INVEST ASSURANCE LLC

PRIVATE & CONFIDENTIAL — CEO STRATEGIC RESEARCH BRIEF

DealStaging

A Market, Industry & Category Research Report

AI-Assisted Financial Diagnostics for SMB Owners Preparing to Sell, Refinance, or Raise Capital

Prepared for the Sole Managing Member, Invest Assurance LLC

July 2026

Prepared using publicly available government, academic, and industry-research data as of July 2026. All market sizing figures are third-party estimates and are labeled by confidence level; none should be treated as audited or independently verified.

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Executive Summary — The Core Axiom

The Core Axiom

DealStaging is not competing to build financial reports. It is competing to become the trust layer that sits between two markets that already have enormous, well-documented, dollar-quantified friction: a $5 trillion generational transfer of small-business ownership, and a buyer/lender ecosystem that categorically rejects businesses whose financials cannot be proven. The category exists because the two largest acquirers of small businesses in America — banks and programmatic acquirers like Teamshares — both say, in their own underwriting language, the same thing: we strictly underwrite to tax returns. DealStaging's entire commercial thesis is the arbitrage between what an owner's books actually show and what a buyer's underwriting box requires.

This report sizes the market DealStaging is entering, maps the industry structure it sits inside, benchmarks the competitive field, and sources every figure to a government, academic, or primary industry dataset. It does not attempt to validate DealStaging's own unit economics — that work depends on data no market report can supply: actual conversion rates from actual broker and accountant outreach. Nothing in this document should be read as confirmation that the business will work. It is a map of the terrain, not a scorecard of execution.

Four findings anchor everything that follows:

- The succession wave is real and dated. McKinsey's Institute for Economic Mobility puts six million U.S. small and mid-size businesses through an ownership transition by 2035, with roughly one million of those viable for outright sale — a cumulative $5 trillion in enterprise value. This is corroborated independently by Teamshares' own SEC/SPAC investor materials, which cite 4.5 million SMEs owned by Baby Boomers and Gen X as "a significant and actionable market."
- Poor financial records are the single most-cited cause of deal failure at the point of sale, not price. Multiple independent sell-side and QoE advisory sources converge on roughly one in three signed LOIs never reaching closing, with financial-record and earnings-quality issues — not financing or buyer remorse — the largest single cause.
- The programmatic-acquirer model that could absorb millions of these businesses explicitly filters them out on entry. Teamshares' own published acquisition criteria disqualify "financials that aren't tax-return provable" before any other underwriting step runs. This is the single cleanest piece of evidence in this report: the buyer of last resort for retiring owners has a published policy that manufactures DealStaging's addressable market.
- The adjacent bookkeeping/QoE ecosystem is large, fragmented, and not built for this moment. The global bookkeeping services market is variously sized between roughly $13 billion and $53 billion depending on scope definition (a wide range reflecting inconsistent category boundaries across research vendors — treat

directionally), and is growing 6–10% annually on outsourcing and AI-automation tailwinds, but the incumbents in that market build books going forward — they are not structured to retroactively reconstruct three years of defensible financials for a business about to change hands.

The problem DealStaging targets is documented, quantified, and structurally persistent — it does not depend on a favorable interpretation of ambiguous data.

is the label that belongs on DealStaging's own conversion assumptions ($997 setup, $297/month, ~$337 CAC via broker referral) until outreach data exists. Market size answers whether the opportunity is real. It does not answer whether this specific go-to-market converts.

1. Category Definition & Industry Classification

DealStaging does not have a clean, single NAICS code home — a fact that is itself strategically informative. It sits at the intersection of four adjacent, separately-regulated, separately-measured industries. Understanding the category means understanding which of these four DealStaging is actually disrupting, versus which it merely resembles.

1.1 The Four Adjacent Industries

Industry	NAICS / Classification	What It Does	Why DealStaging Isn't This
Bookkeeping & Payroll Services	541219 / 54121b	Ongoing, forward-looking transaction recording	DealStaging is retrospective and event-triggered, not a monthly close function
M&A Advisory / Business Brokerage	541613 / 523900	Sell-side representation, buyer sourcing, deal negotiation	DealStaging produces an input to the broker's process; it does not represent the seller in a transaction
Quality of Earnings / Transaction Advisory	541211 (CPA firms) / boutique TAS practices	Independent, credentialed assurance on adjusted EBITDA for buyers and lenders	QoE is priced for $1M+ deals ($12K–$100K+); DealStaging targets the segment beneath where QoE is economically viable
Business Valuation Services	541990 / ASA-credentialed appraisers	Formal opinions of value, often for legal or tax purposes	DealStaging outputs a readiness/earnings diagnostic, not a certified valuation opinion

1.2 Where DealStaging Actually Sits

The defensible category description is: a self-serve, AI-assisted financial diagnostics and normalization service for Main Street and lower-middle-market sellers, distributed through the broker and accountant channel, priced beneath the threshold where a formal Quality of Earnings engagement is economically viable ($997 setup / $297 monthly, per the current model, versus $12,000–$100,000+ for a licensed QoE report).

Uncomfortable framing

This category — pre-QoE, sub-threshold financial diagnostics for Main Street sellers — does not have an established trade association, an IBISWorld industry code, or a standalone market-sizing report. That absence cuts both ways. It means DealStaging is not late to an obvious, already-commoditized category. It also means there is no third-party market report to cite that validates the category's existence as a distinct commercial segment — every TAM figure in Section 6 has to be built bottom-up from adjacent-market data, not lifted from an analyst report that already did the work.

2. Macro Market Landscape

Four overlapping markets set the economic backdrop DealStaging operates against: the M&A advisory market broadly, the Main Street/lower-middle-market business-for-sale segment specifically, the bookkeeping and outsourced accounting market, and the nascent AI-in-accounting adoption curve. Each is sized differently by different research vendors, so this section reports ranges and flags the source and its confidence level rather than picking one number to look precise.

2.1 M&A Advisory — the Broad Frame

Global M&A advisory market-size estimates vary enormously by vendor methodology, from roughly $29 billion (2026) to $49 billion (2024) depending on scope. The wide spread itself is the finding: this is not a market with a single, agreed-upon size, and any number cited in a pitch deck should be treated as directional, not precise.

U.S. M&A deal value reached $1.2 trillion in the first five months of 2026 alone (PwC), nearly double the same period a year earlier — but deal volume was essentially flat, with the increase concentrated almost entirely in mega-deals over $5 billion. This bifurcation matters directly to DealStaging: the headline M&A boom is a large-company story. Main Street deal volume is not accelerating at anything close to that rate.

2.2 Main Street & Lower-Middle-Market Business Sales

The International Business Brokers Association (IBBA) and M&A Source jointly run the only recurring, practitioner-sourced survey of this specific segment — the quarterly Market Pulse Survey, covering transactions from $0 to $50 million. The Q1 2026 edition (300 respondents, 203 completed transactions in the quarter) is the closest thing to a primary-source read on deal velocity in DealStaging's actual target band.

- Sentiment: 72% of intermediaries surveyed in Q4 2025 expected 2026 conditions to match or exceed the 2021 peak.
- Buyer competition: 83% of deals over $5 million attracted 3+ offers in Q1 2026; 18% attracted 10+ bids — indicating a buyer's market squarely in DealStaging's target range, which increases the value of a seller showing up with defensible numbers.
- AI is not yet repriced into valuations: 67% of advisors reported no material AI impact on deal multiples as of Q1 2026 — a signal that the advisory profession itself has not yet absorbed AI tooling into its workflow, which is closer to opportunity than threat for an AI-native entrant.
- Broker fee structure: Main Street deals under $1M carry blended broker fees around 10% flat; lower-middle-market deals ($1M–$5M) run 6–9% blended (IBBA/M&A Source Q4 2025 Market Pulse, cross-referenced with the Pepperdine Private Capital Markets Report).

2.3 Bookkeeping & Outsourced Accounting

Market-size estimates for global bookkeeping services range from roughly $13.3 billion (2026, one vendor's narrower NAICS scope) to $53.7 billion (2026, a broader vendor definition including payroll and tax prep), growing at 6–10% CAGR across every published estimate. In the U.S. specifically, IBISWorld's NAICS 54121b (Payroll & Bookkeeping Services) segment counts 331,000 U.S. businesses, growing at roughly 2.2–2.5% annually — a mature, low-growth, highly fragmented industry structure, consistent with a service that has not yet been meaningfully disrupted by AI at the small-business end.

Roughly 75% of U.S. small and mid-sized businesses have adopted cloud accounting software (QuickBooks, Xero, or equivalents), per aggregated 2025–2026 industry statistics. That adoption curve is a necessary but not sufficient precondition for DealStaging: cloud bookkeeping software makes source data more accessible for AI ingestion, but adoption of the software does not equal quality of the underlying books — the two are frequently and importantly decoupled, and that gap is exactly where Section 4 lives.

2.4 AI Adoption Inside the Finance Function

Aggregated 2026 industry statistics report 97% of finance departments had adopted some AI tool by 2026, up from 76% the prior year, with automation estimated to save the average accounting professional roughly 240 hours per year. Manual bookkeeping and reporting errors are estimated to cost U.S. businesses approximately $7.8 billion annually. These figures describe large and mid-size finance departments predominantly; there is no equivalently rigorous figure for AI adoption specifically inside sub-$5M-revenue Main Street businesses, which is a meaningful data gap — and a reason DealStaging's own self-serve seller portal will be generating category-defining usage data almost from day one, rather than following an established adoption curve.

3. The Demand Driver: The Great Ownership Transfer

This is the single most load-bearing data point in the entire report, and it is worth being precise about what is solid and what is inflated in the popular version of this story.

> **Correcting the popular narrative**
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> The widely-repeated "10,000 Boomers retire per day, 12 million businesses, $10 trillion" framing traces to Guidant Financial and secondary aggregation, not to a single traceable primary dataset, and independent researchers rate it overstated once non-employer sole proprietorships are stripped out. The defensible, source-traceable figures are lower but still enormous — and citing the inflated figure to a CEO who explicitly wants pushback over validation would be a disservice.

3.1 What the Primary Sources Actually Say

Source	Figure	Confidence
U.S. Census Bureau (via multiple secondary reports)	2.34 million small businesses owned by Baby Boomers, employing 25M+ people	Certain
Project Equity (primary research org)	2.9 million U.S. employer firms owned by 55+ owners; $6.5T combined revenue, $1.3T payroll	Certain
McKinsey Institute for Economic Mobility (Feb 2026)	6 million SMBs facing ownership transition by 2035; ~1 million viable for sale; ~$5T enterprise value	Certain — primary institutional research
Teamshares SEC/SPAC investor materials (2026)	4.5 million SMEs owned by Boomers + Gen X, cited to U.S. Census	Certain — disclosed in a regulated securities filing
Guidant Financial (widely re-cited)	"12 million" boomer-owned businesses; "10,000/day" retiring; "$10 trillion" in assets	Guessing — popular but not independently traceable to a primary count

3.2 Succession Planning Failure Rate

Across the Wilmington Trust, NFIB, and Fed Small Business Credit Survey lines of research, the consistent finding is that somewhere between 46% and 72% of small-business owners have no formal, written succession or exit plan — the exact figure moves by survey and year, but every independent source places the majority of owners in this category. McKinsey separately estimates annual small-business exits (sales plus closures) could run as much as 42% above 2011 levels by 2035, reaching roughly 665,000 per year.

3.3 Why This Section Matters to DealStaging Specifically

The succession wave is the demand-side story every business-brokerage and roll-up pitch deck in this space cites — it is necessary context, not differentiation. What differentiates DealStaging's read on this data is the next section: the wave only converts into a transaction if the business's books survive contact with a buyer's underwriting. A demographic wave of unprepared sellers is not, by itself, a market for a financial-diagnostics product — it is a market for a financial-diagnostics product only once you can show that unpreparedness is specifically financial, specifically fatal to deals, and specifically fixable faster and cheaper than the incumbent alternative. Section 4 makes that case with sourced data rather than assumed correlation.

4. The Core Problem: Unverifiable Financials as the Silent Deal Killer

The Core Axiom, restated

Every buyer in this market — from a first-time individual acquirer to a $126 million publicly-traded programmatic acquirer — runs the same test on entry: can the numbers be traced to a bank statement and a tax return? DealStaging's product is not "help me sell my business." It is "pass the test before the buyer administers it."

4.1 Deal-Failure Rate Attributable to Financial Records

- Multiple independent sell-side and QoE-advisory sources place the rate of signed LOIs that never reach closing at roughly one in three, with diligence-driven findings — not financing or buyer remorse — now the largest and a rising share of the cause (CLA / Windes / ACG-affiliated advisory sources, 2026).
- A separate estimate specific to formal due-diligence-stage failure states approximately half of all deals that reach that stage fall apart there, with poor financial records cited as one of the most common reasons (Exit Factor, 2026).
- Inconsistent or incomplete financial reporting — monthly numbers that don't reconcile, reliance on manual spreadsheets, absence of GAAP-consistent statements — is independently named across every source reviewed as the single most common red flag buyers encounter in diligence.

4.2 The Buyer Underwriting Box, in the Buyer's Own Words

This is the strongest single piece of evidence in the report, because it does not come from a marketing article — it comes from Teamshares' own published acquisition criteria and its 2026 SEC/SPAC investor presentation, filed in connection with its Nasdaq listing (ticker TMS).

Direct from the buyer's underwriting criteria

Teamshares — the largest publicly-disclosed programmatic acquirer of retiring-owner small businesses in the country, targeting $0.5M–$5M EBITDA — lists two disqualifying criteria ahead of everything else in its published acquisition process: financials that cannot be proven against tax returns, and high customer or vendor concentration. Teamshares states plainly that it "strictly underwrites to tax returns." A business whose real earnings run meaningfully above what its tax filings show — the single most common condition in cash-intensive Main Street businesses — is disqualified from this buyer category before any other factor is considered.

This is not a hypothetical underwriting posture. Teamshares reports sourcing roughly 15,000 size-qualified acquisition opportunities annually against a pipeline of 75,000 businesses for sale, and closes on a small fraction of those — the gap between sourced and closed is where the market DealStaging targets actually lives. A business that is disqualified by Teamshares' tax-return test is not thereby unsellable; it simply falls back to a smaller, less capitalized, more price-sensitive buyer pool (individual buyers, SBA-financed acquirers, family transfers) where the same underwriting problem recurs with a bank instead of a programmatic acquirer.

4.3 The Structural Reason This Problem Persists

Cash-intensive Main Street businesses — bars, restaurants, salons, car washes, contractors, retail — have a well-documented, decades-old incentive to under-report revenue for tax purposes. That incentive runs directly counter to the incentive at sale time, which rewards provable, maximized earnings. The owner who optimized for the lowest defensible tax bill for fifteen years arrives at the sale table needing to prove the opposite number. Multiple sourced case examples (a car wash owner whose books showed $16,000 against real earnings in the hundreds of thousands; a flooring contractor whose decades of cash payments left no provable paper trail) illustrate that this is not a documentation-quality problem fixable by hiring a better bookkeeper going forward — it is a reconstruction problem, requiring forensic-style normalization of years of historical activity across bank statements, POS exports, and card-processing records.

This structural mismatch — tax-optimized historical books versus sale-optimized provable earnings — is the actual root of DealStaging's addressable problem, and it is a stronger, more specific claim than "small business owners have bad books." It also implies a real constraint on the product: DealStaging's diagnostic can normalize and present earnings more defensibly than raw tax returns, but it cannot manufacture provability that the underlying bank and POS data does not support. The product's honest value proposition is faster, cheaper diagnostic clarity and a defensible range — not a guarantee that every seller's numbers will pass a buyer's test.

4.4 Cost of the Incumbent Fix, and the Gap DealStaging Sits In

Service Tier	Typical Cost	Who It's For
Basic cleanup / compiled statements	$1,000 – $5,000	Businesses with reasonably intact records needing presentation-ready statements
Reviewed statements	$4,000 – $15,000	Sellers anticipating lender or serious-buyer scrutiny
Full Quality of Earnings (QoE) report	$12,000 – $25,000 (small deals); $15,000 – $100,000+ (larger deals)	Deals large enough that the buyer or lender requires independent assurance
DealStaging diagnostic (current model)	$997 setup + $297/month	Sub-QoE-threshold Main Street sellers who need clarity before engaging a broker or CPA, not a certified opinion

The gap is real: a business generating $300,000–$1,000,000 in revenue cannot economically justify a $15,000+ QoE engagement, but is exactly the population where the tax-return-versus-real-earnings gap is most common and most deal-fatal. That is

DealStaging's white space. It is also, definitionally, a smaller-dollar, higher-volume, lower-margin-per-unit space than the QoE market it sits beneath — a structural trade-off, not a flaw, but one that has to be modeled honestly in Section 6.

5. Competitive Landscape & Positioning

DealStaging does not compete inside a single well-mapped category, which is both the opportunity and the risk identified in Section 1. This section maps four adjacent competitor sets, each of which could plausibly move into DealStaging's exact position with fewer structural obstacles than DealStaging faces moving toward theirs.

5.1 Competitor Set 1 — Outsourced Bookkeeping / Cleanup Firms

Pilot.com, Bench (defunct as of 2024 but replaced by successor providers), Bookkeeper360, inDinero, and a long tail of regional firms dominate the ongoing-bookkeeping and pre-sale cleanup market. Multiple sourced advisory articles explicitly recommend that pre-sale cleanup and the independent QoE report be performed by different firms, since buyers discount self-graded homework — a structural opening for a third-party diagnostic layer like DealStaging, but also a reason these incumbents could add a "sale-readiness" SKU with minimal technical lift, since they already hold the underlying data relationships.

5.2 Competitor Set 2 — Business Brokers & M&A Advisors (IBBA / M&A Source Member Firms)

Roughly 3,000+ IBBA members plus a comparable population of non-member brokers already sell Main Street businesses and already have first-party incentive to make their listings' financials defensible, since a listing that collapses in diligence costs the broker the commission. DealStaging's channel-partner distribution model (selling into brokers, not around them) is a direct acknowledgment of this: brokers are the more natural owner of this workflow step, and DealStaging's viable path is to be the tool brokers use, not the entity brokers compete against.

5.3 Competitor Set 3 — Quality of Earnings / Transaction Advisory Practices

CLA, Windes, PCE, and hundreds of regional CPA-affiliated transaction-advisory practices already own the credentialed, defensible end of this exact problem. They do not currently serve the sub-$1M-QoE-threshold market because their cost structure — senior CPA and forensic-accounting labor — cannot profitably serve a $997 price point. That cost structure is the moat DealStaging is underwriting against, and it is a real one only as long as AI-driven analysis genuinely substitutes for the credentialed labor those firms are pricing. If large QoE practices build a low-cost AI-native tier of their own (increasingly plausible given the AI-adoption data in Section 2.4), that moat compresses quickly.

5.4 Competitor Set 4 — Programmatic Acquirers as Both Validator and Substitute Channel

Teamshares is simultaneously the best evidence for DealStaging's thesis (Section 4.2) and a long-run structural risk: if programmatic acquirers scale their own in-house diagnostic and normalization tooling to process the 15,000+ opportunities they source annually more efficiently, they reduce their own dependency on any third-party financial-readiness product, and they could plausibly offer sellers a lightweight version of the same diagnostic for free as a lead-generation tool. Teamshares' 2026 investor materials confirm active investment in AI-driven sourcing, underwriting, and portfolio-company financial-visibility tooling — this is a company already moving in that direction.

5.5 Positioning Summary

Dimension	Bookkeeping firms	Brokers	QoE / CPA firms	Programmatic acquirers	DealStaging
Price point	$300–$2K/mo	Commission-based (6–12%)	$12K–$100K+	N/A (internal cost)	$997 + $297/mo
Credential / assurance level	None	None	CPA-credentialed	Internal underwriting	Diagnostic, not certified
Target deal size	Any ongoing client	$0–$50M	$1M+ typically	$0.5M–$5M EBITDA	Sub-QoE Main Street
Primary channel	Direct / referral	Direct listing	Referral from bank/broker	Direct sourcing	Broker & CPA referral
Structural risk to DealStaging	Could add readiness SKU	Could build in-house tool	Could go downmarket with AI	Could build free in-house version	—

Where DealStaging actually has to win

No incumbent in any of the four sets above is currently serving the sub-$1M-revenue, tax-return-gap segment at a sub-$1,000 price point with a self-serve, AI-native workflow. That white space is real today. It is not defensible by product complexity alone — every adjacent player has an easier path into DealStaging's position than DealStaging has into theirs. Defensibility, if it exists, has to come from channel relationships (broker and accountant distribution locked in early) and from proprietary data accumulated across repeated seller uploads, not from the underlying AI capability, which is not a durable moat on its own.

6. Total Addressable Market — TAM / SAM / SOM

Methodology note

No third-party report sizes this exact category (Section 1.2). Every figure below is built bottom-up from the primary demand-side and deal-failure data in Sections 3 and 4, applied against DealStaging's current pricing model. These are order-of-magnitude estimates for strategic orientation, not figures to put in front of an investor without independent validation.

6.1 TAM — Total Addressable Market

Starting population: McKinsey's ~1 million SMBs identified as viable sale candidates through 2035, plus the broader Project Equity base of 2.9 million employer firms owned by owners 55+ (a superset that includes businesses not yet actively marketing for sale but within the succession-planning window where a diagnostic product could be sold pre-emptively).

TAM Basis	Population	Annual Flow Assumption	Confidence
McKinsey viable-sale candidates through 2035	1,000,000 businesses	~111,000/year (evenly spread)	Likely
Project Equity 55+ owner employer-firm base	2,900,000 businesses	Pre-sale addressable pool, multi-year	Certain (base count)
McKinsey projected annual exits by 2035 (sales + closures)	Up to 665,000/year	Upper bound, includes closures not just sales	Likely

Applying DealStaging's $997 + $297/month pricing (roughly a $3,670 blended LTV per the prior modeling work) against the conservative ~111,000/year flow of viable sale candidates yields a theoretical TAM ceiling of roughly $407 million/year, before any penetration discount. Against the full 2.9 million-business base treated as a multi-year addressable pool rather than an annual flow, the cumulative TAM ceiling is roughly $10.6 billion undiscounted. Neither number accounts for the fact that a meaningful share of that population will never engage a paid diagnostic product at all — the next two rows apply that discount.

6.2 SAM — Serviceable Addressable Market

The realistic serviceable market narrows the TAM three ways: (1) exclude businesses large enough to justify a full $12K+ QoE engagement instead (the segment DealStaging is explicitly positioned beneath); (2) exclude businesses whose owners will use a family transfer or informal sale with no third-party diligence at all (a meaningful share, given that over half of small-business owners report no formal succession plan and many never run a competitive process); (3) restrict to businesses reachable through the broker/CPA referral channel DealStaging depends on for distribution.

Discount Applied	Rationale	Resulting Population (approx.)
Exclude businesses large enough for QoE economics	~15–20% of viable-sale population, per deal-size distribution implied by Section 2.2 broker fee bands	~800,000–850,000
Exclude family transfer / no-diligence exits	Roughly half of transitions are non-arms-length per succession-planning research	~400,000–425,000
Reachable via broker/CPA channel in a given year	Applying IBBA's ~203 transactions/quarter among 300 surveyed brokers as a rough per-broker annual throughput proxy, scaled to ~3,000+ IBBA members plus non-member brokers	~40,000–60,000/ year realistically reachable

A SAM of roughly 40,000–60,000 reachable transactions/year, at the current blended LTV of ~$3,670, implies an annual serviceable market of roughly $147 million to $220 million. This is the number that should anchor internal planning — not the $10 billion TAM figure, which is a ceiling, not a plan.

6.3 SOM — Serviceable Obtainable Market (Realistic Near-Term Capture)

SOM depends entirely on execution variables no market report can supply: how many broker relationships convert to active referral partners, what fraction of referred sellers complete the self-serve upload, and what churn looks like on the $297/month tail. Absent that data, any SOM figure is a placeholder for planning purposes only.

Scenario	Broker Partners Active	Referrals/Partner/ Year	Reports/Year	Revenue (at $3,670 LTV)
Bootstrap Year 1	15	4	60	~$220,000
Established Year 2–3	75	6	450	~$1.65M
Scaled multi-year	300	8	2,400	~$8.8M

The uncomfortable read on SOM

These three scenarios are illustrative math, not forecasts — the same caution applies here that applied to the MABO review referenced in prior sessions: zero broker relationships currently exist, so the Bootstrap Year 1 row assumes an outreach and conversion process that has not yet started. The gap between the Bootstrap row (~$220K) and the SAM ceiling (~$150–220M) is the entire distance between a validated business and a spreadsheet. Closing even 1% of the SAM in year one would already exceed the Bootstrap scenario, and there is no evidence yet in either direction about which is more realistic.

7. Business Model Recap

For completeness against the CEO brief, this section restates — without re-litigating — the DealStaging economic model as currently locked from prior working sessions. Nothing here is new modeling; it is included so this report stands alone as a single reference document.

Element	Current Model
Positioning	AI-assisted financial diagnostics for SMB owners preparing to sell, refinance, or raise capital
Distribution	Brokers and accountants (channel-partner referral), not paid advertising
Pricing	$997 setup + $297/month
Blended LTV	~$3,670
Target gross margin	80–85%
Target CAC (broker referral channel)	~$337
Origin / proof of concept	One-page owner-take-home estimate report produced during the Jiro Bar sale process, which directly helped close that transaction
Brand	DealStaging.com — locked, USPTO-clear at time of prior search

These figures were modeled, not tested, as of the last working session on this venture. The market sizing in Section 6 does not validate the $337 CAC or 80–85% margin assumptions — those depend on actual broker conversion behavior and actual AI-processing cost-per-report at scale, neither of which has been measured against a live customer yet.

8. Regulatory, Liability & Structural Risk

8.1 Professional Liability Exposure

DealStaging's diagnostic output will function, in practice, as a document buyers and lenders read to make underwriting decisions — even if it is explicitly disclaimed as non-certified and non-audited. This creates real third-party reliance exposure: if a buyer relies on a DealStaging-normalized earnings figure and the business later proves not to earn that amount, DealStaging (and by extension Invest Assurance LLC) is a plausible target of a reliance claim regardless of disclaimer language, particularly if the seller is later found to have overstated cash revenue and DealStaging's methodology did not catch it.

> **Uncomfortable framing**
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> A disclaimer reduces litigation risk; it does not eliminate it, and disclaimers are weakest exactly in the fact pattern DealStaging is built to serve — cash-intensive businesses with a documented history of under-reporting, where a normalized-earnings output could be read by a buyer as more authoritative than it is. The prior working sessions on this venture already flagged a disclaimer-architecture requirement for exactly this reason; that requirement should be treated as non-negotiable, not as a formality to finalize later.

8.2 Not a Licensed Attest Service — and the Line Must Stay Bright

A Quality of Earnings report and an audit both carry professional-standards weight (AICPA attestation standards, in the QoE case informally; GAAS, in the audit case) precisely because a licensed CPA is putting professional liability behind the number. DealStaging's diagnostic, as currently scoped, is explicitly not that — which is the entire basis of its price advantage over a $12K+ QoE engagement. The commercial risk is scope creep: if broker or buyer expectations start treating a DealStaging report as attest-equivalent, DealStaging inherits attest-level liability exposure without attest-level pricing or professional-liability insurance to match. Every piece of marketing and every deliverable needs the same disclaimer discipline the earlier PayAsure/VestLock legal-document work applied — jurisdiction-neutral language plus explicit non-reliance and non-attest language on every page a third party might see.

8.3 Data Handling & Financial Privacy

The self-serve upload portal concept means DealStaging will hold bank statements, POS exports, and tax-adjacent data for businesses that, by the nature of the product, often have unreported income exposure. This raises two distinct issues: standard data-security obligations common to any fintech-adjacent SaaS handling financial documents, and a more specific exposure — if DealStaging's own systems or personnel become aware of clear tax under-reporting through the diagnostic process, counsel should be engaged on what disclosure or engagement-letter language is appropriate before the product goes live, not after the first ambiguous case appears.

8.4 Jurisdictional Variability

Business-brokerage licensing requirements vary by state (some states require a real estate or securities license to broker a business sale; DealStaging is not brokering deals, but the line between "diagnostic tool" and "advisory service requiring licensure" is not uniformly defined across states, and has not been researched here). Given HC's stated location-independent operating posture and the standing instruction to avoid jurisdiction-specific assumptions, this report flags the need for a 50-state review before broad marketing claims are made about what the service does or recommends, rather than assuming Puerto Rico or any single state's rules apply.

9. SWOT Assessment

Strengths	Weaknesses
• Solves a documented, quantified, buyer-confirmed problem (Teamshares' own underwriting criteria) • Priced beneath the QoE threshold where no incumbent currently serves the segment profitably • Founder has a real proof-of-concept (Jiro Bar report) that measurably helped close a live transaction • AI-native cost structure targets 80–85% gross margin, structurally impossible for CPA-labor incumbents	• Zero live customers, zero broker relationships, zero validated conversion data as of this report • Not a licensed attest service — output carries less third-party weight than a QoE report by design • Disclaimer and liability architecture not yet finalized against a live product • No control over source-data quality; cannot manufacture provability the underlying records don't support
Opportunities	**Threats**
• $5T, multi-year succession wave with a documented, worsening financial-readiness gap • Broker channel has direct financial incentive to adopt a tool that reduces deal-collapse risk • AI adoption inside finance functions is accelerating broadly, priming the market for a self-serve tool • First-mover position in a category with no established incumbent or trade-association standard yet	• Every adjacent competitor set (bookkeeping firms, QoE practices, programmatic acquirers) has an easier path into this position than DealStaging has into theirs • Programmatic acquirers may build free in-house diagnostic tools as a sourcing lead-magnet • Reliance-claim exposure if a report is treated as attest-equivalent by a buyer or lender • Category ambiguity may slow broker adoption if the product can't be quickly explained against known alternatives

10. Strategic Recommendations

Lead recommendation

Before another deliverable is built, get five real conversations with business brokers who are actively listing sub-$1M businesses, and ask them one question: would you refer a seller to a $997 diagnostic tool before you take the listing? Everything in this report describes a real market. Nothing in this report, or any prior session, describes a tested go-to-market. That is the actual bottleneck, and no further planning artifact fixes it.

- Validate the channel before scaling the product. The SAM math in Section 6.2 depends entirely on broker and CPA referral conversion, which is currently unmeasured. A 15-broker outreach pilot is cheap, fast, and would replace three guessed inputs in the model with real ones.
- Finalize the disclaimer and engagement-letter architecture with counsel before the self-serve portal accepts a single upload — not after. The liability exposure in Section 8 is highest exactly where the product is most useful (cash-intensive, under-reported businesses), which is the opposite of a problem to solve later.
- Decide explicitly whether DealStaging is a lead-generation tool for brokers (free or low-cost, funded by broker referral fees) or a standalone paid product sold to sellers directly. The current $997 + $297/month model assumes the seller pays; the broker-channel distribution strategy assumes the broker refers. Those two incentive structures can conflict if the broker's client balks at an extra cost the broker is recommending.
- Track the Teamshares public listing (Nasdaq: TMS) as a live signal generator, not just a validating anecdote. As a newly public company, Teamshares will disclose acquisition-pipeline and underwriting-rejection data in its investor materials on an ongoing basis — this is a free, recurring, primary-source read on exactly the problem DealStaging is pricing against, and should be monitored quarterly.
- Resist the temptation to quote the $10 trillion / 12 million figure in any external-facing material. Section 3.1 shows it does not hold up to primary-source scrutiny. The defensible $5 trillion / 1 million McKinsey figure and the Teamshares-disclosed 4.5 million figure are equally compelling and will not embarrass the business in front of a broker who has seen the real IBBA data.

Closing note

This report answers whether the market is real. It is — soberly, defensibly, and by a wide margin larger than the business currently has any mechanism to reach. The next artifact this venture needs is not another report. It's a phone call.

Appendix: Source Register

Sources consulted in the preparation of this report, listed by section. All figures are as published by the cited organization at the time of research (July 2026) and are subject to revision by those organizations.

Government & Institutional

- U.S. Census Bureau — Annual Business Survey; small-business ownership demographics (via secondary aggregation, cross-checked across CNBC, Hadley Capital, and Teamshares SEC filings)
- U.S. Small Business Administration — Office of Advocacy business-count and GDP-contribution figures
- Federal Reserve — Small Business Credit Survey (2024 fielding, released 2026)
- U.S. Bureau of Economic Analysis — aggregate M&A activity figures

Academic & Primary Research

- McKinsey Institute for Economic Mobility — "Navigating the Great Small Business Ownership Transition," February 2026
- Project Equity — primary research on 55+ owner employer-firm population
- Pepperdine Graduate School of Business — Private Capital Markets Report
- Harvard Business Review — M&A deal-failure-rate research (as cited via secondary industry sources)

Industry & Trade Association Data

- International Business Brokers Association (IBBA) & M&A Source — Market Pulse Survey, Q4 2025 and Q1 2026 editions
- IBISWorld — U.S. Payroll & Bookkeeping Services industry report (NAICS 54121b), May 2026
- Deloitte — 2026 M&A Trends Pulse Survey
- PwC — U.S. Deals 2026 Midyear Outlook
- Morgan Stanley — Global M&A Activity Outlook 2026

Regulated Disclosures

- Teamshares Inc. / Live Oak Acquisition Corp. V — Form 425 and investor-day materials filed in connection with proposed Nasdaq business combination (ticker TMS), March–April 2026
- Teamshares — published acquisition criteria and process documentation, teamshares.com

Secondary Industry & Advisory Sources

- CLA (CliftonLarsonAllen) — sell-side Quality of Earnings advisory commentary, 2026
- Windes — "Inaccurate Accounting Kills Deals," April 2026

- Exit Factor, PCE Companies, Sunbelt Atlanta, Arizona Biz Sales, East Coast Advisory Team — deal-failure and financial-cleanup cost benchmarking articles, 2025–2026
- Verified Market Reports, Business Research Insights, The Business Research Company, Econ Market Research, Morgan Reed Insights — bookkeeping and M&A advisory market-sizing estimates (multiple, cross-referenced due to methodology variance)
- Forbes, CNBC, Fox Business, FIU Business Now Magazine — succession-wave and "silver tsunami" secondary reporting, 2025–2026