SETTING UP A DATA ROOM

How to organize your documents in one secure, shareable place so investors and lenders can review them quickly.

TYPE: GUIDE REVIEWED: NOVEMBER 2026 TIME: 7 MINUTES LEVEL: INTERMEDIATE

AT A GLANCE

- A **data room** is a secure online folder that holds the documents investors and lenders review.
- A simple **shared folder with clear numbered subfolders** is enough for most small businesses. Dedicated data room software adds tracking and permissions.
- Keep it **up to date**, and control who sees what.

Why it matters

A well-organized data room shows you're professional and saves weeks in due diligence. It also makes it easy to share the same information with several investors at once.

A simple folder structure

Folder	What goes in it
01 Overview	Pitch deck, one-page summary, business plan
02 Corporate	Formation documents, operating agreement or bylaws, EIN letter, good standing certificate
03 Ownership	Cap table, SAFEs, notes, option grants, founder agreements
04 Financials	2 to 3 years of P&Ls and balance sheets, current year to date, forecasts, bank statements
05 Taxes	Business tax returns, sales and payroll tax filings
06 Customers	Customer list (with permission), top contracts, retention and sales data
07 Contracts	Supplier, partner, lease and loan agreements
08 IP	Trademarks, IP assignments, key software or content licenses
09 Team	Org chart, key employment and contractor agreements, founder bios
10 Compliance	Licenses, permits, insurance certificates
11 Other	Press, awards, reviews, product photos

Step by step

1. **Choose a tool**: a shared folder in a cloud storage service you trust, or dedicated data room software.
2. **Create the folders** above and name files clearly, for example "2025 P&L - Final.pdf."

3. **Use PDFs** for final documents.
4. **Add an index** listing every document.
5. **Set permissions**: view-only, and limit downloads for sensitive files.
6. **Share access** only after an NDA, when appropriate, and only with serious investors.
7. **Update it monthly** while you're raising.

> TIP
>
> **Protect privacy.** Remove or hide personal information you don't need to share, like employees' Social Security numbers or customers' private details.

> EXAMPLE
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> **Sofia** used a shared cloud folder with the numbered structure above, plus an index file. When three investors reviewed her company at the same time, each got view-only access. She could see which documents they opened, which helped her prepare for their questions.

Common mistakes

- **Dumping files with unclear names** into one folder.
- **Outdated documents.**
- **Sharing too widely, too early.**
- **Including sensitive personal data** that isn't needed.

Your checklist

- ☐ Choose a secure tool
- ☐ Create the 11 folders
- ☐ Upload final PDFs with clear names
- ☐ Add an index
- ☐ Set permissions and an update schedule

Where to go next

- **R-20 Getting Ready for Due Diligence**
- **R-27 Due Diligence Document Checklist**
- **R-22 Investor Updates: Keeping Investors in the Loop**

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