

# Block Dojo founder cohorts gain guidance through complex challenges of legal and investment paperwork as they build their blockchain businesses

## Client: Block Dojo

Block Dojo helps founders to bring blockchain business dreams to life. It chose FounderCatalyst to help its founders build their legal foundations for fundraising, increasing the cost-efficiency of these activities.



**Global blockchain incubator Block Dojo has helped numerous UK founders bring innovative blockchain business ideas alive, accounting for 24% of UK blockchain start-up fundraises in 2022<sup>1</sup>.**

For the 30-plus founders who join the Dojo each year, it is a whirlwind experience that sees them gain not just an initial £10,000 cash investment but full immersion into a valuable incubator programme that delivers more than £150,000 worth of support. In just 12 intense weeks it takes them from idea to incorporation, through solidifying a strong value proposition, financial modelling, Minimum Viable Product (MVP) development and pitch deck creation, all the way to their first pre-seed fundraising round.

It is a steep learning curve with some critical steps. One of these is to put legal paperwork in place to enable them to gain the investment they need. Block Dojo chose FounderCatalyst as the partner service to support and guide founders through this key stage and help each one to apply for SEIS Advance Assurance with HMRC – which most investors require before even considering investment.

Gareth Hawkins, Investment Director at Block Dojo, was eager to get FounderCatalyst involved both to support this process better and help optimise the fundraising costs incurred by start-up cohorts.



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**Gareth Hawkins,**  
Investment Director, Block Dojo



<sup>1</sup>Beaurest

## Off to a swift start

FounderCatalyst was introduced just as the third Block Dojo cohort of founders was about to come on board. Just as Block Dojo moves fast, so does FounderCatalyst. Within one day it provided each founder an intelligent data room within which to build and manage their legal documentation, fundraising paperwork and capitalisation table.

One of Gareth's key aims was to optimise and bring more certainty to this part of the process. In previous cohorts, not all start-ups had succeeded in gaining their SEIS Advance Assurance ready for the final investor week. This is not unusual since, outside the Dojo, some founders fail to secure this at all. Now, he feels Block Dojo can offer greater certainty: *"Before FounderCatalyst not all our founders had SEIS Advance Assurance in place by the time investor week arrived. Ever since then, our success rate has been 100%. FounderCatalyst supports founders as they iterate their value proposition, giving guidance and constructive feedback."*



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## Easing the learning process

Start-up founders face a barrage of new tools and services, so Gareth was keen that the process of creating paperwork be made as easy as possible. Both firms believe it is essential to support the individuals; Block Dojo nurtures and mentors its founders to prepare them as people as well as businesses, long beyond the first 12 weeks. FounderCatalyst is in complete accord about putting founders at the centre of the process, supporting its own community of hundreds of founders via a WhatsApp group.

FounderCatalyst CEO Sam Simpson provided the start-ups with guidance and support throughout their application, including running a webinar at the start of the process and answering questions from individuals at every stage. Gareth said, *"FounderCatalyst is comprehensive, affordable, and efficient, but it is also approachable. The user interface is intuitive and designed to support the customer experience. You can take somebody that has no prior knowledge or experience in fundraising and very limited understanding of how these deals are structured, and it walks them through all the key bits of a complex subject – it distils it into what they need to know."*

He continued, *"The simplicity and user experience of the platform means that it's a lot easier for a new founder who's never done anything in equity before to navigate compared to other pre-seed legal platforms. Some of these have become incredibly complex – and don't hold your hand the way FounderCatalyst does."*

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## Securing cost efficiencies

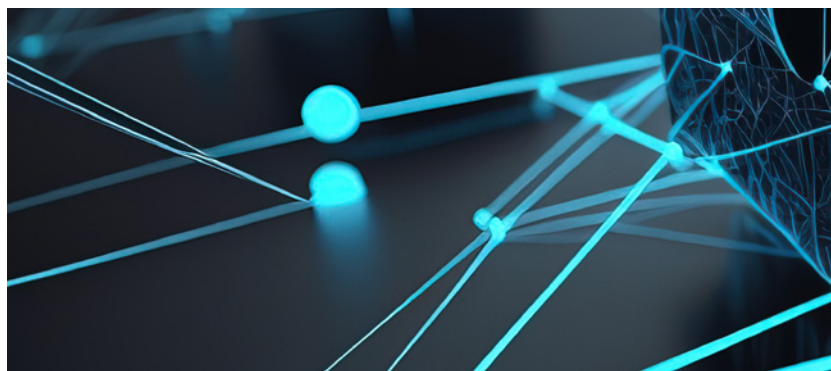
Gareth was keenly aware that the cost of preparing legal documentation had been steep for their start-ups. FounderCatalyst brought a far lower and transparent fixed fee structure. Its all-inclusive £1495 +VAT package is vastly different from the costs of other providers of pre-seed legal paperwork and associated support.

He wanted to steer founders towards a more cost-efficient route, he explained: *"Some start-ups in our early cohorts went to providers of off-the-shelf legal documentation and were paying inordinate amounts of money. Preparing to raise £200k might cost them £8k in fees to a legal platform – that didn't seem at all efficient. It felt a little like we were letting them down. FounderCatalyst provides founders with everything they need to raise their pre-seed round and do their SEIS Advance Assurance for just a fraction of the cost."*

## Avoiding investor roadblocks

Offering these services also solved another problem. After Block Dojo's initial investment agreement was in place, previous cohort founders had often not just looked externally for legal paperwork, but also sought out angels and early-stage Venture Capital firms directly. These could have different interests and standard documentation that conflicted with the original agreement, taking time and yet more of the start-up's money to resolve.

Bringing in FounderCatalyst would enable them to smooth that later path, Gareth observed: *"Standardising the process of supporting founders with their investment paperwork also helped preserve the important aspects of our investment agreement, as well as creating standardised documents which are more familiar to angels, VC funds and SEIS syndicates. Now all types of investors can come in and are usually happy to invest based on that paperwork, instead of creating their own. Having FounderCatalyst solved our concerns about affordability and standardisation at the same time."*



## Customised for key stakeholders

All a founder's base legal documentation is customised to their new brand, but these documents also play a critical role for many other stakeholders too.

As the initial investor, it was particularly important that documents reflected Block Dojo's requirements from the outset, to avoid conflicts down the line. Gareth recalled that *"FounderCatalyst was willing to make customisations to the investment documentation that both respected and reflected the Dojo's own specific terms. That was fantastic, and no other platform was willing – or able – to do it."*

Documentation must align with the needs of other Block Dojo provider partners who become involved at the fundraising stage. These include share scheme & equity management platform Vestd, which the Dojo uses to incorporate its start-ups and which establishes a start-up's share classes and agile partnership frameworks. It also includes FunderBeam, a platform which helps start-up founders to aggregate investments from a number of investors, and which becomes a legal signatory to the documentation.

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Gareth commented that *"All the founders' interactions must operate in harmony, and FounderCatalyst's team did a lot of work to align everything. The triumvirate of FounderCatalyst, FunderBeam and Vestd have complemented our processes really well and made the Block Dojo programme and processes more efficient."*

Investors can come in and invest against standard documentation, rather than starting from scratch with their own base. Once actively engaged in negotiations, they may still wish to add further specific requirements, but these can be negotiated based on a clear and complete foundation, with everything executed on the FounderCatalyst platform.

## Predictable process reduces risk

Working with FounderCatalyst has helped Block Dojo transform a sub-optimal process into one that is more predictable with reduced cost and improved transparency for all involved. The process of readying legal investment paperwork has become both simpler and repeatable. 24 founders within Cohorts 3, 4 and 5 have worked with FounderCatalyst so far, with Cohort 6 joining soon.

*"FounderCatalyst has allowed us to standardise the documentation and process for our cohort companies and delivers incredible value – saving thousands in fees when compared to other legal platforms for seed-stage companies"* Gareth told us.

Achieving the ultimate aim of gaining investment can take a long time – but Block Dojo has seen notable successes. One such Block Dojo portfolio company is BlockRank Ltd (trading as HQNFTs) – who secured their full SEIS allocation from an investor within one week of leaving the Dojo, making them the fastest-invested Dojo graduate to date. The investments were executed through FounderCatalyst. Because they had already aligned the documentation with what the investor expected, the process was seamless and swift.

Founders Divya Prashanth and Janine Miles commented that *"FounderCatalyst was a breath of fresh air, saving us both time and money in closing our SEIS pre-seed round in which SFC Capital participated"*.

## Building in agility

Block Dojo has built an effective team of service partners to support blockchain innovators on their start-up journey, and FounderCatalyst is enabling their collaboration. Gareth reflected: *"The value of FounderCatalyst to the Dojo is the certainty it brings, and it adds to the professional suite of tools that we can provide our founders as a result of them joining the programme."*

He sees the relationship only strengthening as the teams work together, saying: *"FounderCatalyst has a team of true professionals that clearly care about the customer's experience. Sam guides and supports our founders, and CTO Andy Jeffries has often dived in to help with support and occasional platform changes."*

He is also in no doubt about the contribution it gives to start-ups: *"The success rate was much higher, the speed of turnaround was much higher, and it's all wrapped up in the affordable cost of the FounderCatalyst service."*

Block Dojo's model in working with platforms like FounderCatalyst at the centre of the process is a step towards enabling more agile fundraising, by building more flexible and adaptable processes to help founders stay engaged with investors.



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