Zortify X Uncap
Use Case ZortifySelect

Invest in people: 70-90% of startups fail due to a mismatch of founders' personality & roles, bad leadership and people management.

Who are the people behind your investment?

Entrepreneurial Mindset is crucial to lead your investment to success. But how to find those promising founders with the right mindset?

1. While analysis of financial statements, revenue retention rates, and growth markets are important factors in the selection process, they are not the only ones. Investors must also scrutinize the personalities of the founding team and employees, as they play a crucial role in a company's success.

2. Most start-ups or potential investment are often too small to invest in an extensive Due Diligence, especially when it comes to a "People Due Dilligence".

3. Critical success factors often overlooked as decision are often biased due to a lack of objective information about the personality's VCs want to invest in.

4. As experienced senior-level employees or applicants may have taken several personality assessments without open text questions (NLP-technology) involved, the possibility of "cheating" is quite high. Results may not reflect the reality.

Solution

Introducing ZortifySelect, the AI-based personality assessment, which helps maximizing investment potential through assessing personality traits that correlate positively with founders' success.

1. **Measuring the RIGHT soft skills** . It's time for a paradigm shift. Investors should not only look at financials, but also consider the soft skills of the founders and their teams. Indeed, according to a study in the <u>Journal of Financial Economics</u>, 90% of investors give priority to evaluating the personality and soft skills of the founding team, as this leads to a higher probability of success. Soft skills such as leadership, communication, optimism, resilience, self-efficacy, and agility play a critical role in managing and scaling a company. However, the wrong personalities can lead to conflict, delays and mismanagement. Therefore, investors need to evaluate the team's personalities and determine if they align with their investment goals and strategies.

2. **Enhance Investment Success with Targeted Insights**: Elevate investment strategy by addressing critical success factors often overlooked. Zortify's NLP-based personality assessments identify counterproductive behavioral tendencies that can lead to founder-investor mismatch, poor people management, and ineffective leadership behavior — Issues that contribute to 70-90% of startup failures globally.

3. **AI-Driven Due Diligence for Informed Choices**: ZortifySelect is an invaluable resource for Venture Capitalists. This cutting-edge tool evaluates founder traits that significantly impact business success. Move beyond conventional metrics, reduce biases, and make data-driven investment decisions. ZortifySelect seamlessly integrates into your investment process, adding an objective layer of analysis to elevate your portfolio selection.

4. **Invest Wisely in People, Not Just Ideas**: Uncover the real potential within startups by assessing the personalities driving innovation. Zortify empowers VCs to invest in founding teams with the right entrepreneurial mindsets. Gain a comprehensive understanding of founders' capabilities and minimize risks associated with mismatched personalities. Ensure your investments thrive by considering the human element alongside traditional indicators.

5. **Diverse team composition is the key:** In addition, the composition of the team is also important to the selection process. Investors should ensure that the team's personality traits complement each other and create a cohesive work environment. A team with diverse personalities can bring different perspectives, ideas and solutions that can help the company grow and succeed. In this context, AI can help investors assess these soft skills and identify missing characteristics in the team composition.

Use Case: Uncap - Revolutionizing Early-Stage Funding with ZortifySelect

Empowering Entrepreneurs, Redefining Success

About Uncap

The Munich-based Fintech-company offers a new way of early-stage funding, using a remote, data-driven, and largely automated investment selection process. Their solution measures entrepreneurial potential through a series of tests that evaluate skills & behaviors correlated with entrepreneurial success. They conduct their evaluation and due diligence remotely then invest in successful applicants through a standardized revenue-sharing model. This highly automated approach allows them to provide funding to thousands of entrepreneurs.
www.unconventional.capital

Uncap's Challenge: Selecting the Right Entrepreneurs

Uncap confronted a monumental challenge in its mission to support early-stage entrepreneurs. The task was to identify the entrepreneurs with the most promising potential for success. This selection process required a deep understanding of not just financials, but also the intricate personalities driving these ventures.

The Uncap and Zortify Partnership

To overcome this challenge, Uncap turned to ZortifySelect, an advanced AI-driven personality assessment tool. ZortifySelect provides valuable insights into the traits and behaviors that significantly influence business success. By partnering with Zortify, Uncap aimed to make more informed investment decisions and unlock the untapped potential within their pool of applicants.

> *"The integration of Zortify's assessment into our software provided an interesting and insightful additional layer of screening entrepreneurs in Africa."*

UNCAP **Franziska Reh**
CEO & Fouder Uncap

Process: Assessing Personality Traits for Entrepreneurial Excellence

Uncap embarked on a journey to leverage AI in the selection of early-stage entrepreneurs for funding. They initiated the process by having 812 entrepreneurs who applied to Uncap complete the ZortifySelect personality assessment. From this pool, 19 entrepreneurs were chosen for funding.

The assessment employed a blend of closed and open-ended questions to measure entrepreneurial capital and identify counterproductive behavioral tendencies.

Zortify's NLP algorithms scored all reports. Uncap further delved into the results using t-tests and NLP methods, including sentiment analysis and keyword detection, to extract relevant insights. Univariate feature selection methods were applied to model the contrasts in vocabulary between the funded and unfunded groups.

A Pathway to Informed Investment Decisions

The outcome of Uncap's partnership with Zortify was clear and transformative. The selected founders displayed positive personality traits modeled by NLP-based methods. These results underscored the relevance of psychological capital for entrepreneurs and affirmed the effectiveness of AI-based methodologies in capturing it.

By harnessing the power of AI, Uncap gained deep insights into the personality traits of founders and their teams. This led to a reduction in human bias, a mitigation of investment risks, and the unveiling of the full potential latent within their pool of talent.

For more information about Zortify and ZortifySelect, please visit us:

www.zortify.com

If you want to learn more about maximizing investment potential through assessing personality traits, please contact Sonja Becker.

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