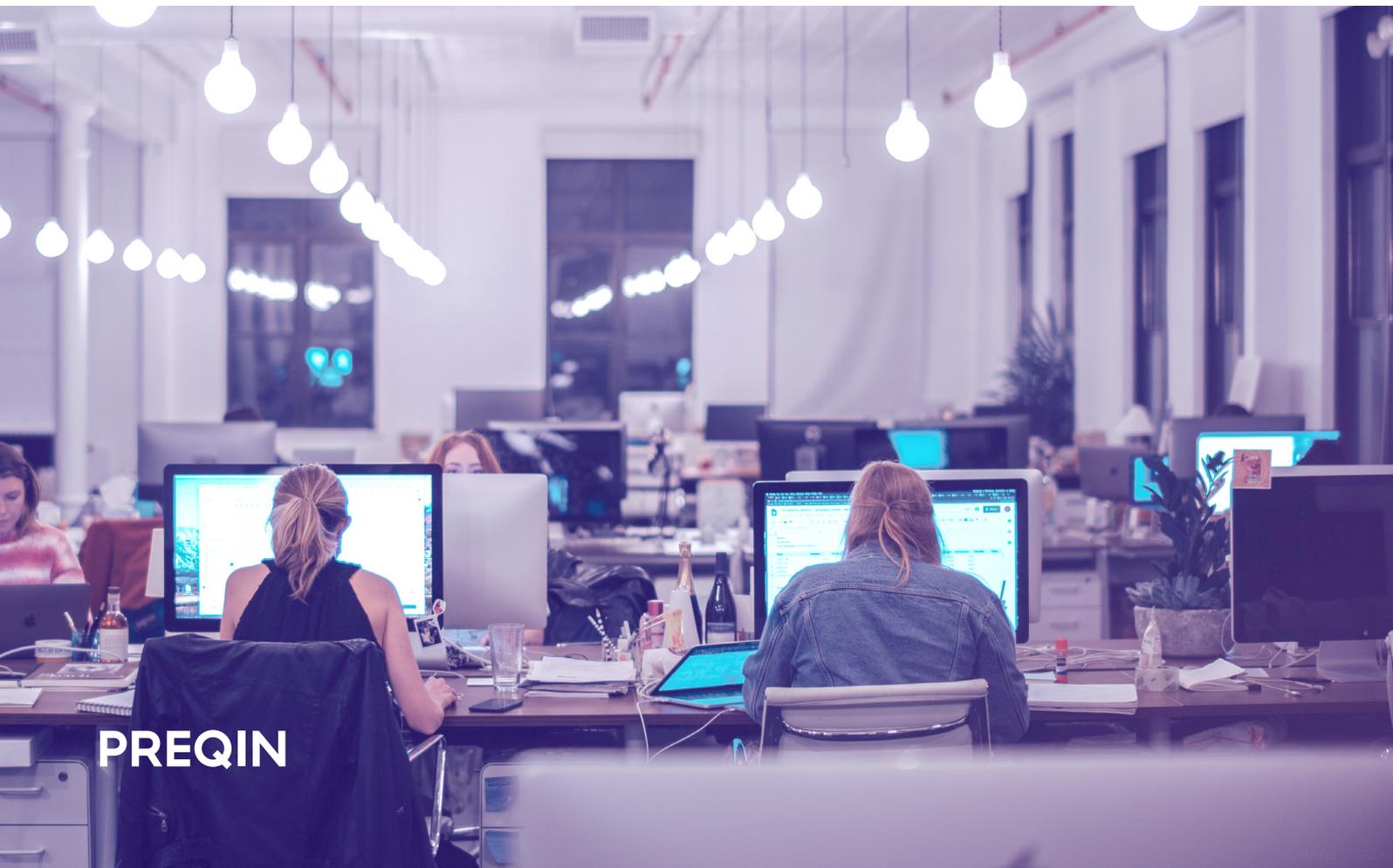


# Actionability Signal

High-quality deal flow is an essential ingredient of solid returns, so it is vital to be able to filter opportunities based on quality vs quantity. Actionability Signal anticipates the likelihood of a liquidity event within a private company in the next 6 to 18 months, helping to prioritize a target list faster.

Our Data Science team developed two separate methods, **Venture Capital Actionability Signal** and **Buyout Actionability Signal**, to identify potential liquidity events that span the full lifecycle of private companies from early to mature.



## | Venture capital model

Preqin Pro's Venture Capital (VC) Actionability Signal (AS) uses predictive modeling to assess the likelihood that a company will be raising capital in the next six months.

This feature examines historical deals to highlight traits of a company in the six months prior to it becoming actionable.

### **How does it work?**

Using the latest data additions to Company Intelligence, Preqin uses company, investor, and deal data to highlight statistical relationships between observable company traits and their next fundraising round. If the prediction for a new fundraising round falls within the next six months, the company will be tagged as actionable.

Utilizing millions of statistical data points, our machine learning model detects a number of observable traits which may positively impact a given company's actionability.

Examples include, but are not limited to, the following:

- Recent changes in the number of employees
- Size of the most recent deal
- Time elapsed since the most recent deal
- Company age
- Total amount raised, and total amount raised relative to the deal stage
- Number of previous deals

Our model finds statistical relationships in traits so that patterns of typicality can be found in each new instance when a company is tracked by Preqin. This allows the model to assess each new company regardless of its market or previous activity.

## | Buyout method

Preqin Pro's Buyout Actionability Signal (AS) uses historical data to pinpoint whether companies held in private equity buyout funds are likely to become actionable within the next 12 to 18 months.

Similar to the VC model, Buyout Actionability Signal is a great tool for capital deployment as it gives investors the ability to filter opportunities based on quality and build a target list more efficiently.

### How does it work?

Utilizing the full history of buyout deal and exit data across all sponsor-backed companies in Preqin's database, the Buyout Actionability Signal (AS) measures the time elapsed between each company's buyout and its exit to determine whether it will be open for investment within the next 12 to 18 months.

The patterns of historical hold periods within a fund in each region and sector are analyzed to determine when the company is considered actionable.

To summarize:

- All companies that were the subject of a buyout across the Preqin database are grouped **by region and sector**.
- Historical company exits create a distribution over exits occurring in the next **12 to 18 months since the initial acquisition date**.
- The company is considered actionable if it is in a period where the exit frequency exceeds **25% of the entire population**.

Some of the data points utilized to build the underlying model of Buyout Actionability Signal include, but are not limited to, the following:

- Company location (i.e., region)
- The industry of the company (i.e., sector)
- The amount of time between the acquisition or deal date and the exit date

## | How do I incorporate these into my workflow?

Actionability Signal highlights the most relevant companies when you conduct searches on Preqin Pro.

It further refines your search by highlighting companies that are most likely to be the subject of a liquidity event, giving you an additional perspective on which companies to prioritize in your outreach.

## | Actionability Signal within the Company Search feature

	User question	Preqin Pro (Example results)	Feature
Start	How many companies are there?	<b>242,000</b> companies	Company search
Granularity	What companies are in our sector?	<b>10,000</b> companies	Company search
	Which companies haven't fundraised recently?	<b>3,500</b> companies	Deals
	Which ones are performing well?	<b>1,500</b> companies	Financials/Filings
	Which ones are looking to fundraise soon?	<b>120</b> companies	Actionability Signal
Finish		<b>List of companies</b>	

If you would like more information, please reach out to **Max Jarmey**

**CONTACT NOW**