



Is a Warranted Opinion Worth Anything?

CASE STUDY – VMPO2

Service:

IT Independent Verification & Validation (IVV): proofing the analysis

Client:

VC in Series A funding event

Requirement:

Creating a prototype from a Technology Diligence warranted opinion engagement

Situation:

On the basis of a warranted opinion by Semaphore, a Venture Capital firm provided seed funding to a group of entrepreneurs on a yet-to-be proven technology concept. The concept was in the document management space. The potential paradigm shift was in the collaborative nature of the product.

In a previous Technology Diligence engagement Semaphore had determined that the concept was verifiable, a blueprint was created of the architecture and road map for the development of a prototype and cost estimates was established.

The VC claimed the warranted opinion that Semaphore had presented on the initial concept engagement. Semaphore was requested to deliver a working prototype of a feature subset that would be used as a demonstrable proof of concept. That prototype was to be used as a tool to raise further funding and secure beta customers.

Scope:

Staffing: 100 person days

Deliverable: A working prototype and an accompanying documentation.

Discovery:

Semaphore tasked its development staff with delivering on the warranty provided by its Technology Diligence practice's representations. The two staff members who developed the initial Diligence Report were assigned to lead the development effort.

Working in concert with the entrepreneurs, the scope of the effort was defined and a timeline guaranteed. The effort required extensive CORBA, distributed computing and middleware implementation on a Microsoft platform. Numerous technology challenges needed to be solved and then construction could begin. A small team was created and used a defined and rigorous build process. The software lifecycle process was iterative and incremental so that partial deliverables could be presented as the project was progressing.

Outcome:

1. Semaphore delivered a working prototype meeting specification, on time and on budget.
2. The complete exercise was documented so that it would provide a useful transfer of knowledge to a future development team.
3. Numerous technology challenges and solutions were vetted.
4. A cost estimate for a commercial build was defined.



5. The VC utilized the prototype to secure an increase in valuation for the subsequent round of 12 X the original value.
6. Semaphore was engaged to provide IVV on the architecture and development of the Version I product.