

**From:** "jeffrey E." <jeevacation@gmail.com>  
**To:** Vincenzo Iozzo <[REDACTED]>  
**Subject:** Re: Investment opportunity - Fwd: Radius Due Diligence Materials  
**Date:** Wed, 15 Aug 2018 13:19:01 +0000

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i can in an hour or so im on a boat

On Wed, Aug 15, 2018 at 9:18 AM, Vincenzo Iozzo <[REDACTED]> wrote:

Sorry yes, this is an spv that has \$2.5m dollars of the round allocated. Similar structure as last time except that the spv you would be buying into actually has the shares(so only one level of indirection: you -> spv -> company).

The conditions on the spv are fully negotiable, both what happens to the shares and fees. So tell me what you would like to get and I'll negotiate it.

Do you want to speak on the phone if it's easier?

Sent from my Iphone

On Aug 15, 2018, at 15:13, jeffrey E. <jeevacation@gmail.com> wrote:

12 minus 8 is 4. ? so what is the 2.5? are you asking me to contribute to an spv ? you have to be more clear.

On Wed, Aug 15, 2018 at 9:11 AM, Vincenzo Iozzo <[REDACTED]> wrote:

They have \$2.5m allocated in the round, raised \$750k so far. The whole round is \$12m and \$8m was already put in by existing investors.

Sent from my Iphone

On Aug 15, 2018, at 14:58, jeffrey E. <jeevacation@gmail.com> wrote:

what does 2.5 million capital mean?

On Wed, Aug 15, 2018 at 5:45 AM, Vincenzo Iozzo <[REDACTED]> wrote:

can you talk today? if so, what time/number? Alternatively feel free to call me whenever:

[REDACTED]

On Tue, Aug 14, 2018 at 12:07 PM, jeffrey E. <jeevacation@gmail.com> wrote:

Can talk to them / you T end of day

On Tue, Aug 14, 2018 at 11:42 AM Vincenzo Iozzo <[REDACTED]> wrote:

I'll negotiate the economics below if this is interesting. I'm still going through the details but my gut feeling is that this is a good value deal given the economics but the company itself is not really revolutionary/long term play.

**Company Overview and Background:**

- Radius is a leading B2B Customer Data Platform which integrates SaaS platforms such as Salesforce, Marketo, and Oracle for customers with unique data assets to accelerate marketing and sales execution for Fortune 500 enterprises
- Several seven and six figure annual contracts with major logos including Comcast, First Data, Walmart/Sam's Club, T-Mobile, Allstate, Metlife, Discover Financial Services, DexYP and American Express. The Company also has partnerships with strategics including Salesforce, Oracle, D&B, and LiveRamp
- Bookings are expected to grow to ~\$17-18MM in CY'18/FY'19 (from \$13.1MM in FY'18, \$8.2MM in FY'17, \$4.4MM in FY'16 and \$0 in FY'15), implying a 58%+ 3-year CAGR. 86% of revenue is generated from recurring SaaS subscription fees as part of single and multi-year contracts
- Company has raised capital from top tier investors, including Founders Fund, Salesforce Ventures, American Express Ventures, 8VC, BlueRun Ventures, John Mack (former Morgan Stanley [REDACTED]), Jerry Yang ([REDACTED] of Yahoo), etc.
- Darian Shirazi is the [REDACTED] of Radius, which [REDACTED] five years ago, and has an impressive background of one of the first 10 employees at Facebook and an early investor in Palantir, Lyft and Lending Club. Surrounding him is a tenured senior management team from places like Salesforce and Marketo
- The B2B CDP market size is estimated by Gartner to represent \$20B of enterprise IT spend worldwide in 2019, and Radius has been recognized by Gartner, Forrester and SeriusDecisions as a leading provider in the space. Some recent exits have taken place at 15x+ revenue (including Salesforce acquisition of Datorama in July 2018 for \$850MM TEV and ARM's acquisition of Treasure Data for \$600MM)
- Company is recapitalizing today because of a pivot from a different business model years ago and a restructuring of the organization in 2018 following an unexpected exogenous event that disrupted the business for two quarters. This capital infusion will fund the Company's near-term cash burn, which is ~\$1.1MM/month in the current fiscal year but expected to turn cash flow positive towards the end of CY'19/FY'20 (twelve months ending January 31, 2020). The board has also recently authorized a 30% common equity grant to re-incentivize the management team.

**Deal Structure:**

- \$12 million Series 1-A Preferred Shares in Radius Intelligence, Inc., of which ~\$8MM has already been committed and funded by existing investors
- Valuation of \$10 million pre-money / \$22 million post-money
- Series 1-A will have a 1x liquidation preference at first-dollar in the capital structure; on a fully converted basis, the Series 1-A Preferred Shares will own ~54% of the common equity.
- Total capital available: \$2.5 million
- Remaining capital needed: ~\$1.75 million (minimum investment of \$100k)
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**SPV Economics:**

- One-Time Upfront Fee: 2.5%
- Carry Interest: 20%
- There is no recurring management fee on the deal
- Darian Shirazi, the Radius [REDACTED] will be investing directly in the transaction through the Blocktree entity and will also have an economic interest in the fees and carry on the deal, resulting in a strong alignment of interests

**Timeline:**

- Commitments due by 5pm ET on Friday, August 17th
- Capital Call on Friday, August 24<sup>th</sup>

----- Forwarded message -----

From: **Ben**

Date: Fri, Aug 10, 2018 at 11:49 AM

Subject: Radius Due Diligence Materials

To: "[REDACTED]" <[REDACTED]>

Hi Vincenzo,

Please see attached some due diligence materials on Radius.

- Overview presentation of the Company
- File of top 10 customers by ACV with y/y growth
- Management's financial forecast for the next 18 months. Please note that we believe the FY'19 forecast (twelve months ending Jan 31, 2019) will likely come in around \$17-18MM in a base case compared to \$20.8MM in management's model being more of an upside case.
- P&L by Month file that lays out GAAP financials, along with a detailed monthly roll of the entire customer base

There's a backstory here. The business was under LOI to be sold to Salesforce for ~\$200 million last year and the deal fell apart in the 11<sup>th</sup> hour. Company brought on a COO from Salesforce who hired a huge team that resulted in excess cash burn. They've since made deep headcount cuts to redirect the business on a path to profitability. Despite these challenges, revenue has been growing at a 50% y/y pace and they've been able to secure some big customers. This refinancing is part of a full recapitalization given the go forward management strategy and we think a \$10 million pre-money valuation is interesting here (to put in perspective, the Company raised its prior round at \$150 million pre).

Do you have some time this weekend or Monday so we can walk you through the deal?

Best,  
Ben

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