

- You are one of them...a dedicated entrepreneur, who has poured heart and sweat into the venture. Does this focused dedication to launch and grow the business also include planning for potential future exits?
- An exit strategy is an important “early on” element of the overall business strategy that describes the vision of how you will eventually capitalize on your investment. The decisions about how you structure and operate the business can have huge implications down the road.



Exit Strategies for Startups

JUNE 21, 2022, 7-9PM

SPEAKERS



SAL RAFANELLI
RPh, President
and CEO,
Speranza
Therapeutics



NISHTA RAO
Managing
Director-Life
Sciences, First
Republic Bank



AARON BARAL
Senior Associate,
Shipman &
Goodwin LLP's
Corporate
Practice Group



DON TUCKER
CEO and President,
Neurosom; Sr.
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BHA Investor;
VP, Corporate
Development,
Defibtech Nihon
Kohden



VICKI ANASTASI
Medical Device
Executive &
Strategic Advisor

MODERATOR & ORGANIZERS

PREPARING FOR A **Successful Exit**



Sal J. Rafanelli, RPh

President & CEO | Speranza Therapeutics

Sal J. Rafanelli, RPh

President & CEO, Speranza Therapeutics

- 27-year serial entrepreneur
- Company focus: Health Care, Pharmacy Service, Medical Device, Pharmaceuticals



Successful Exit with 2 companies

Company #1

ADIMA

Sold for \$50M to **Publicly traded**
company

Company #2

BioMatrix

Sold for \$120M to **Private Equity**
Will be sold again which will produce additional compensation

What is your strategy? Do you have a strategy?
How should we be thinking about this?

As a new start up trying to raise money, you should be thinking about an exit prior to funding discussions.

- ✓ Once talks start with Angels, VC, or PE, they ALL want to know, “When am I getting my money back?” Having a plan is critical to someone funding your company.
- ✓ Although you may not have all the answers on day one, having **no** answer or “deer in the headlights” will not bode well in funding discussions.
- ✓ You and your team should at least have a general idea or discussions on how you think things will play out when it comes time to sell.



ADIMA

American Disease Management Associates

- Pharmacy Services Company
- Original thought on exit – Commercial Payer, Larger Home Care company, or Pharma
- Who did we sell to? Public Company (not on the original list)
- Why would a public company be interested in a small infusion company? Answer = profits
- Company sold for \$50M in cash and stock. Stock ran to \$15 after our 3-year vesting time was over

\$50M

Public company



BiologicTx- BioMatrix

- Disease State - Pharmacy Services company
- Merged BiologicTx and Matrix to form BioMatrix
- Sold to Private Equity for \$120M
- Currently board member of BioMatrix
- BioMatrix revenue is now \$600M
- 20% roll over. Equity partners received initial payout and will receive a 2nd payout upon the sale of BioMatrix

\$120M

Private Equity



Summary

- Have an idea on how you think the sale of your company will play out
- Deer in the headlights should not be an option
- There are several exit agreements that you will need to consider:



- Understand who is taking over your company
 - Can they grow it?
 - Will you get a second bite of the apple on a second exit?





Exit Strategies for Startups

Speaker

Nishta Rao

Managing Director-Life Sciences, First Republic Bank

June 21, 2022

7 - 9pm

FREE WEBINAR



- Financial journey to exit
- Fundraising
- Smart Money

Aaron T. Baral



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- Corporate attorney
- Represents private companies in general and transactional matters on an “outside general counsel” basis, including company formation, governance and day-to-day contracting and counseling
- Represents private companies and private equity funds in convertible debt and equity financings
- Represents buyers and sellers in merger and acquisition transactions

Exit Starts at Incorporation

- Start your company with a solid foundation
 - Every company is different!
 - Identify stakeholders, services/capital provided, and initial ownership
 - Forms, forms, forms
- Protecting intellectual property
- Outside investors

The Exit Process

- You got an LOI...now what?
- Negotiating the LOI
- The Deal – patience, patience, patience
 - Due diligence and document production
 - Document negotiation
 - Closing
 - Exit proceeds

Due Diligence and Corporate Housekeeping

- Due diligence – a buyer’s in-depth look at the nuts and bolts of your entire company
 - Every stage of company life: institutional debt raises, equity financings and ultimately, exit transactions
- Up front work goes a long way to easing headaches in the future

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Exit Strategies for Startups

Speaker

Don Tucker

*CEO and President,
Neurosom; Sr. Scientist BEL
Company*

June 21, 2022

7 - 9pm

FREE WEBINAR



- 2013 EGI (Electrical Geodesics Inc.) IPO on London AIM market
- 2016 EGI acquired by Philips
- Tips & Topics
 - Valuation
 - Diligence
 - Complexities of M&A as an IPO

Q&A



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- Backup NOTES





Backup questions

- Sal's section:
- Questions:
 1. How should I be thinking about an exit strategy ?
 2. What specifically am I looking for that would yield a "good deal".
 3. How soon should I start preparing my team?

- Aaron's section

Questions:

1. • What are some of the most common, but avoidable, mistakes that you see from early-stage companies?
2. • My company can't have a large legal budget, at least not initially. Are there certain things that you would suggest are most important for an attorney to be involved with?
3. • You mentioned that negotiations occur both at the letter of intent phase and the document preparation stage. Are there specific items that you would suggest negotiating up front during the letter of intent phase?