

VALHALLA



ANGELS

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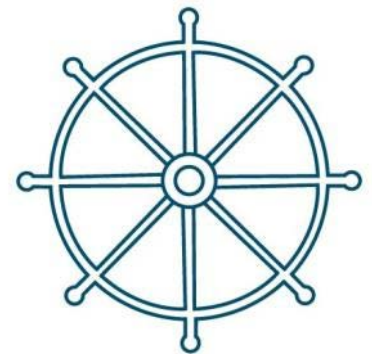
ValhallaAngels.com



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Exit Strategy Getting to Liquidity

Keep Your
Destination
In Mind



Valhalla Angels, We Bring Founders and Investors Together

One of Canada's most active angel investment groups since 2003 and Canada's 2018 & 2019 Angel of the Year.



125+

INVESTORS



\$70+

MILLION INVESTED



252+

DEALS

*as of December 31, 2019

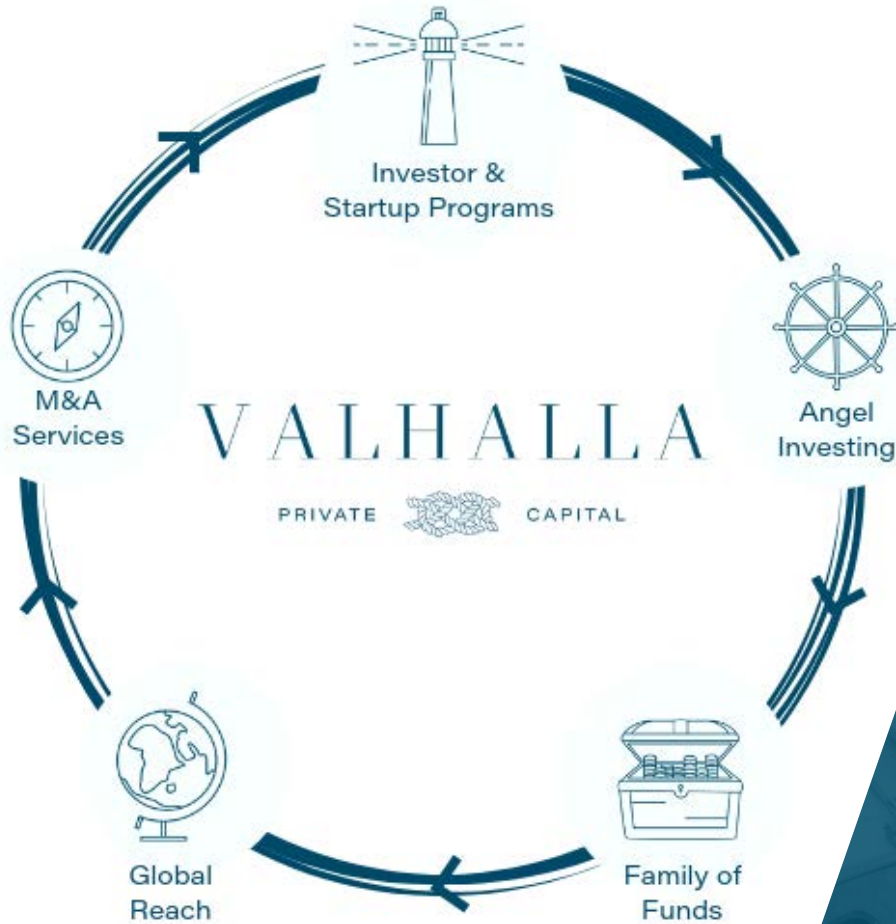
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OUR 5 BUSINESS PILLARS



Covering

- Why Exit?
- Your Starting Point
- Valuations
- Common Exits
- Strategy & Preparing for Your Exit

Poll

What is your Exit Plan?

- A) IPO
- B) RTO/CPC
- C) Be Acquired
- D) No plan to Exit. Going to be the Gorilla in my space! Or this is going to be a Family Legacy
- E) Other (Google is gonna call me)
- F) What the heck is RTO/CPC?

Why Exit?

- What do you Want to get out of it?
 - Rich
 - Liquidity For Your Supporters (Investors)
 - Leave an Impact of some type
 - Reputation / Vanity / Ego
 - Stay-on, Leave (to what?, the sunset?)
 - ...

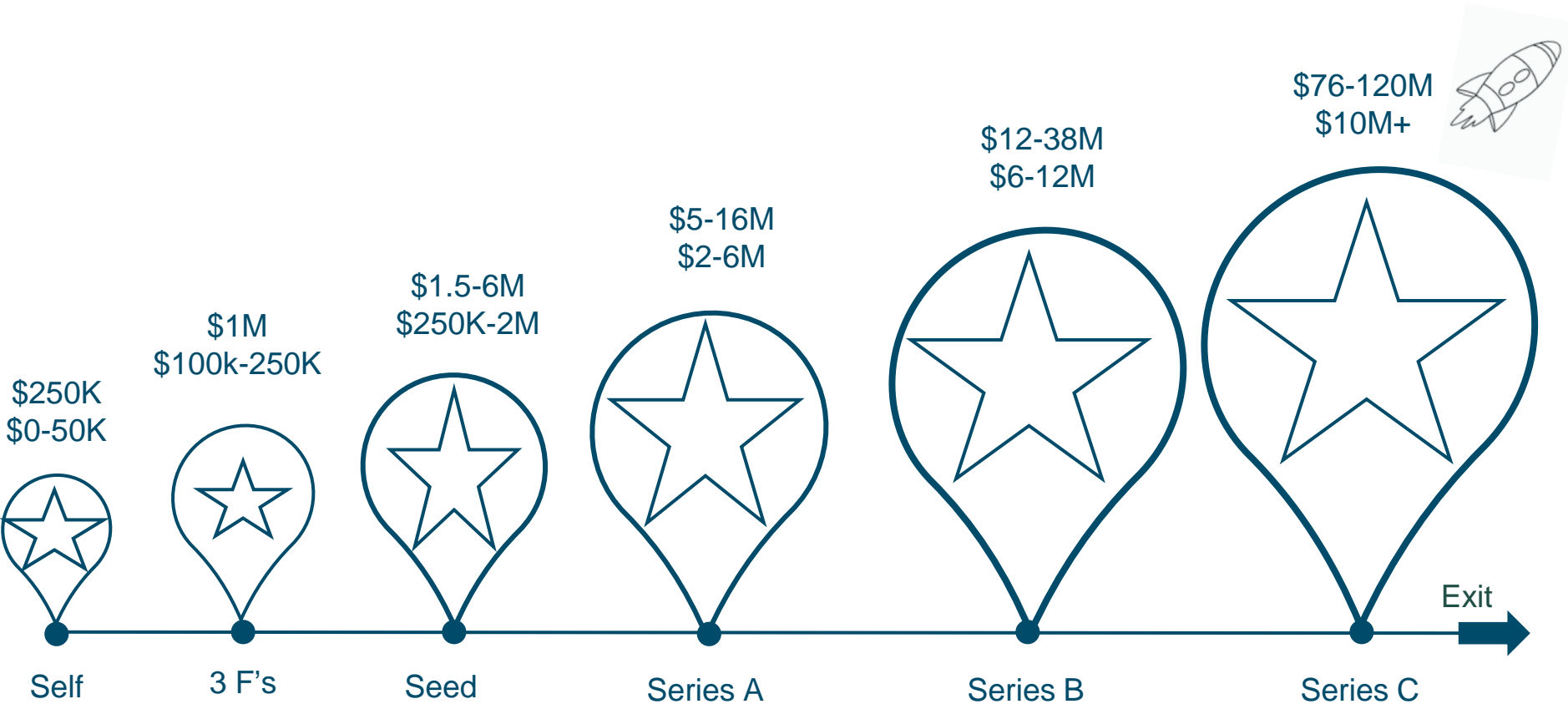
Your Starting Point

- Traction & Growth Figures
- Financial Statements
- Market Penetration
- Capital Plan:
 - # of Financing Rounds
 - Dilution
 - Exit Waterfall – When to Exit
- The Market / The Competition
- Relationships
- Your Valuation Track Record



Your Capital Plan

The Funding Ecosystem



HOW TO VALUE YOUR COMPANY

- Valuation is what you are willing to sell all or a portion of your company for at a price that buyers/investors are willing to pay
- If both parties agree, that's your valuation
- Use multiple methods and compare



HOW TO VALUE YOUR COMPANY

- Comparison: similar sector and stage
- Find the starting point: median valuation of similar startups
 - Similar stage of development
 - Similar business sector
 - Similar location
- Compare features and adjust valuation
- Only Silicon Valley is Silicon Valley

HOW TO VALUE YOUR COMPANY

- Berkus Method
- VC Method
- Discounted Cash Flow
- Cayenne Calculator
(<https://www.caycon.com/valuation.php>)
- Dartboard

- Comparables analysis and variations
 - NACO (<https://www.nacocanada.com/naco-academy/research/angel-activity-reports/>)
 - ACA/ARI Halo Report
(<http://angelresourceinstitute.org/>)
 - Crunchbase
(<https://www.crunchbase.com/#/home/index>)
 - Pitchbook (do a free trial)
 - <https://www.cvca.ca/>

HOW TO VALUE YOUR COMPANY

 CB INSIGHTS

 nanalyze



Owler 

 AngelList

 PitchBook

 PrivCo

- CB Insights (lots of free data)
- Capital IQ (University subscriptions)
- TechCrunch & CrunchBase
- AngelList (sign up for free)
- Nanalyze
- Startup.Directory
- VentureBeat
- CapShare
- PitchBook
- PrivCo
- Owler and others

What Negotiating Position Do We Want?

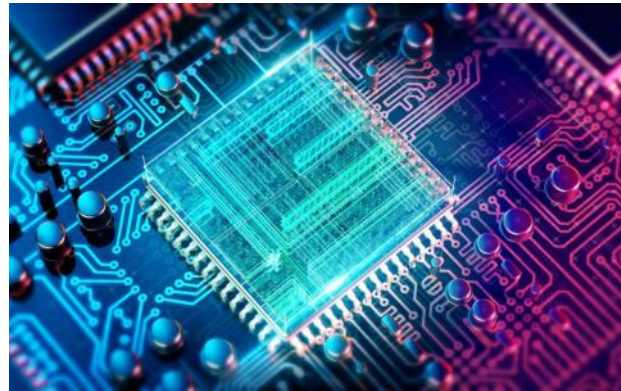


Ideally– Create This

- Bidding War – Knocking On Your Door
- Sitting Pretty
- Jab, Left Hook, Upper Cut
- Aligns with your beliefs
- Aligns with your timing
- Create a Sense of Urgency
- Control over Accountant & Lawyer
- Cash-Out Expectations Met

Exit Options

- IPO – major & minor boards
- RTO / CPC
- Management Buy Out (succession plan)
- Acquired - by whom, what for?



Who To Approach

Start
Early

- Competition
- Competition's Competition
- Distribution Partner
- Venture Arms of Corporations
- M&A firms
- VC
- PE Firms
- Family Offices (rarely)
- Leverage Your Stakeholders
 - Board / Advisors / Service Providers
 - Investors / Mentors / Customers
- ...

Poll

What % of Exits are

- A) IPO, RTO/CPC
- B) Acquisition
- C) Other

Exit Reality

M&A =

IPO =

Exit Reality

M&A = 92%

IPO = 8%

Exit Reality

M&A = 92%

IPO = 8%

Non-Exits

- NLIB
- Zoombie

Poll

What is the average Exit price in Canada?

- 1) \$10M
- 2) \$25M
- 3) \$40M
- 4) \$50M
- 5) \$75M
- 6) \$100M+

Exit Reality

Average Exit in Canada
\$24.5m

How Much Do You Take Home?

- Dilution Rounds
- Special Terms
- Earn out?

Exit Leader Board

Rank	Company Name	Transaction Value (USD)	Transaction Date	Acquirer / IPO	Main Canadian Office
1	Shopify	\$1,130	21-May-15	IPO	Ottawa
2	Eloqua	\$871	13-Mar-13	Oracle	Toronto
3	Real Matters	\$710	11-May-17	IPO	Toronto
4	PlentyofFish	\$575	01-Dec-15	Match Group	Vancouver
5	Club Penguin	\$347	01-Aug-07	Disney	Vancouver
6	Radian6 Technologies	\$326	02-May-11	Salesforce.com	Fredericton
7	Kobo	\$315	13-Jan-12	Rakuten	Toronto
8	VerticalScope	\$310	28-Jul-15	Torstar	Toronto
9	Luxury Retreats	\$300	16-Feb-17	AirBnB	Montreal
10	BlueCat Networks	\$299	17-Mar-17	Madison Dearborn	Toronto
11	SiGe Semiconductor	\$279	10-Jun-11	Skyworks Solutions	Ottawa
12	Public Mobile	\$241	23-Oct-13	Telus	Toronto
13	Kinaxis	\$223	03-Jun-14	IPO	Ottawa
14	Protus IP Solutions	\$213	06-Dec-10	J2 Global Communicati	Ottawa
15	Taleo	\$212	28-Sep-05	IPO	Quebec City
16	PlateSpin	\$205	31-Mar-08	Novell	Toronto
17	Recon	\$175	17-Jun-15	Intel	Vancouver
18	Sandvine	\$171	18-Oct-06	IPO	Waterloo
19	Syndesis	\$165	01-Apr-07	Subex Azure	Toronto
20	Layer 7 Technologies	\$155	22-Apr-13	CA Technologies	Vancouver
21	Bit Stew Systems	\$153	15-Nov-16	GE	Vancouver
22	SkipTheDishes	\$150	14-Dec-16	Just Eat	Winnipeg
23	Quickplay Media	\$148	09-Jul-12	Madison Dearborn	Toronto
24	Workbrain	\$143	05-Dec-03	IPO	Toronto
25	SkyWave Mobile Communications	\$130	01-Jan-15	Orbcomm	Ottawa
26	Chango	\$129	27-Apr-15	Rubicon Project	Toronto
27	N-able Technologies	\$125	28-May-13	SolarWinds	Ottawa
28	Fusepoint Managed Services	\$125	12-Jun-10	Savvis	Toronto
29	OctigaBay Systems	\$115	25-Feb-04	Cray	Vancouver
30	Avigilon	\$112	08-Nov-11	IPO	Vancouver

Preparing & Teflon



Preparing & Teflon

- Data Room / Deal Room Discipline
 - Multiple Rooms / Levels
- Know Your Figures Cold
- Comparable Transactions
- Sales 101
 - Understand Your Targets' Buying Process
 - How they crunch the numbers.
 - What they are looking for in a company / industry
 - Decision Making Process
 - Business Drivers & Their Success
 - Time Frame for DD, Closing
 - Who is the economic buyer?
 - Value Proposition to them is...?
- Teflon: Make the Experience Frictionless

Preparing & Teflon

- Overview Information (Articles of incorporation, permits, regulatory approvals, etc.)
- Historical Financials
- Pro Forma Financial Statements
- Capitalization (Cap) Table
- Intellectual Property (Patents and Trademarks)
- Customer Information
- Shareholder Agreement
- Employee/Founders Agreements
- Litigations, Insurance, H&S, and Environmental
- Industry Specific Information



VARIO VENTURES INC

A Valhalla Private Capital Company

(See handout)

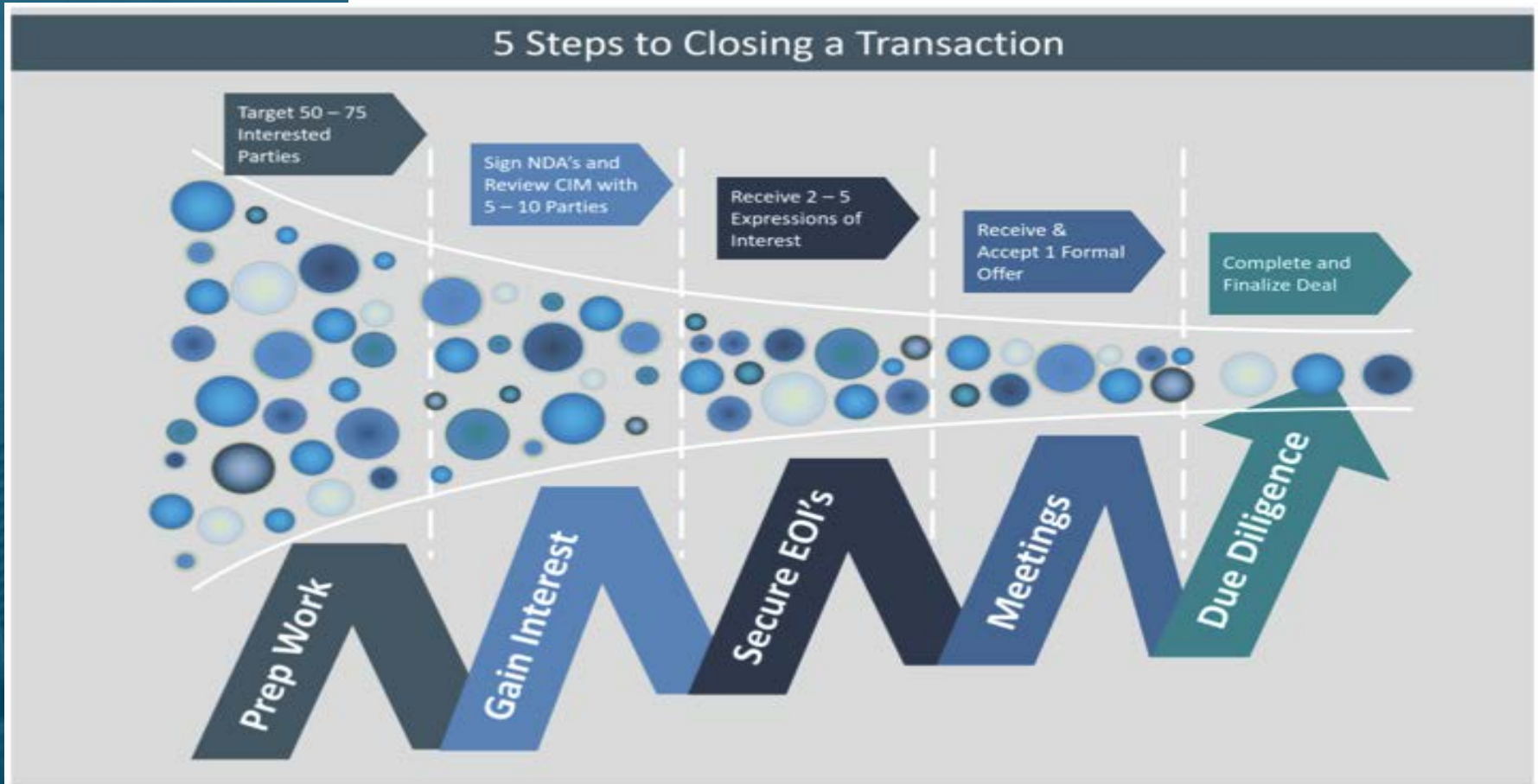
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Exit Steps, TimeLine



VARIO VENTURES INC

A Valhalla Private Capital Company

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Why Exits Fail

- Environment Out Of Your Control
- DD Room is a mess
- Founder's (Pre-)Remorse
- Crystal Clarity On What You Want
- Time Expectations
- Legal & Tax Advantages don't pan out
- Too Little Cash Up Front
-

Summary

- Think Like An Investor & Operator
- Adopt an Exit Mind Set Early On
 - DD room current and accurate
- Engage with Stakeholders regularly
- Research Your Target Exit
- Inventory & Leverage Your Resources

Valhalla Events

Valhalla Events

Founder eBaseCamp – May 20th, 4 sessions
use “ValhallaNVBC” code valid to May 1st.



tinyurl.com/FounderEBaseCampMay2020

Valhalla Tuesdays ValhallaAngels.com/events/

1st Tuesday: Ask Me Anything

2nd Tuesday: Private Pitch Forum

3rd Tuesday: Angel 101 Investing

4th Tues: Valhalla Angel Members Session