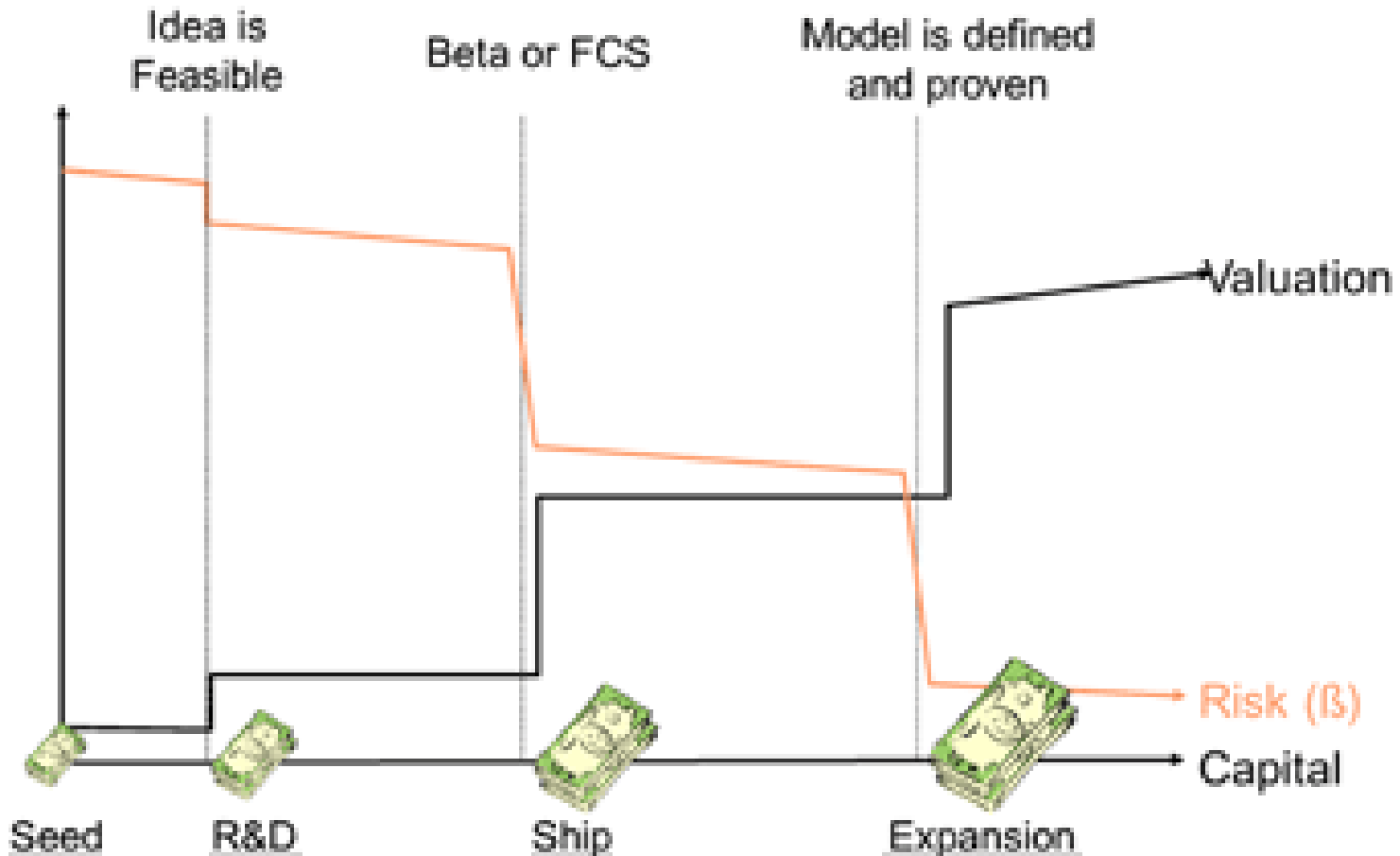


Traditional VC Funding Model

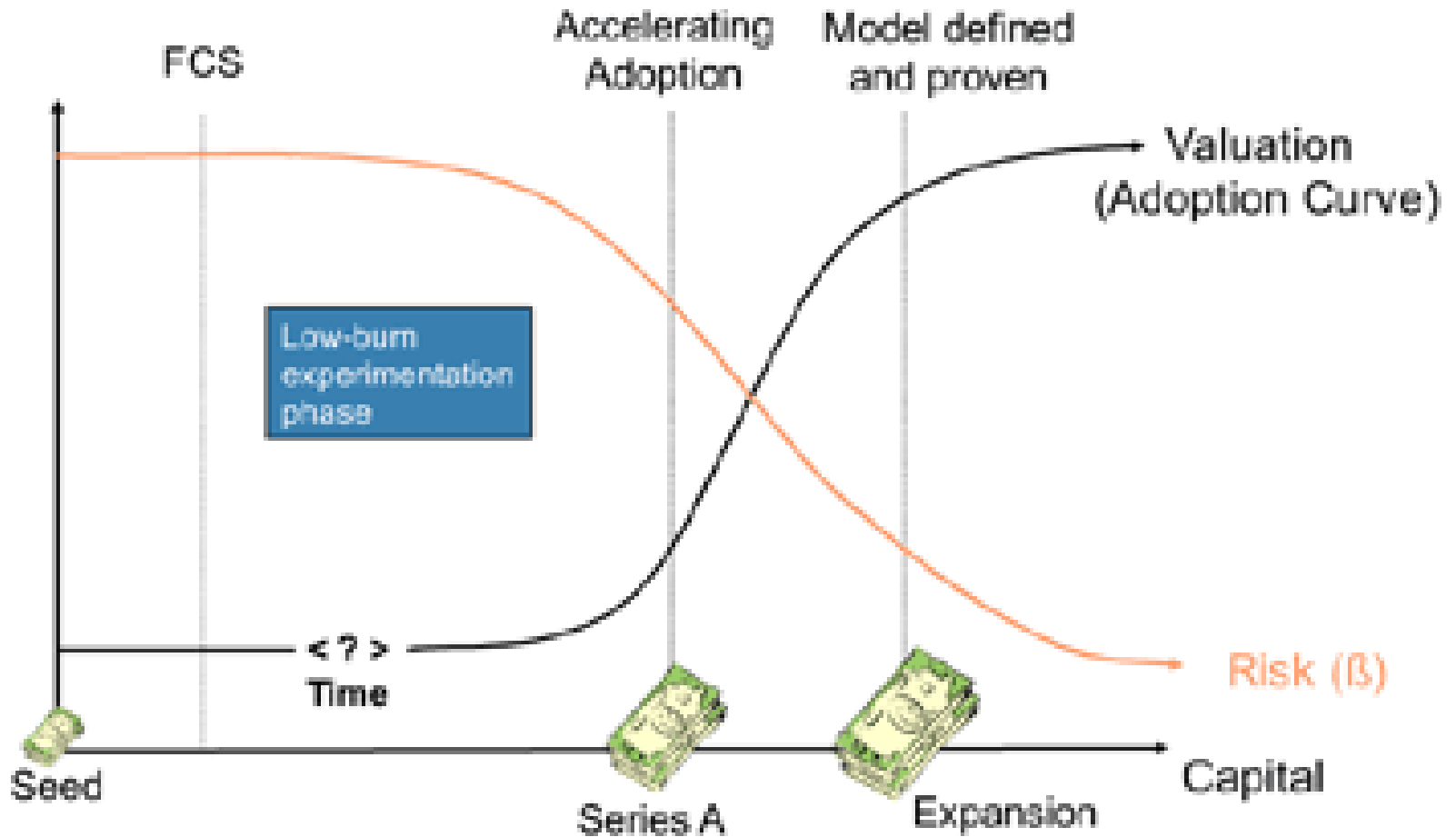


Source: Peter Fenton, Benchmark Capital

Traditional VC Funding Assumptions

- Company's risk decreased by hitting milestones
- Which brought about a jump in its valuation
- Additional funding was needed at each milestone
- Resulting in a high level of financial investment
- Lack of iteration meant resolution of success or failure was delayed

Customer Development Funding Model



Source: Peter Fenton, Benchmark Capital

Customer Development Funding Assumptions

- Company's risk decreased by shipping as early as possible
- Continual product iteration assumed
- Capital burn kept low until adoption onset
- Additional funding needed refine the model and more to scale a proven model
- Time and cost between the founding and success/failure is greatly decreased