

Valuation: Scorecard Method

Comparison startup

Valuation of the comparison startup

Own estimated valuation (fill in the end)

Key Factors	Weight in valuation (%)	Comparison (0-200%)	Weighted Score
Strength of the Entrepreneur, Team and Management	30%		
Size of the Opportunity	25%		
Product / Technology	15%		
Competitive Environment	10%		
Marketing/ Sales Channels / Partnerships	10%		
Need for Additional Investment	5%		
Other Factors	5%		
Total	100%		

Valuation: Scorecard Method

Comparison startup
Example Ltd

Valuation of the comparison startup
1 000 000 €

Own estimated valuation (fill in the end)
1 170 000 €

Key Factors	Weight in valuation (%)	Comparison (0-200%)	Weighted Score
Strength of the Entrepreneur, Team and Management	30%	120%	0.36
Size of the Opportunity	25%	150%	0.375
Product / Technology	15%	100%	0.15
Competitive Environment	10%	80%	0.08
Marketing/ Sales Channels / Partnerships	10%	110%	0.11
Need for Additional Investment	5%	90%	0.045
Other Factors	5%	100%	0.05
Total	100%		1.17

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The Scorecard Method is a method used to evaluate the value of a startup, especially in the early pre-revenue stage when the company has not yet generated cash flow. Follow these steps:

1. Choose a comparable startup that operates in a similar industry, at a similar maturity stage, and within the same geographical area. Enter the estimated valuation of the comparable startup in the box. *If you don't know, choose an estimate of the average startup valuation in your industry, e.g., EUR 1,000,000.*
2. In the “**Comparison**” section, provide your assessment on a scale of 0-200% of how well your startup compares to similar startups in your industry for each key factor. For example, is your startup’s “Product/Technology” as good (i.e., 100%) compared to the benchmark, or is it less good (0-99%) or even better (101-200%)? Refer to the next page for detailed instructions on completing the comparisons. Fill in the other key factors similarly.
3. Calculate the “**Weighted Score**” for each key factor. For instance, if the “Product/Technology” weight in the valuation is 15%, and it’s rated at 80% compared to the benchmark, the weighted score will be $0.15 \times 0.8 = 0.12$. Complete the entire column in the same way.
4. Sum up the weighted scores of all rows. The “**Total**” row in the “**Weighted Score**” column will represent the final valuation multiplier. If the benchmark startup’s valuation is, for example, EUR 1,000,000 and the total weighted score is 0.75, then your valuation will be EUR 750,000.

NOTE! The Scorecard Method is an indicative tool for early-stage valuation. A more accurate valuation requires more detailed analyses.

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Filling in the Key Factors:

- 1. Strength of Entrepreneur, Team, and Management:** 0-40%: No prior experience in the field and no significant achievements. 50-70%: Limited experience and weak networking. 80-120%: Reasonable experience in the field and a few successes. 130-160%: Significantly more experienced with excellent achievements. 170-200%: Highly experienced, significant past achievements, and extensive networks.
- 2. Opportunity Size:** 0-40%: The market is small, with limited growth potential. 50-70%: Below-average market size and constrained growth opportunities. 80-120%: Average market size and moderate growth potential. 130-160%: Large market with considerable growth potential. 170-200%: Very large market with remarkable growth opportunities.
- 3. Product/Technology:** 0-40%: The product is in development and not distinctive compared to competitors. 50-70%: Incomplete and weak differentiation from competitors. 80-120%: Average innovation and competitiveness. 130-160%: Highly innovative and stands out from competitors. 170-200%: Exceptionally innovative, market-ready, with strong IP protection.
- 4. Competitive Environment:** 0-40%: Competition is very intense, and barriers to entry for competitors are low. 50-70%: Competition is strong, and the market position is weak. 80-120%: Average competition and stable market position. 130-160%: Limited competition and strong market position. 170-200%: Minimal competition or the company is a clear market leader.
- 5. Marketing/Sales Channels/Partnerships:** 0-40%: Distribution channels are limited, and the marketing strategy is weak. 50-70%: Channels are minimal, and the marketing strategy is below average. 80-120%: Channels and marketing strategy are average. 130-160%: Channels are good, and the marketing strategy is effective. 170-200%: Channels are excellent, and the marketing strategy is highly effective.
- 6. Need for Additional Funding:** 0-40%: Company requires significant additional funding, and the funding plan is uncertain. 50-70%: Company needs some additional funding, and funding plan is incomplete. 80-120%: Company requires an average amount of additional funding. 130-160%: Company needs little additional funding, and funding plan is solid. 170-200%: Company requires very little or no additional funding.
- 7. Other Factors:** 0-40%: Context-specific factors such as regulation, exit potential, internal risks, or market entry barriers are unfavorable. 50-70%: Other factors are somewhat unfavorable. 80-120%: Other factors are average. 130-160%: Other factors are favorable. 170-200%: Other factors are particularly favorable.