AEVION QVenture — Investment Memo

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FICTIONAL EXAMPLE: the company in this example is made up; any resemblance of names is coincidental. All figures are model output on invented inputs.

QuantLedger

Fintech / Payments · growth · US · raising $40,000,000

Score 70.6/100 — WATCH (conviction: medium)

Signal coverage: 59% company-specific (4 metrics parsed from the plan); remainder from sector priors.

Red flags (1)

(!) Claimed 81% gross margin is well above the ~55% Fintech / Payments norm — verify against actuals.

Investment memo

Verdict: watch, with a conditional path to a staged lead. QuantLedger's single strongest attraction is exceptional execution—$11M ARR growing 70% with 125% NRR and 620 mid-market customers signals genuine product-market fit and a team that ships. The single strongest reason against is that the entire underwriting case rests on unverified economics: an 81% gross margin far above the ~55% sector norm, no disclosed LTV/CAC, a 14-month payback, and a $400B TAM that is really a reclassified ~$15-25B close-automation SAM crowded by BlackLine and FloQast. The bull thesis dissolves if connector-maintenance labor is misclassified out of COGS and true margin is 60-65%. Do not write a full check into that ambiguity. Concrete plan: open a $20M lead for ~5.3% at roughly $337M pre, but tranche it—$8M on signing, $12M released only after GAAP margin reconciliation net of data-feed COGS, disclosed cohort LTV/CAC above 3x, SOC 2 Type II, and MTL classification confirmed. Reserve $30M for pro-rata. Pass if margins or unit economics fail verification.

Narrative engine: model anthropic (per-part source not recorded)

Entry strategy

Ticket: $20,000,000 target (range $10,000,000–$20,000,000)
Target ownership: 5.3%
Valuation band (pre-money): $106,180,000 / $337,080,000 / $898,880,000
Modelled return (not a forecast): 3.53x multiple (4.5x base) · horizon 4yr · loss prob 22%

Deployment schedule:

- 60% — Entry: On close, after commercial + legal + financial diligence.
- 40% — Pro-rata: Reserve to maintain ownership through the next round.

Portfolio: Size at ~0.9% of a diversified venture portfolio (fractional-Kelly, conviction-scaled). Reserve 30,000,000 USD for pro-rata follow-on.

Bottom-up TAM triangulation

- Derived ACV "H $18k (revenue ÷ 620 customers).
- At 1% penetration, SOM "H $4B of revenue (using sector TAM — no bottom-up TAM disclosed).

Score breakdown

Market size & growth — 66/100 (weight 14%)
~$400B TAM, 16% CAGR (Fintech / Payments).

Timing / tailwinds — 60/100 (weight 5%)
Sector growth 16% vs. 12% neutral baseline.

Moat / defensibility — 82/100 (weight 16%)
regulatory license is the category's mature moat (ceiling 82), but ~100% realized at growth given disclosed traction — an unproven moat is discounted toward the 35 "no demonstrated defensibility" floor.

Unit economics potential — 60/100 (weight 15%)
Company metrics: 81% disclosed gross margin (capital intensity 55%). " 10 for adverse disclosures in the plan.

Team / execution signal — 91/100 (weight 28%)
Quantified traction: $11M ARR; 70% YoY growth; 620 customers.

Scientific / tech feasibility — 58/100 (weight 7%)
real-time risk ML, on-device fraud graphs, programmable stablecoin rails

Regulatory / legal headroom — 45/100 (weight 7%)
Regulatory intensity 85% (higher = more legal drag).

Competitive headroom — 44/100 (weight 8%)
Competitive intensity 80%. rate-cycle sensitivity and licensing moats favoring incumbents.

Analyst council

Research Scientist — Continuous-close automation is a data-integration play, not a science frontier — 58/100 undersells the buildability but the tech isn't the moat

+ The 58/100 feasibility score is anchored to a sector frontier (real-time risk ML, on-device fraud graphs, programmable stablecoin rails) that QuantLedger largely does NOT operate in. Its actual stack — ingesting bank/billing/payroll feeds and reconciling to a continuous close — is a data-engineering and integration problem, well-proven by incumbents (BlackLine, FloQast, Trullion). On pure buildabi

+ Core technical risk is deterministic reconciliation accuracy at scale: matching ledger entries across heterogeneous ERPs (NetSuite, Sage Intacct, QuickBooks) and normalizing bank/payroll APIs (Plaid, Finch, Codat coverage gaps). This is solvable but brittle — connector maintenance is a linear-cost treadmill, which is the likeliest driver of the 81% gross margin RED FLAG (support/implementation lab

+ ML/AI claims here are typically thin: 'AI-assisted' transaction categorization and anomaly flagging are the realistic ceiling, not autonomous close. That's a productivity feature, not a defensible model advantage — GPT-class LLMs commoditize categorization, which erodes any claimed tech moat rather than building one. The real moat, if any, is workflow lock-in and audit-trail trust (125% NRR is con

+ Stablecoin/programmable-rails frontier item is a distraction: a mid-market close-automation tool has no near-term technical dependency on stablecoin rails, and pivoting there would introduce genuine regulatory and cryptographic risk it currently doesn't carry. De-risking breakthrough would be a verifiable >95% auto-match rate with SOC 2 Type II + auditor-accepted controls, which converts a feature

! 81% gross margin is implausible for a connector-heavy fintech (sector norm ~55%); if implementation/connector-maintenance labor is misclassified out of COGS, true margin could be 60-65% and the whole unit-economics case shifts. Must reconcile to GAAP actuals before trusting the composite.

! Connector coverage is an existential dependency on third parties (Plaid/Codat/Finch/ERP APIs) — API deprecations or a Plaid-style access dispute can break ingestion overnight, and this is not something the team fully controls technically.

! No defensible technical differentiation: reconciliation + LLM categorization is replicable by well-capitalized incumbents (BlackLine, FloQast) in 12-18 months, so feasibility being easy cuts both ways — low technical risk means low technical moat.

Data Analyst — 81% GM plausible for SaaS not payments—but LTV/CAC undisclosed and 14mo payback is the real drag on the 60 score

+ Push back on 60/100: the score is dragged by a " 10 adverse-disclosure hit and the payments-norm 55% GM anchor, but QuantLedger is SaaS close-automation, not a balance-sheet-intensive payments processor. 81% GM is credible for a data-ingestion software layer (Vena/FloQast comps run 75-82%). The red flag mis-benchmarks it against payment rails it likely doesn't operate. If audited financials confirm

+ Counter-argument I must concede: LTV/CAC is NOT disclosed and the stress test was not run. 14-month CAC payback is mediocre for mid-market SaaS (best-in-class <12mo). Combined with 125% NRR and ~$18k ACV, implied LTV/CAC is only defensible IF gross churn is low (<8%); at 15% gross churn the 14mo payback pushes LTV/CAC below 3x. This is the single biggest data gap and the honest reason 60 is not hi

+ TAM logic is loose: the '$400B / 1% = $4B SOM' uses sector payments TAM, but the actual SAM is US mid-market finance-close software — realistically $8-12B (FloQast/BlackLine/Trintech served market), not $400B. On a real SAM, $11M ARR is ~0.1% penetration; the growth runway is real but 100x smaller than headline suggests.

+ Verify-or-kill metrics: (1) audited gross margin net of data-ingestion/COGS (bank feed and payroll API costs can erode the 81%); (2) gross vs. net logo churn to validate the 125% NRR isn't masking logo loss; (3) new-cohort CAC payback trend — is it improving toward <12mo or drifting to 18mo as they exhaust warm channels?

! Undisclosed LTV/CAC + un-run stress test: if gross churn is high, the 14-month payback implies LTV/CAC near or below 3x, which would not justify a $40M growth round at typical 6-8x ARR (~$66-88M+ pre).

! Gross-margin verification risk: if 81% includes capitalized costs or excludes bank/payroll data-feed COGS, true GM could fall to 65-70%, materially cutting the unit-economics case and the implied exit multiple.

! TAM overstatement: real addressable SAM (~$8-12B, not $400B) plus incumbents (BlackLine, FloQast, Trintech) with distribution moats caps realistic SOM and pressures the 70% growth rate as the warm mid-market saturates.

Economist — Close-automation SaaS misclassified as payments; TAM score fair but the $400B fintech frame is the wrong denominator

+ The 66/100 market score is directionally reasonable but built on the wrong TAM. QuantLedger is close-automation/finance-ops software, not payments — the relevant market is continuous-close/FP&A tooling (~$15-25B, growing ~15-18%), not the $400B fintech aggregate. The composite's 16% CAGR happens to be right; the $400B denominator is not. At $18k derived ACV and ~50-60k US mid-market finance teams,

+ Demand economics are strong and largely rate-insensitive: 125% NRR and 14-month CAC payback signal real pull and pricing power in a workflow (the month-end close) that is non-discretionary. This is where durable rents accrue — switching costs from embedded ledger integrations, not the 'regulatory license' moat the model credited (82 ceiling). QuantLedger likely holds no money-transmission license

+ The structural-risk framing (rate-cycle sensitivity, licensing moats favoring incumbents) is misapplied — those hit payments/lending balance-sheet players, not a SaaS close tool. Real competitive equilibrium threat is horizontal incumbents (NetSuite, Sage Intacct, FloQast, BlackLine moving down-market, Ramp/Brex bundling close features free) compressing standalone pricing.

+ 81% gross margin is credible for pure SaaS and NOT anomalous once reclassified — the red flag exists only because the model benchmarked against the ~55% payments norm. Verify no hidden data-ingestion/COGS pass-through (bank/payroll API costs) is capitalized out; at true SaaS margins the unit-economics 60/100 is too harsh.

! Free/bundled substitution: if Ramp, Brex, or the ERP incumbents ship 'good-enough' continuous-close as a loss-leader, elasticity spikes and the 14-month payback and 125% NRR erode fast — this is the strongest bear case and it targets the core rent pool directly.

! TAM ceiling: a ~$15-25B reclassified market with mid-market-only focus caps venture-scale outcomes unless they move up to enterprise (where BlackLine entrenched) or expand ACV beyond $18k — no revenue projections supplied to test this path.

! Verification gaps: no LTV/CAC disclosed (stress test not run), signal coverage only 59%, and margin must be validated against actuals net of third-party data-connectivity costs before underwriting the SaaS thesis.

Corporate & Regulatory Lawyer — 45/100 legal headroom is fair-to-generous; the real question is whether QuantLedger is an MTL-regulated payments entity or a read-only accounting SaaS.

+ The 45/100 reflects 85% sector regulatory intensity, but that intensity is only fully triggered if QuantLedger touches funds flow. The description reads as a read-only aggregation/close-automation tool ingesting bank/billing/payroll data — no evidence it moves money or issues cards. If so, no state money-transmitter licenses, no FinCEN MSB registration, and no sponsor-bank BIN are required, and 45

+ On the moat/licensing tension: the model credits an 82 moat citing 'regulatory license as the category's mature moat,' yet the STRUCTURAL RISK flags 'licensing moats favoring incumbents.' These cut against QuantLedger, not for it — if licenses are the moat, an unlicensed accounting-SaaS player has NO regulatory moat and the incumbents' licensing wall is a competitive threat. Honest read: QuantLedg

+ Data/privacy is the underweighted exposure. Ingesting bank, billing AND payroll data pulls in GLBA (financial data), CCPA/CPRA, and payroll PII across a 50-state patchwork with no federal omnibus. As a data processor for 620 mid-market finance customers, QuantLedger needs enforceable DPAs, SOC 2 Type II, and breach-notification coverage — a single breach of ingested bank credentials is existential

+ Deal structure for a $40M growth round: use priced equity (not SAFE at this stage/size) via Reg D 506(b) to avoid verification friction, Form D within 15 days. Insist on 1x non-participating pref, broad-based weighted-average anti-dilution, board seat, pro-rata and information rights, plus reps/warranties specifically covering (a) money-transmission status, (b) AML program adequacy, and (c) the 81

! License-classification risk: if regulators or a state AG later deem QuantLedger a money transmitter (e.g., if it adds any payment/stablecoin-rail feature per the sector frontier), retroactive MTL/BSA-AML exposure could impose multi-state penalties, forced feature suspension, and 12-18 months of remediation — a step-change in the 45 score.

! GLBA/CCPA data-breach liability: it aggregates the most sensitive financial and payroll data of 620 companies; a breach carries regulatory fines, class-action exposure, and catastrophic NRR reversal. Confirm SOC 2 Type II, credential-vault architecture, and cyber limits sized to the aggregated data footprint.

! The 81% gross margin flagged vs. ~55% sector norm is a legal-diligence trigger, not just finance: it may indicate the company is NOT a licensed payments entity (SaaS-like margins), which would contradict any pitch positioning it as a regulated moat holder. Reconcile the margin story with the regulatory story — they must be consistent or the deck is mischaracterizing the business.

Market data sources

- Polaris Market Research (2026) — Fintech ~$395.4B in 2025, ~16.3% CAGR 2026–2034
  https://www.polarismarketresearch.com/industry-analysis/fintech-market
- Fortune Business Insights (2026) — Fintech $460.8B in 2026 !' $1,760.2B by 2034 at 16.2% CAGR
  https://www.fortunebusinessinsights.com/fintech-market-108641

Assumptions & limitations

- Market size / growth for Fintech / Payments is anchored to Polaris Market Research (2026): Fintech ~$395.4B in 2025, ~16.3% CAGR 2026–2034. Full citations are listed under "Market data sources".
- Signal coverage: ~59% of the score is backed by the plan's own disclosed metrics (4 quantified fields); the remainder uses Fintech / Payments sector priors — add financials to raise it.
- Stage norms reflect US-market growth deals; adjust for geography "US".
- Score is a screening signal, not a substitute for legal, financial, and technical due diligence.

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