confirmations.
Pain validation	85%	Regulatory mandate + quantified time savings + multiple confirmations.
Commercial viability	40%	Zero pricing conversations. Zero payment evidence. Category doesn't exist as procurement item.
Deal signal	70%	Document review only. Live session could change signal significantly based on coachability.

# 1. Hidden Value Map

A startup's value grows across 16 dimensions. The chart shows three coloured zones. The **red area** shows how much value growth is being constrained — the more red, the more that dimension is holding back value growth. The **green area** indicates where the market has recognised the value growth capability — proven value an investor can rely on. The **amber area** between them is hidden value — real potential the market hasn't yet priced in.

The shared goal of a founder and investor is to reduce the red area and increase the green area. As the company matures, the green area expands through customer interaction, revenue, and market signals. The amber area shrinks as hidden value is confirmed. The red area retreats as constraints are removed.



Strongest dimension: Pain Point (75). Weakest: Acquisition (20). 6 of 16 dimensions are independently validated. 10 still rest on assumptions or founder experience alone. The shape reveals a startup with strong problem validation and weak commercial execution — the classic builder-first pattern.

## 2. Customer & Market

The foundation. Is the customer defined? Is the pain real? Will someone pay?

### How to read dimension scores

Each of the 16 dimensions is scored on a 0–100 scale. The score reflects how far along the startup is on that dimension — not how important the dimension is. A score of 60+ means the dimension is not constraining value growth. 35–59 means partial progress with gaps remaining. Below 35 is a binding constraint that blocks progress. The status describes what the score means in plain language.

### Customer Definition — 55/100 — Partial — clear but narrow

Mid-market manufacturers (€50M–€500M) facing CSRD mandates. ICP specific: sustainability/compliance officers at Dutch manufacturers. 3 pilots from founder's network. No cold validation.

### Pain Point — 75/100 — Urgent — forcing function exists

CSRD mandate creates regulatory forcing function. 3 pilots independently confirm 60–80% time savings. Big Four alternative costs €200K–€500K/year. Internal teams spend 2,000+ hours annually. Pain is structural, not discretionary.

Three independent pilots confirm 60–80% time savings. The Big Four alternative costs €200K–€500K/year. Internal teams spend 2,000+ hours annually. Pain is structural, not discretionary.

### Need-to-Have — 25/100 — Early need signals only

3 manufacturers using free pilot actively. Praise is consistent. None asked to pay. None have been asked to pay. Usage is . Payment is . The gap is the assessment.

This is the widest gap in the assessment. Usage is validated — three manufacturers actively use the product. Payment is at assumption level — none have been asked to pay. The single highest-leverage action is naming a price to the most engaged pilot.

*"This is better than what Deloitte delivered last year, and it's always up to date"*

— Pilot manufacturer feedback — unsolicited

### Customer Evidence

**Active pilot manufacturers:** 3 — All three pilots still actively using the system. 100% retention at pilot stage. Small sample but the fact that zero have dropped off after 3 months is a real signal.

**Time savings reported:** 60–80% — Self-reported by pilot users. Consistent across all three pilots. Compared to their previous manual or Big Four–assisted process. This is the strongest operational evidence.

**Feature pipeline utilisation:** Full compliance assessment pipeline in use — All pilots use the full product — not just a subset of features. Indicates product-market fit at the feature level.

**Customer interviews:** 0. No structured customer interviews conducted. All customer evidence is observational — from pilot usage, not from deliberate discovery process.

## Market Sizing

<b>TAM</b>	Global ESG compliance and reporting market ~\$15B by 2028
<b>SAM</b>	European mid-market manufacturer ESG compliance — estimated €2-4B addressable
<b>SOM</b>	Dutch mid-market manufacturers facing CSRD — estimated €50-100M addressable within 2 years
<b>Entry Wedge</b>	Dutch mid-market manufacturers facing imminent CSRD compliance deadlines — regulatory urgency plus geographic concentration

### 3. Competitive Landscape

Who else is here, why ClearTrace differentiates, and whether the timing window is open.



The top-right quadrant — full CSRD compliance for mid-market manufacturers — is unoccupied by any established player. The Big Four serve enterprise at €200K–€500K/year with no mid-market offering. Watershed and Persefoni focus on carbon accounting, not full CSRD. Sphera and Ecovadis operate in supply chain sustainability but haven’t built a CSRD-specific module. The real competitor is the status quo: spreadsheets and consultants.

Competitor	Serves	Threat	Notes
<b>Big Four ESG practices</b>	Enterprise (€500M+)	Medium	Don't serve mid-market. €200K-€500K/year. Could move down-market with AI but haven't yet.
<b>Watershed / Persefoni</b>	Enterprise carbon accounting	Medium	Focus on carbon, not full CSRD compliance. US-centric. Enterprise pricing.
<b>Sphera / Ecovadis</b>	Supply chain sustainability	High	Established in supply chain ESG. Could add CSRD compliance module.
<b>Internal spreadsheets + consultants</b>	Most mid-market manufacturers	High	The real competitor. Not a product — a habit. Low cost, low quality, familiar.

#### Advantage — 65/100 — Structural defence emerging

AI-driven continuous monitoring vs annual manual audit. Pilots say 'better than Big Four.' 3-month accumulation of supplier data creates switching cost. Differentiation is structural (continuous vs annual), not feature-based.

The differentiation is structural, not feature-based. Continuous AI-driven monitoring versus annual manual audit is a fundamentally different value proposition. Competitors would need to rebuild their delivery model, not just add a feature.

### Why Now? — 70/100 — Regulatory window open

CSRD enforcement beginning 2025-2026. EU mandates expanding scope. Mid-market threshold dropping. First-mover window exists but is closing as Big Four and incumbents add AI capabilities.

Timing score: FAVORABLE. CSRD enforcement creates a regulatory forcing function. Compliance is not optional — manufacturers above the threshold must comply. The timing window is open and expanding as thresholds drop.

**Category creation signal triggered.** 'AI ESG compliance intelligence' is not a procurement category at any mid-market manufacturer. ClearTrace isn't competing for an existing budget — it's creating a new one. Higher-risk, higher-return positioning that standard competitive analysis undervalues.

## 4. Competitive Moat

What prevents a competitor from replicating this position? The unfair advantage is what you start with. The moat is what it turns into as the business compounds on it.

### Unfair Advantage — 60/100 — Domain expertise embedded in product

6 years inside a mid-market manufacturer running ESG reporting. Built the product she wished she'd had. Domain knowledge is embedded in the product architecture, not just the founder's resume. Commercial experience gap acknowledged.

The founder built the product she wished she'd had during six years of running ESG reporting inside a mid-market manufacturer. The domain knowledge isn't on her CV — it's embedded in the product architecture. A competitor can hire ESG consultants, but the gap between consulting knowledge and the operational reality of a compliance officer's daily workflow is where ClearTrace's advantage lives.

### Moat — 30/100 — Data accumulation starting

3 months of supplier data from 3 pilots. Each additional month of data improves the AI's compliance mapping. Switching cost builds with data accumulation. Early but real.

Data accumulation is the compounding moat. Each month of supplier data improves the AI's compliance mapping for that manufacturer. After 12 months, the switching cost isn't the subscription fee — it's the loss of a year's worth of trained compliance intelligence. Early but the mechanism is real.

### Structural Position

Three structural factors keep this window open: the Big Four have no economic incentive to serve mid-market at €30K–€80K (below their engagement floor), the VC-funded ESG platforms are focused on carbon accounting and US enterprise markets, and the CSRD timeline is forcing demand faster than incumbents can pivot. The window is time-limited — a Sphera or Ecovadis CSRD module is plausible within 18 months — but the data accumulation moat compounds from day one.

## 5. Business Model

Can validated value convert to revenue? The model, the channel, and the strategy to win.

### Monetisation — 35/100 — Model committed, untested

SaaS annual subscription €30K–€80K based on company size. Model connects to value delivery (continuous monitoring = unit of value). Price anchored against Big Four (10x cheaper). No customer has seen a price.

Contract range: €30K–€80K per year — founder estimate, untested. Price anchored against Big Four (10x cheaper). The continuous monitoring model connects directly to value delivery — the unit of value is ongoing compliance confidence, not a document. No customer has seen a price.

### Acquisition — 20/100 — Network only

3 pilots from former employer network. No cold outreach. No channel tested. Founder has never done enterprise sales. Beachhead: Dutch mid-market manufacturers via sustainability officer network.

The distribution gap is the binding constraint. Three pilots came through the founder's former employer network. No cold outreach has been attempted. No channel tested. Founder has no enterprise sales experience.

### Strategy — 40/100 — Beachhead with transfer logic

Beachhead: Dutch mid-market manufacturers facing imminent CSRD. Transfer logic: Dutch compliance expertise transfers to German/French manufacturers (same CSRD, different national implementation). Designed sequence, not opportunistic.

The beachhead transfer logic — Dutch → German → French manufacturers via CSRD commonality — is designed, not opportunistic. Execution depends on closing the distribution gap first.

## Unit Economics

Revenue per manufacturer €30K–€80K/year

Burn rate Near-zero

Gross margin 85–95% estimated

LTV €90K–€240K implied

Unit economics are structurally attractive but entirely unvalidated commercially. The cost structure is genuinely lean (solo founder, AI development, near-zero burn). The revenue potential per customer is high (€30K–€80K/year) with strong retention logic (regulatory compliance is annual and recurring). The critical unknown is whether the pricing anchor (10x cheaper than Big Four) survives contact with actual procurement processes. Three pilots demonstrate product value; zero demonstrate commercial value. The gap between "better than Deloitte" and "here is a purchase order" is where the entire business case lives.

## Go-to-Market Phases

Phase	Action	Goal
Current	Three free pilots from founder's network	Validate product-market fit through usage
Next	Name the price → convert one pilot → identify budget owner	First paying customer — from to /
6-month target	One paying customer + one cold inbound + German market test	Move from WATCH to INTERESTED

## Model Implications

- B2B SaaS with €30K-€80K ACV requires enterprise sales capability the founder doesn't have
- Annual subscription aligns with compliance cycle but creates long sales cycle for first customers
- Continuous monitoring model is a genuine differentiation from report-based competitors
- Mid-market positioning avoids Big Four competition but may hit 'too expensive for spreadsheets, too cheap for enterprise' gap

## Key Assumptions

Assumption	Risk	How to Validate
Mid-market manufacturers will create a new budget line for AI ESG compliance rather than expanding existing consulting relationships	High	Ask 3 pilot CFOs: where would budget for this come from? What would it replace?
Continuous monitoring is more valuable than annual reporting to the buyer	Medium	Ask pilots: would you pay more for continuous than for annual? What's the delta worth?
€30K-€80K pricing is viable for mid-market manufacturers	High	Name the price to one pilot. Watch the reaction.
Dutch CSRD compliance expertise transfers to German/French manufacturers	Medium	Map CSRD national implementation differences. Interview one German manufacturer.
Foundation model API costs will remain stable or decrease	Medium	Model-agnostic architecture. Budget for 2x API cost increase.

## 6. Team & Vision

Who's building and where it's going.

### Team — 22/100 — Solo + AI, distribution gap

Solo founder. AI functions as CTO/dev team — built entire platform (: AI-Native Builder green flag). Technical gap covered. Distribution, sales, and partnership gaps open. .

The team is the founder plus AI. Technical execution is covered — the platform was built in three months. But enterprise sales, partnership development, and legal expertise for multi-jurisdiction CSRD are human capabilities the founder doesn't yet have. First hire should be commercial, not technical.

### Vision — 45/100 — Vision guides decisions

Vision: become the compliance intelligence layer for European manufacturing. ESG today, broader regulatory compliance tomorrow. Coherent with wedge but untested beyond founder conviction.

The vision — becoming the compliance intelligence layer for European manufacturing, ESG today, broader regulatory compliance tomorrow — is specific enough to guide decisions but broad enough to support expansion.

### Founder

Founder potential: 68/100 — HIGH. Strongest factors: domain expertise and technical execution. Binding constraint: commercial capability.

### Founder Potential Components

Factor	Score	Note
Domain Expertise	85	6 years running ESG reporting inside a mid-market manufacturer
Technical Execution	80	Built working prototype in 3 months using AI as development team
Coachability	0	Not assessed — document review only
Self-Awareness	0	Not assessed — document review only
Commercial Execution	35	Three pilots from network. No cold outreach. No pricing conversations.

Coachability and self-awareness require live dialogue and are not assessed in document-based reviews.

## 7. Growth Mechanics

Risk management, capital strategy, flywheel effects, and optionality.

### Risk Management — 30/100 — Risks identified, mitigation partial

Key risks identified: API dependency on foundation models (high), solo founder key-person risk (high), Big Four entering mid-market (medium). Mitigation partial — model-agnostic architecture planned but not implemented.

Key risks identified: API dependency on foundation models, solo founder key-person risk, Big Four entering mid-market with AI tooling. Mitigations are partial — model-agnostic architecture is planned but not implemented.

### Capital Strategy — 40/100 — Capital independence demonstrated

Near-zero burn — solo founder, AI development, no office. Bootstrap strategy deliberate. 18+ months runway from savings. Capital independence is a strength, not a constraint at this stage.

Near-zero burn — solo founder, AI development, no office. Bootstrap strategy is deliberate. 18+ months runway. Capital independence is a strength, but the business will need external capital to hire commercial capabilities.

**Flywheel — 30/100 — First connection demonstrated**

More supplier data → better compliance mapping → more accurate assessments → more trust → more suppliers onboarded. One loop identified and partially turning through pilot usage.

The flywheel logic is clear: more supplier data → better compliance mapping → more accurate assessments → more trust → more suppliers onboarded. One loop demonstrated in pilot usage. Not yet compounding.

**Optionality — 35/100 — Three-tier optionality enabled**

Tier 1 (market): adjacent manufacturers in Belgium, DACH region. Tier 2 (dimension extension): add social governance pillars to environmental compliance. Tier 3 (domain swap): compliance intelligence engine for other regulatory domains.

Three-tier optionality: geographic expansion (Belgium, DACH), domain extension (social governance), and vertical expansion (logistics, services). All enabled by the architecture but none validated. Premature to pursue before the core beachhead converts.

## 8. Valuation

Floor	Midpoint	Ceiling
€120,000	€220,000	€450,000

Working technology with pilot validation. Floor reflects technology + domain expertise. Ceiling requires commercial validation.

**Ceiling constraint:** Ceiling capped by zero commercial evidence. Technology alone doesn't determine enterprise value — the ability to convert technology into revenue does.

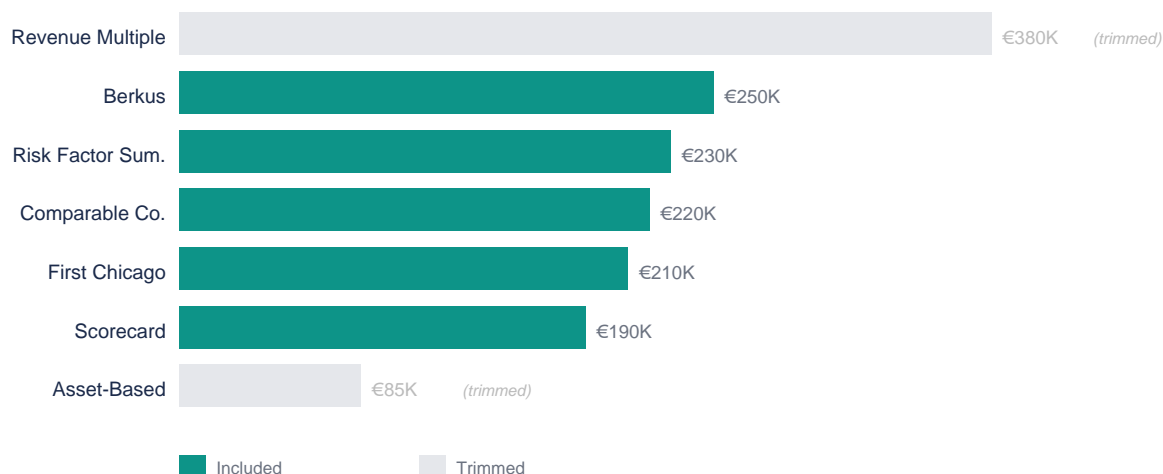
**Methodology** Five-method trimmed mean: Berkus, Scorecard, Risk Factor Summation, First Chicago, Comparable Company Analysis. Highest and lowest discarded; middle three form the range.

**At Full Validation** €370K–€650K if pricing validates and one pilot converts

**Runway** 18+ months (bootstrapped, near-zero burn)

### Valuation Methods

Seven independent methods. Teal bars are included in the trimmed mean. Grey bars are excluded (highest and lowest).



### Highest-Impact Moves

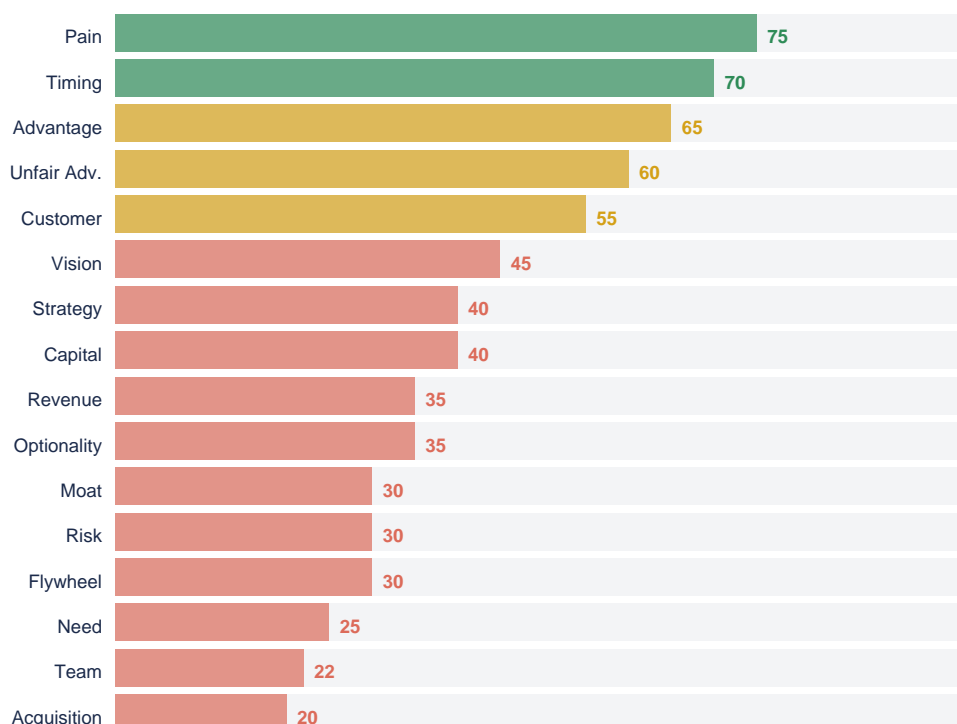
1. First paying customer — usage converts to payment — **+€150K–€250K**
2. Second jurisdiction — German or French CSRD — **+€80K–€120K**
3. ERP vendor partnership for distribution — **+€100K–€200K**

### Category Creation Signal

If this market materialises as the founder envisions, the evidence constraints on the commercial dimensions would resolve. The gap between the current valuation and the category-creation scenario is the asymmetric bet.

## 9. Evidence Quality

How much of this assessment is backed by validated data versus assumption. The solid bar is realised value. The light extension is unrealised potential. Sorted from highest to lowest.



Dimension	Score	Priority	What It Measures	Status
<b>Acquisition</b>	20	FOCUS	How customers find and buy the product	Network only
<b>Need-to-Have</b>	25	FOCUS	Whether customers will pay, not just praise	Early need signals only
<b>Monetisation</b>	35	FOCUS	Whether the revenue model works and has been tested	Model committed, untested
<b>Strategy</b>	40	FOCUS	Whether the go-to-market strategy is clear and executable	Beachhead with transfer logic
<b>Customer Definition</b>	55	FOCUS	How well the target customer is defined and validated	Partial — clear but narrow
<b>Team</b>	22	SECONDARY	Whether the team can deliver what the business needs	Solo + AI, distribution gap
<b>Vision</b>	45	SECONDARY	Whether the long-term vision guides decisions	Vision guides decisions
<b>Unfair Advantage</b>	60	SECONDARY	What the founder has that competitors cannot replicate	Domain expertise embedded in product
<b>Advantage</b>	65	SECONDARY	What makes the product better than alternatives	Structural defence emerging
<b>Why Now?</b>	70	SECONDARY	Why this moment creates an opportunity	Regulatory window open
<b>Pain Point</b>	75	SECONDARY	How urgent and costly the problem is for the customer	Urgent — forcing function exists

Dimension	Score	Priority	What It Measures	Status
<b>Moat</b>	30	LOW	What gets harder to compete with over time	Data accumulation starting
<b>Risk Management</b>	30	LOW	Whether key risks are identified and mitigated	Risks identified, mitigation partial
<b>Flywheel</b>	30	LOW	Whether growth loops are identified and starting to turn	First connection demonstrated
<b>Optionality</b>	35	LOW	What adjacent opportunities the architecture enables	Three-tier optionality enabled
<b>Capital Strategy</b>	40	LOW	Whether the capital strategy matches the milestones	Capital independence demonstrated

## 10. What Needs to Happen

### Priority 1

Call the most engaged pilot manufacturer. Name a specific price (€30K/year). Watch the reaction. Don't negotiate — observe. The reaction is the data.

### Priority 2

For each pilot, identify who has budget authority for compliance tools. Is it the CFO, the sustainability officer, or someone else? Map the procurement path.

### Priority 3

Find one German mid-market manufacturer facing CSRD. Have a 30-minute conversation about their compliance approach. Test whether the Dutch expertise transfers.

## What Would Change the Signal

### Positive:

- ↑ One pilot converts to paid subscription at any price point
- ↑ A manufacturer outside the founder's network requests a pilot (cold inbound)
- ↑ CSRD enforcement action against a mid-market manufacturer creates urgency across the sector

### Negative:

- ↓ All three pilots decline to pay when asked — praise the product but won't commit budget
- ↓ Ecovadis or Sphera launches a CSRD compliance module for mid-market
- ↓ CSRD enforcement timeline delayed by 12+ months

## Watch Items

- CSRD enforcement timeline — delays reduce urgency for mid-market
- Big Four launching AI-powered mid-market ESG tools
- Ecovadis or Sphera adding CSRD compliance features
- Foundation model API pricing changes
- Whether pilots convert after seeing a price

## Investor Readiness

Approaching investor readiness. The foundation shows partial validation but critical commercial evidence is missing. Primary blocker: zero pricing conversations. Three pilots demonstrate product value; zero demonstrate commercial value.

# Glossary

## **Value Growth**

The increase in a startup's valuation over time. Not what the startup is worth today, but whether that number will go up.

## **Value Growth Dimensions**

Sixteen aspects of a startup that collectively determine its ability to grow in value.

## **Hidden Value**

The gap between what has been built and what has been proven. Without external validation, value stays hidden.

## **Validation Level**

A five-point scale measuring how reliably a claim has been confirmed. Level 1 is an unvalidated assumption. Level 5 is market-proven.

## **Realised Value**

The portion of a startup's potential that has been validated by external evidence.

## **Value Gap**

A specific dimension where the current state falls short of investment readiness. Each gap has a closing action and an estimated value impact.

## **Assessment Signal**

The overall investment recommendation, from PASS through WATCH to INTERESTED.

## **Valuation Range**

Floor-to-ceiling estimate derived by running seven independent methods, discarding the highest and lowest, and taking the trimmed mean.

## **Category Creation**

A signal that the startup may be building for a market that does not yet exist.

## **Green Flag**

A positive signal observed during assessment. Graded from Level 1 (noted) through Level 4 (exceptional).

## **Red Flag**

A concern identified during assessment. Each has a severity rating and a mitigation path.