

# M&A Exit Strategy Planning

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Begin with the End in Mind...

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**ANDREWS**  
ATTORNEYS **KURTH** LLP  
STRAIGHT TALK IS GOOD BUSINESS.®

# Breakfast Roundtable – Participants

## Featuring

Dave Johnson – SVP, Corporate Strategy at Dell

Manoj Saxena – VP, Global Business Services at IBM

## Hosts

Matt Lyons – Partner, Andrews Kurth

Jason Klann – Managing Director, Tolarus Capital Advisors

Tim McGee – Managing Director, Tolarus Capital Advisors

*Encourage “roundtable” group participation in discussions...*

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# Breakfast Roundtable - Topics

- Preparation for a future exit event
  - Legal
  - Business
  - Financial
- Pitfalls to avoid
- Examples and learning from past deals

*Enhance exit value and mitigate deal risks by being prepared...*

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# Breakfast Roundtable – Potential Pitfalls

## Legal

- Board and investor alignment?
- Shareholder issues?
- Accuracy and completeness of books, records and shareholder docs?
- Transparency on contingent liabilities or litigation?
- Commercial and Vendor Agreements – Assignability, expiration, MFN, etc.?
- Intellectual Property Documentation – Patent filings, releases, etc.?
- Employment and contractor agreements, non-competes?
- Understand fiduciary duties?
- Financial planning/wealth management strategy?

## Business

- Strategic business development activities?
- Growth initiatives in place?
- Sales Pipeline transparency, tie-to projections?
- Customer concentration?
- Succession planning for key management and functions?
- Organizational gaps?
- Compensation strategy and documentation?
- Scalability of IT & Customer Support?
- Operational capacity and utilization?
- Single source vendor issues?
- Visibility into operational performance metrics and tracking?
- Leased or owned Real Estate structure/issues?

## Financial

- Capital “runway” during process?
- Audited financials from reputable firm?
- Completeness of tax filings?
- Tracking of potential non-recurring “add-backs”?
- Transparency, accuracy and detail of analyses, budgets and forecasts?
- Inventory & A/R aging issues?
- Other balance sheet items (A/P, deferred comp, deferred revenue, debt, etc)
- Regulatory or tax clean-up issues (import/export duties, state sales taxes, etc.)?
- Valuation expectations & performance relative to market comps?

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# Breakfast Roundtable - Conclusions

- Proactive vs. reactive preparation (gaps =  $\uparrow$  risk =  $\downarrow$  valuation)
- Build relationships with multiple potential strategic partners
- Align business and strategic positioning with industry value drivers
- Follow direct and adjacent industry M&A and capital market activity
- Get Board and advisors involved and aligned early
- Keep focused on “day job” (executing business plan)

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# Exit Strategy Planning: Begin with the End in Mind

Breakfast Roundtable | February 18 | 7:30-9:00 a.m.



## Dave Johnson Senior Vice President Corporate Strategy at Dell Inc.

Dave Johnson serves as Senior Vice President, Corporate Strategy, for Dell. In this role, he works with Michael Dell on the development of short- and long-term strategy, and also with leaders of the company's four global business units on their respective growth strategies.

Mr. Johnson previously spent 27 years at IBM in a variety of corporate-development and finance roles, and was a member of the company's senior leadership team.

Mr. Johnson holds both a master's degree in finance and a bachelor's degree in English from Boston College.



## Manoj Saxena Vice President, Global Solutions Leader at IBM Corporation

Manoj Saxena is the Vice President and Global Solutions Leader for IBM Global Business Services (GBS). His responsibilities include leading the worldwide strategy, development, alliances, go-to-market management and integration of asset-based solutions for IBM's multi-billion dollar Global Solutions business.

Manoj is an accomplished CEO and serial entrepreneur who has successfully founded, managed, and sold two venture-backed software companies within a five year span: Webify, an emerging leader in industry-specific SOA middleware, was acquired by IBM in 2006 and Commerce One bought Exterprise, a business process collaboration software company in 2001. Previously, he was a Business Unit leader with 3M Company.

A frequent speaker at industry and business conferences, Manoj is the recipient of multiple awards including "Entrepreneur of the Year" and "IT Technologist of the Year." He serves on the Advisory Board of Global Giving which is pioneering an innovative global marketplace for philanthropy and on Michigan State University's Center for Venture Capital, Private Equity and Entrepreneurial Finance.

Manoj was awarded the Distinguished Alumni Award by Michigan State University, from where he had received his MBA in 1989. He also holds a Masters in Management Studies Degree from the Birla Institute of Technology & Science, Pilani, India.



## Jason Klann Managing Director at Tolarus Capital Advisors

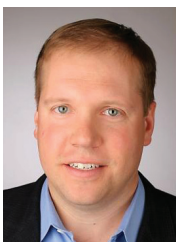
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Jason Klann is a Managing Director for Tolarus Capital Advisors, focusing on mergers & acquisitions (M&A) and financial advisory for emerging growth and middle-market technology companies.

Jason has advised both public and private companies on complex M&A and financing transactions ranging from \$5 million to over \$1 billion.

Jason was most recently Senior Vice President, Business Development & Strategy for the North American Division of Schneider Electric, a Global Fortune 500 market leader in energy management and automation technology. He was responsible for M&A, corporate strategy and oversight of nonintegrated subsidiary companies including EFI Electronics Corp, where he was previously CEO. Jason began his career with the investment bank RBC Capital Markets and later joined the Arthur Andersen Global Corporate Finance Group advising companies on mergers & acquisitions, valuation and new business development.

Jason received his MBA from the University of Minnesota Carlson School of Management and a BA from the University of Wisconsin-Madison. He is a registered securities principal and registered financial operations principal.



## Tim McGee Managing Director at Tolarus Capital Advisors

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Tim McGee is a Managing Director for Tolarus Capital Advisors, focusing on mergers & acquisitions (M&A) and financial advisory for emerging growth and middle-market technology companies.

Tim has over fifteen years of experience in M&A, business development, management consulting, venture capital and investment banking.

Tim was most recently Vice President, Business Development for COPC Inc., a global call center & BPO consulting firm and previously a Business Development Executive with the Tivoli software division of IBM leading alliance and M&A activities. Past experience also includes Troux Technologies and Deloitte Consulting. Tim began his career with Vector Securities, a life sciences focused investment bank, advising on M&A and equity offerings while launching the firm's first venture capital fund.

Tim received his MBA from the Northwestern University Kellogg School of Management and a BBA from the University of Wisconsin-Madison. He is a registered securities principal.



## J. Matthew Lyons Partner at Andrews Kurth LLP

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Matt Lyons, a Partner at Andrews Kurth LLP, practices corporate and securities law, where he specializes in representing private and public technology and other emerging growth companies. Matt advises companies, entrepreneurs and investors on forming and operating businesses, raising capital through private and public offerings, buying and selling companies, and on complying with the periodic reporting and Sarbanes-Oxley requirements of the federal securities laws. He also regularly counsels companies and their boards on corporate governance and executive compensation matters. Matt represents and maintains relationships with a number of prominent venture capital, private equity and investment banking firms.

Matt received his J.D., *with honors*, from the University of Texas School of Law and his BA, *with high honors*, from the University of Texas at Austin.