

## Questions and Answers Segment with the Founders of SCALE

*Being the transcript of the questions and answers segment of the discussions with the founders of SCALE which was held at the GIFTEDANALYSTS WhatsApp group chat on 20th March 2021.*

We're able to spot out the founders of SCALE, Mr Justine Eboka and his co-founder, Femi BABATUNDE discussing the future of the platform.

***Q: Tell us a little about you.***

A: I'm Justin Eboka, Co-founder of SCALE, an economist and all round tech guy, SCALE is my newest venture and before SCALE, I founded and exited a food tech startup and I also invest in tech start-ups when I spot one I like. Also, I'm Femi Babatunde, an economist, certified accountant, finance professional and I love tech also.

***Q: How did you come about SCALE? What was the problem you saw and wanted to solve?***

A: well prior to SCALE, I had founded and invested in tech start-ups and seen first-hand the stress and issues founders have to go through to raise capital for their companies but as someone who has invested in tech start-ups too, I've also experienced how tough it is to spot start-ups that are investable and also how hard it is to participate in their rounds. SCALE is here to solve problems for both founders and investors, we like to say SCALE is the Robinhood of angel investing. Also with the influence of decentralised finance, we believe investing should be made easier for everyone interested.

SCALE is also trying to make things easier, kind of the same way everyone can now invest in publicly traded companies by buying stocks on bamboo or Robinhood app, SCALE is offering small investors who want to dabble into angel investing an opportunity to do so in a similar way with which you currently buy stocks through an app on your phone. SCALE is looking into startups, an artist, even to the extent of tokenizing real world assests, it'd make any retail investor to be able to choose startups, brands or other listed assests on the platforms.

***Q: Okay, so how do you decide which startups are eligible to be on SCALE?***

A: Well this includes some fundamentals I'm sure alot of people here are familiar with, other technical analysis of each start-up based on industries they are in. Non-financial parameters are

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also been set up to make the best Startups list or get funding through SCALE. We won't list startups we won't invest in ourselves.

Apart from start-ups SCALE will also offer opportunities for investors to invest in creatives and brands. See it as owning equity in things like films, albums or any other artwork, with the rise in NFTs I'd say investing in art should never be something average retail investors forgo.

***Q: Do you have technical expertise in Blockchain technology?***

A: Yes I do, a really wide experience I'd say. I am weeks in becoming a solidity developer also.

***Q: With the uprising of digital art sales as Non Fungible Tokens (NFT), what do you think is the future for "physical Art"? Sculptures, paintings... Etc.***

A: I see NFTs as a derivative, the thing about physical art is that it's either backed by history or the physicality behind it, there could be a decline in its sales in the future but I don't think it's ready to go into oblivion just yet. See SCALE in the less corporate, rigid way, we don't just want Short term success but with the believe that most of what we are investing in are in the Long run we will back the best Startups with the fundamentals of innovating or providing proper value in the long run. We are democratising Angel investing, giving everyone a chance at investing in the next flutterwave or Paystack.

***Q: What is the difference between SCALE and a typical private equity company?***

A: Well as an angel investor you basically provide liquidity for startups and small business owners and get equity from it.

***Q: What's your coverage like? Is the list limited to start-ups in Nigeria or worldwide?***

A: I'd say we will list Nigeria/African start-ups as a start but globalization and remote communications will allow us to bring any startups in the Long run, both start-ups built off-chain / on-chain. Also, we are not restricting ourselves to Nigeria, we'll offer opportunities to invest in foreign start-ups and creatives too, SCALE itself is not a "Nigerian" company, so rest assured you won't be restricted to just Nigeria.

***Q: I used to think Angel investors just invest in startup for a future return but you stated they also have a share in the equity. What differentiates an Angel investor from a shareholder?***

A: Well shareholders are for listed companies either privately or publicly, which is in turn also providing capital, an angel investor solely provides capital for startups or businesses not listed but with the future belief in it, also like any rational investor these beliefs are backed up by research. What it basically means is that u don't own equity immediately but when a specified event occurs (acquisition or IPO) your investment converts into equity at a subsidized rate and at the current company valuation as at when the event occurred.

***Q: what would be the major challenge for SCALE as it competes with the classic VC and PEs?***

A: VCs and PEs at the moment are solely owned by HNWI or corporations, the entire idea behind SCALE is decentralisation and democratisation, having retail individuals have opportunity in investing in whatever startups or brand or creative they want to is something that has been difficult in this space (Ng) some of it is caused by gatekeeping itself. I believe the biggest power behind SCALE is allowing small SCALE investors to actively research and have an opportunity in getting the next flutterwave or even paystack in their investment portfolio.

***Q: What is the minimum amount that can be invested?***

A: The minimum investment would be flexible depending on the size and tenure of the raise but rest assured it would be priced in such a way majority can participate. At times, it may take years for companies to go public.

***Q: Other than perceived value/market offering the startup is looking to provide, what are the key fundamentals you look at before listing the startups for funds?***

A: Some other fundamentals includes the team behind the startup, the technology/design of the tech driving it, road map, some analysis of the industry they'd be operating in is also vital.

***Q: Is it possible for one to withdraw money due to lack of belief in the profitability of a company? If yes, how? What price and through who?***

A: Acquisitions happen in pretty much a shorter time frame, our selection of startups would be the type u won't want to leave prematurely but if you decide to it's possible but subject to some terms and conditions, but yea it's very possible to trade your stake in such companies.

Would it be necessary to add that angel investment is a high risk / high reward investment? The only way to build wealth out of it is to take those risks. If you have 10 startups in your portfolio, you only need one or two to turn up to cover for your capital and a reasonable ROI.

***Q: If I understood correctly, SCALE will provide the investment platform as well as convincing details on startups enlisted in their catalogue. Is there a legal backing to this, meaning, it doesn't breach any set rules by CBN, SEC and the likes?***

A: We are committed to abiding by the rules set by governing bodies both in Nigeria and the US.

***Q: What companies are you starting with?***

A: good question, we have gotten some interested start-ups reaching out but we have not chosen any at the moment because choosing to list will require more in-depth research as the platform is also being built at the moment. It's currently at test phase and we'll launch in private beta very soon

***Q: Any links for us to more more about SCALE?***

A: Basic info at [joinSCALE.co](http://joinSCALE.co) you can also get our deck by reaching out to us.

Thank you Femi<sup>[PP]</sup> and Justin, Great to have you guys here.