DUECAP

Investment Screening Brief

BeatQuanta AI | Series A

Sample status	Fictional public example
Review stage	Initial investment screening
Screening outcome	Request information before the founder conversation
Source package	Illustrative investment memo + illustrative SPV agreement

Read less. Ask better questions.

Purpose and limitation

This fictional public example demonstrates the DueCap screening format. All company names, people, entities, dates, documents, and figures have been invented or altered. It is not an investment opportunity or investment advice.

1. Executive Snapshot

What deserves attention before the next conversation.

SCREENING OUTCOME Request targeted information before scheduling the founder conversation. Reported traction supports continued attention, but the present package is not sufficient to validate performance, legal identity, unit economics, or complete SPV terms.

Opportunity. BeatQuanta AI is presented as an AI-powered music-video creation platform for musicians, creators, and marketers. The product reportedly converts music links or uploaded audio into beat-synchronized dance, music, lyric, and social videos using an agent workflow and multiple third-party generation models.

Round. The memo reports a $9.0M Series A at a $72.0M pre-money valuation, with $1.8M committed and a $180k Harborline Syndicate allocation. No term sheet, capitalization table, security documents, or company board approvals were supplied.

Review boundary. The operating information comes from a illustrative third-party investment memo. The only illustrative transaction document supplied is the SPV operating agreement. Accordingly, operating figures below are reported and unverified; DueCap calculations are explicitly labeled.

Reported April 2026 snapshot

Metric	Reported value	Metric	Reported value
Total users	642,800	Paid customers	16,420
MRR	$468,970	ARR	$5,627,650
April MRR growth	19.60% MoM	6-month avg. growth	31% MoM
Monthly churn	28.90%	Signup-to-paid	5.20%
Avg. plan price	$22.10	Paid ads / signup	$0.86

Source: Illustrative Investment Memo: BeatQuanta AI, dated April 30, 2026. Figures have not been independently verified.

What deserves closer attention

- Retention may be the central operating issue. The reported 28.90% monthly churn is high enough to require the definition, cohort tables, gross and net revenue retention, reactivation treatment, and monthly-versus-annual plan mix before interpreting growth.
- The reported metrics do not reconcile on their face. Paid customers are 2.55% of total users rather than 5.20%; MRR per paid customer calculates to $28.56 rather than the stated $22.10 average plan price; the stated annual-plan discounts are approximately 30%, not 50%.
- The memo provides no company-primary financial statements, gross margin, compute/API expense, cash, burn, runway, cap table, or quantified use-of-funds schedule.
- The memo describes a Delaware C-Corp called BeatQuanta AI, while the SPV agreement identifies BEATQUANTA TECHNOLOGIES, INC as the investment target. The legal relationship must be established.
- The SPV agreement references a missing Master Agreement and Schedule A. Its fee schedule, 18% carry, manager control, indemnification, and transfer restrictions require a complete-document review and a clear net-investment calculation.

Information gate before the founder conversation

Request first. Legal entity and security confirmation; monthly revenue/customer/cohort schedules with definitions; company-prepared financials; compute and gross-margin bridge; cash/burn/runway; current and pro forma cap table; quantified use of funds; and the complete SPV document set with a gross-to-net investment calculation.

2. Business Overview

How the company is presented, where the model may create value, and what remains unproven.

Product. The platform is presented as an AI music-video agent that coordinates storyboarding, generation, beat synchronization, editing, and export. Users may supply links from music platforms and generative-music tools or upload audio files. The memo names several third-party image and video generation models as underlying generation models.

Customer problem. The product is intended to reduce the skill, time, and cost required to create professional music and social-video content, especially the work of synchronizing visuals to rhythm and repackaging output for short-form channels.

Target users. The memo names musicians, choreographers, creators, and marketers. It also refers to enterprise-wide B2B label catalogs, but provides no B2B pipeline, contracts, customer concentration, or revenue segmentation.

Workflow and output. Reported outputs include dance videos, music videos, lyric videos, photo-to-video effects, customizable avatars and backgrounds, higher-resolution exports, and access to faster or more advanced models. Product usage, generation volume, completion rates, time-to-output, and repeat behavior are not supplied.

Business model and pricing

Plan	Monthly	Annual equivalent	Screening note
Free / trial	Not stated	Not stated	Access model and limits are unclear.
Standard	$11.99	$8.39 / month	Approx. 30% discount, although memo states 50%.
Pro	$27.99	$19.59 / month	Approx. 30% discount, although memo states 50%.
Affiliate	Not stated	Not stated	Described as an additional revenue stream; economics not supplied.

Source: Illustrative Investment Memo. DueCap discount calculation uses the listed monthly and annual-equivalent prices.

Positioning and claimed differentiation

Competitive set. The memo identifies general AI video suites, audio-reactive tools, multi-scene studios, and specialist music-video generators, and also refers to traditional editors and broader AI-video tools. No product benchmark, win/loss evidence, pricing comparison, switching-cost analysis, or customer interviews were supplied.

Claimed moat. The memo describes a proprietary beat-pixel dataset, taste-aware personalization, reinforcement learning informed by external content performance, and an illustrative model-infrastructure partnership to co-train a dedicated beat-pixel network. These are potentially important claims, but the package contains no dataset statistics, IP ownership evidence, model benchmarks, partnership documents, or proof that external performance data can be lawfully and reliably collected.

Dependency profile. The product appears to orchestrate multiple external models and music/content inputs. This may accelerate product breadth, but can expose the business to model pricing, availability, terms-of-service, latency, quality, content-rights, and platform-policy changes.

Team, market, and proposed use of funds

Team. The memo reports eight professionals and names Maya Arden (CEO), Elias North (CFO), and Theo Mercer (CTO) as co-founders. It provides broad descriptions of deep-learning experience but not full biographies, prior outcomes, functional ownership, hiring plan, founder equity, or key-person dependencies.

Market. The memo uses a broad creator-economy forecast as market context. That figure does not establish BeatQuanta AI's serviceable market, obtainable segment, willingness to pay, or competitive share. A narrower segmentation by customer, job, channel, geography, and spend is needed.

Use of funds. The stated categories are compute optimization and API scaling, virtual performance infrastructure, and global go-to-market expansion. No dollar allocation, hiring plan, milestone sequence, timeline, or effect on runway is provided.

Source: Illustrative Investment Memo. Market, moat, team, and partnership descriptions are reported claims, not independently verified facts.

3. Financial Snapshot

Reported performance, basic reconciliations, and transaction economics visible in the supplied documents.

EVIDENCE LIMIT No company-prepared income statement, balance sheet, cash-flow statement, bank statement, billing export, cohort schedule, cap table, or financing document was supplied.

Reported operating metrics

Metric	Reported value	What is needed to interpret it
MRR / ARR	$468,970 / $5,627,650	Monthly revenue bridge; billings vs recognized revenue; refunds, credits, annual plans, affiliate and B2B revenue.
Growth	19.60% April MoM; 31% six-month avg.	Monthly time series and consistent cohort / currency / revenue definitions.
Users / paid	642,800 / 16,420	Active-user definition, signup cohorts, paying-account vs payer definition, duplicate and reactivated users.
Conversion	5.20%	Numerator, denominator, time window, channel, cohort, and annual-plan treatment.
Monthly churn	28.90%	Logo or revenue; gross or net; voluntary/involuntary; cohort basis; reactivations and annual subscriptions.
Paid ads cost / signup	$0.86	Channel scope, media only vs fully loaded, geography, attribution window, and organic mix.

Source: Illustrative Investment Memo. All values are reported and unverified.

DueCap calculations and consistency checks

Paid customers / total users

16,420 ÷ 642,800 = 2.55%. Does not equal the reported 5.20% conversion; a different cohort or denominator may explain the difference.

MRR / paid customer

$468,970 ÷ 16,420 = $28.56. Above the reported $22.10 average plan price and listed $27.99 highest monthly plan; revenue composition or metric definitions may differ.

ARR arithmetic

$468,970 × 12 = $5,627,640. $10 below the reported $5,627,650; likely a minor error but should be corrected.

Pre-money ARR multiple

$72.0M ÷ $5.628M = 12.8×. Context only. The quality, durability, and gross margin of the reported ARR are not validated.

Post-money valuation

$72.0M + $9.0M = $81.0M. Implies 14.4× reported ARR post-money; no valuation conclusion is made.

Illustrative paid CAC

$0.86 ÷ 5.20% = $16.54. Conditional on aligned definitions and excludes unreported marketing, sales, payment, refund, and overhead costs.

Round and SPV terms

Item	Documented / reported term	Screening implication
Round	$9M Series A; $72M pre; $1.8M committed	Reported in memo; no financing documents supplied.
SPV target	BEATQUANTA TECHNOLOGIES, INC	Must be reconciled to the BeatQuanta AI brand and operating entity.
Management fee	3.5%, 3%, 2%, 1% over years 1–4	9.5% aggregate schedule; exact base, timing, deductions, and rebate mechanics should be confirmed.
SPV fee	$8,800 for four years; $1,400 after year four	Allocation across members and effect on net capital deployed are unclear.
Platform fee	$40 for contributions below $10,000	May not apply if the stated $10k minimum is enforced.
Waterfall / carry	Capital returned first; then 82% members / 18% manager	Carry and tax allocations should be reviewed with the missing Master Agreement and Schedule A.
Control / transfer	Manager has broad control; transfers require consent	Investor control and liquidity are limited.

Sources: Illustrative Investment Memo; Illustrative Separate Series Operating Agreement of Harborline Syndicate Fund, LLC Series BeatQuanta II, effective April 24, 2026.

CONDITIONAL FEE ILLUSTRATION If the $180k allocation were the aggregate member capital base and the stated fees were deducted from it, 9.5% management fees ($17.1k) plus the $8.8k SPV fee would total $25.9k, or 14.39%, before any applicable platform fee and carry. This is an illustration, not a definitive reading of the transaction. Request the administrator's exact gross-to-net schedule.

4. Key Business Signals

Selective signals that affect whether and how to continue the review.

Reported demand and rapid scale

STRENGTHENING The memo reports 642,800 users, 16,420 paid customers, $469.0k MRR, and 4.9× ARR growth over six months.

Why it matters: If supported by primary data, the scale suggests meaningful customer interest and a product capable of acquiring users quickly.

Evidence basis: Third-party memo only; no company dashboard, billing export, cohort schedule, or bank/ledger evidence.

Retention and repeat value are unresolved

UNRESOLVED The memo reports 28.90% monthly churn without defining the metric or providing cohorts.

Why it matters: Acquisition-led growth can obscure weak repeat value. Retention determines revenue durability, payback, and whether the product becomes a recurring workflow or a one-time novelty.

Evidence basis: One headline metric; no logo/revenue split, gross/net retention, cohorts, plan mix, cancellation reasons, or reactivation data.

Differentiation is plausible but not evidenced

MIXED Beat synchronization, an agent workflow, personalization, virality learning, and a proprietary dataset could create differentiation, while the product also depends on external foundation models.

Why it matters: The investment case changes materially depending on whether BeatQuanta AI owns durable data and orchestration advantages or primarily packages models available to competitors.

Evidence basis: Promotional assertions in the memo; no benchmark, dataset audit, IP schedule, model architecture evidence, or partnership agreement.

Go-to-market mechanism is not visible

UNRESOLVED The memo presents a low paid-ads cost per signup and mentions affiliates, creators, and B2B labels, but does not show acquisition mix or a repeatable channel model.

Why it matters: A $0.86 signup can be attractive only when conversion, retention, refunds, contribution margin, and fully loaded acquisition cost are understood.

Evidence basis: No channel cohort table, spend history, organic/paid split, attribution model, pipeline, concentration, or sales cycle.

Execution scope may exceed current operating evidence

MIXED An eight-person team reportedly plans compute scaling, dedicated model development, virtual performance infrastructure, enterprise B2B support, localization, and global GTM expansion.

Why it matters: The breadth could create multiple growth options, but it also raises prioritization, capital intensity, and key-person risk.

Evidence basis: Qualitative use-of-funds categories only; no hiring plan, budget, timeline, owners, or milestones.

Entity and rights chain require clarification

UNRESOLVED The memo's brand-level entity description differs from the company named in the SPV agreement, and music/content/data rights are not addressed.

Why it matters: Investors need to know which entity owns the product, IP, customer contracts, data, and revenue, and which security the SPV will hold.

Evidence basis: No certificate of incorporation, IP assignment schedule, cap table, security documents, material contracts, or rights/licensing analysis.

5. Key Financial Signals

Signals that most affect revenue quality, capital efficiency, and transaction exposure.

Growth and churn point in opposite directions

MIXED Reported MRR growth is strong, while reported monthly churn is 28.90%.

Why it matters: The combination may indicate that new acquisition is replacing departing customers. Without cohorts, it is impossible to distinguish a durable growth engine from a high-throughput funnel.

Evidence basis: Headline figures from the memo; no monthly customer bridge, cohorts, or expansion/contraction data.

Core metrics fail first-pass reconciliation

WEAKENING Conversion, paid-customer, pricing, and MRR figures do not align without additional definitions; annual discounts are also mislabeled.

Why it matters: Basic inconsistencies reduce confidence in the memo's measurement discipline and can conceal differences between signups, active users, accounts, payers, billings, and recurring revenue.

Evidence basis: DueCap arithmetic from reported values; no source schedules supplied.

Gross margin and compute economics are absent

UNRESOLVED The company uses multiple external video-generation models and identifies compute optimization as a use of funds, yet provides no COGS or gross-margin data.

Why it matters: A high-growth subscription business can still require substantial capital if generation costs, refunds, and payment fees consume revenue or worsen with usage.

Evidence basis: No P&L, vendor invoices, generation-cost curve, contribution margin, or model-routing economics.

Liquidity and runway cannot be assessed

UNRESOLVED No cash balance, burn rate, working-capital profile, debt, commitments, or runway is supplied.

Why it matters: The $9M raise can only be evaluated against the current cash position, burn trajectory, financing timing, and milestones required before the next round.

Evidence basis: Qualitative budget categories only.

Valuation depends on unvalidated ARR quality

MIXED The $72M pre-money valuation equals approximately 12.8× reported ARR.

Why it matters: The multiple is not meaningful in isolation. Retention, gross margin, growth durability, annual-vs-monthly mix, and revenue recognition determine the economic quality of ARR.

Evidence basis: Memo round terms and DueCap calculation; no term sheet, comps analysis, or validated revenue base.

SPV structure may materially change net exposure

WEAKENING The agreement includes a four-year management-fee schedule, separate SPV fee, 18% carry, broad manager control, restricted transfers, and a missing Master Agreement and Schedule A.

Why it matters: An investor's actual capital deployed, rights, return participation, and liquidity can differ substantially from the headline check amount.

Evidence basis: Illustrative separate-series agreement; incomplete governing-document set and no investor-specific subscription calculation.

6. Missing Information

The minimum evidence package needed to move from document screening to a productive founder conversation.

Critical — request before scheduling

Legal identity and security. Confirm the legal name of the operating company, its relationship to BEATQUANTA TECHNOLOGIES, INC and the BeatQuanta AI brand, and the security the SPV will purchase. Supply formation documents, current term sheet, charter amendments, board approvals, and security documents.

Monthly operating schedule. Provide monthly data from February 2025 through the latest available month for signups, active users, paying customers, new paid, churned, reactivated, MRR movements, refunds, credits, and plan mix, with metric definitions.

Retention cohorts. Provide logo and revenue cohorts by signup/payment month, gross and net retention, voluntary/involuntary churn, cancellation reasons, and treatment of annual plans and reactivations.

Company financials. Provide monthly P&L, balance sheet, and cash-flow statement or management accounts, plus a revenue-to-billing reconciliation and the latest cash/bank evidence.

Unit economics. Provide compute/API and other COGS by product/plan or generation type, gross margin, contribution margin, payment fees, refunds, fully loaded CAC, payback, and LTV methodology.

Cash, burn, and use of funds. Provide current cash, debt/commitments, monthly net burn, runway before and after financing, and a dollar-based use-of-funds plan tied to milestones and timing.

Capitalization. Provide the current and pro forma cap table, option pool, SAFEs/notes/warrants, prior financing terms, founder ownership, and the Series A dilution bridge.

Complete SPV package. Provide the Master Agreement, Schedule A, subscription agreement, investor questionnaire, fee allocation method, administrator gross-to-net schedule, and confirmation of the underlying security and ownership chain.

Important — obtain before or immediately after the meeting

- Acquisition by channel and geography: spend, signups, conversion, CAC, refund rate, retention, contribution margin, and attribution method.
- Revenue composition: monthly vs annual subscriptions, Standard vs Pro, affiliate revenue, B2B/enterprise revenue, credits, one-time purchases, and recognized vs billed revenue.
- Product engagement: active-user definition, generations per user, completion/export/share rates, time to first value, repeat-use frequency, and usage by retained cohorts.

- Technology and data: architecture overview, model-provider terms, unit-cost roadmap, dataset size/provenance/ownership, benchmark results, an illustrative model-infrastructure partner agreement, and business-continuity plan for model access.
- IP, music, privacy, and platform rights: user upload terms, training rights, licenses, takedown process, data retention, privacy compliance, and third-party platform/API permissions.
- Team: full biographies, role ownership, hiring plan, compensation, founder vesting, key-person dependencies, and board/advisor structure.

Useful — deepen if the case advances

- Narrow market segmentation and bottoms-up market sizing by customer type, workflow, geography, and spend.
- Competitive win/loss examples, pricing/feature benchmarks, switching behavior, and customer references.
- Enterprise pipeline, sales cycle, contract values, concentration, renewals, and label/customer references.
- Product roadmap with success metrics and a decision rule for sequencing consumer, enterprise, live-performance, and international initiatives.

7. Questions Before Investing

Questions to resolve the highest-impact uncertainties before any underwriting conclusion.

Priority 1 — evidence and coherence

1. Which legal entity owns BeatQuanta AI?

Please map the brand, operating company, IP owner, contracting entity, revenue recipient, and BEATQUANTA TECHNOLOGIES, INC. Which entity and security will the SPV own?

2. How do the user and conversion figures reconcile?

Please reconcile 642,800 total users, 16,420 paid customers, and 5.20% signup-to-paid conversion using the exact cohort, time window, and definitions.

3. What exactly does 28.90% monthly churn measure?

Is it logo or revenue churn, gross or net, and for which cohort and plan mix? How are failed payments, annual plans, reactivations, and cancellations treated?

4. How does $468,970 MRR reconcile to customers and pricing?

MRR per paid customer calculates to $28.56, above the stated $22.10 average plan price and listed $27.99 highest monthly plan. What revenue categories, account definitions, annual-plan treatment, credits, or B2B revenue explain the difference?

5. What is the gross-margin profile?

Show compute/API cost, other COGS, payment fees, refunds, and contribution margin by plan, user cohort, and representative generation type. How have unit generation costs changed?

6. What are current cash, burn, and runway?

How much cash is available today, what commitments exist, what is monthly net burn, and which milestones does the $9M raise finance?

7. What is the exact capitalization and dilution?

Provide current and pro forma ownership, all convertibles/options/warrants, option-pool changes, and the security/rights offered in the Series A.

8. What does an investor's check purchase through the SPV?

Provide the complete governing documents and show, for a representative check, gross contribution, each fee, net capital deployed, ownership of the underlying security, carry, distribution waterfall, and expected ongoing expenses.

Priority 2 — durability and execution

9. Which acquisition channels are repeatable?

Show acquisition, conversion, CAC, refund, retention, and margin by channel and geography. What portion of growth is paid, organic, affiliate, or partnership-driven?

10. What behavior predicts retention?

Which first-session actions, generation types, export/share behavior, or customer segments correlate with second- and third-month retention?

11. What is proprietary and defensible?

Quantify the beat-pixel dataset, establish its provenance and ownership, explain the learning loop, and show benchmarks against relevant alternatives.

12. How dependent is the product on third-party models?

What are the current vendors, terms, concentration, fallback options, cost exposure, and expected effects of model/API policy changes?

13. What rights support music and content use?

Explain the legal basis for user-uploaded or linked music, model training, generated content, external performance tracking, takedowns, and platform integrations.

14. How will the eight-person team sequence the plan?

Name the owners, budgets, hiring dependencies, and 12–18 month milestones for compute optimization, B2B, live performance, proprietary model work, and global expansion.

15. What narrow market is being won first?

Define the highest-retention customer, core job-to-be-done, willingness to pay, competitive alternative, and bottoms-up serviceable market.

8. Founder Interview Guide

A 55-minute conversation designed to test the business after the requested data has been received.

MEETING OBJECTIVE Determine whether BeatQuanta AI has a retained customer workflow, coherent subscription economics, and a defensible advantage that justifies deeper diligence. Do not spend the meeting re-reading the memo; use the evidence request to establish a shared factual baseline first.

Time	Focus	Desired output
0–5 min	Company, customer, and legal identity	Clear entity/security map and the single customer workflow being won.
5–18 min	Growth, conversion, and retention	Reconciled metrics and an explanation of cohort behavior.
18–28 min	Revenue quality and unit economics	Gross-margin, CAC/payback, cash, burn, and runway logic.
28–40 min	Product, technology, and rights	Evidence of differentiation and manageable third-party/IP dependencies.
40–49 min	Team, priorities, and use of funds	Milestone sequence, owners, budget, and execution trade-offs.
49–55 min	Round, SPV, and follow-up	Confirmed financing path, missing materials, owners, and delivery dates.

1. Company, customer, and identity — 5 minutes

- In one minute, who is the highest-value customer today, what triggers them to use BeatQuanta AI, and what do they do instead?
- Please walk us through the legal entities: who owns the IP, employs the team, contracts with users, receives revenue, and issues the Series A security?
- Follow-up: Why did sales reportedly begin in February 2025 if the company was founded in March 2025? What predecessor activity or entity explains the timing?

2. Growth, conversion, and retention — 13 minutes

- Please reconcile total users, paid customers, conversion, MRR, and average plan price from one monthly operating schedule.
- Show the last 12 monthly customer and MRR bridges: opening, new, expansion, contraction, churn, reactivation, and closing.
- What does the 28.90% churn measure, which cohorts drive it, and what evidence shows the trend improving or worsening?
- Which user actions in the first week best predict payment and retention? What are the second- and third-month retention rates for the best and median cohorts?
- Follow-up: What portion of reported growth would remain if paid acquisition stopped for one month?

3. Revenue quality and unit economics — 10 minutes

- Bridge reported MRR to plan mix, annual contracts, affiliate/B2B revenue, refunds, credits, and recognized revenue.
- What is gross margin today by plan and representative generation workload? Which vendor or model drives the largest cost exposure?
- Show fully loaded CAC and payback by channel. How are marketing labor, affiliates, refunds, payment failures, and reactivations treated?
- What are cash, net burn, runway, and the minimum milestones required before the next financing?

4. Product, technology, and rights — 12 minutes

- Demonstrate the workflow that a retained user repeats. Where does BeatQuanta AI produce a measurably better result than direct use of foundation models or specialist competitors?

- Quantify the beat-pixel dataset: size, unique records, source, ownership, consent, update rate, and demonstrated effect on output quality or retention.
- What does the illustrative model-infrastructure partnership contractually provide? What survives if the partnership or any major model API ends?
- How are music, user uploads, generated assets, external platform data, training rights, takedowns, privacy, and output ownership handled?
- Follow-up: Which part of the stack becomes stronger with every retained customer, and how is that measured?

5. Team, priorities, and use of funds — 9 minutes

- Who owns product, models, infrastructure, growth, finance, rights/compliance, and enterprise sales today?
- Rank the next four initiatives. What will you explicitly not do during the next 12 months?
- For each use-of-funds category, give dollars, owner, delivery date, success metric, and the next decision it unlocks.
- Which hire or founder dependency is most likely to constrain the plan?

6. Round and follow-up — 6 minutes

- Confirm the security, lead investor, committed capital, closing conditions, pro forma cap table, and rights attached to the Series A.
- Which requested documents can be delivered, by whom, and by what date?
- Close with: What evidence would you expect a skeptical investor to examine that is not yet in the package?

Post-meeting decision rule

Proceed to deeper diligence if the legal/security map is coherent; primary data supports the reported scale; retention cohorts show an explainable and improving pattern; gross margins and CAC payback are credible; and the company provides evidence for its differentiation and rights chain.

Pause for targeted investigation if one or two high-impact issues remain but can be resolved through a narrow technical, legal, customer, or financial check.

Do not proceed at this time if the company cannot provide primary evidence, material metrics remain irreconcilable, the entity/security chain is unclear, or retention and gross-margin economics do not support a repeatable business.

Sources reviewed

1. Illustrative Investment Memo: BeatQuanta AI, dated April 30, 2026. 2. Illustrative Separate Series Operating Agreement of Harborline Syndicate Fund, LLC Series BeatQuanta II, effective April 24, 2026; fictional manager signature dated April 28, 2026.