



IPO Process Basics

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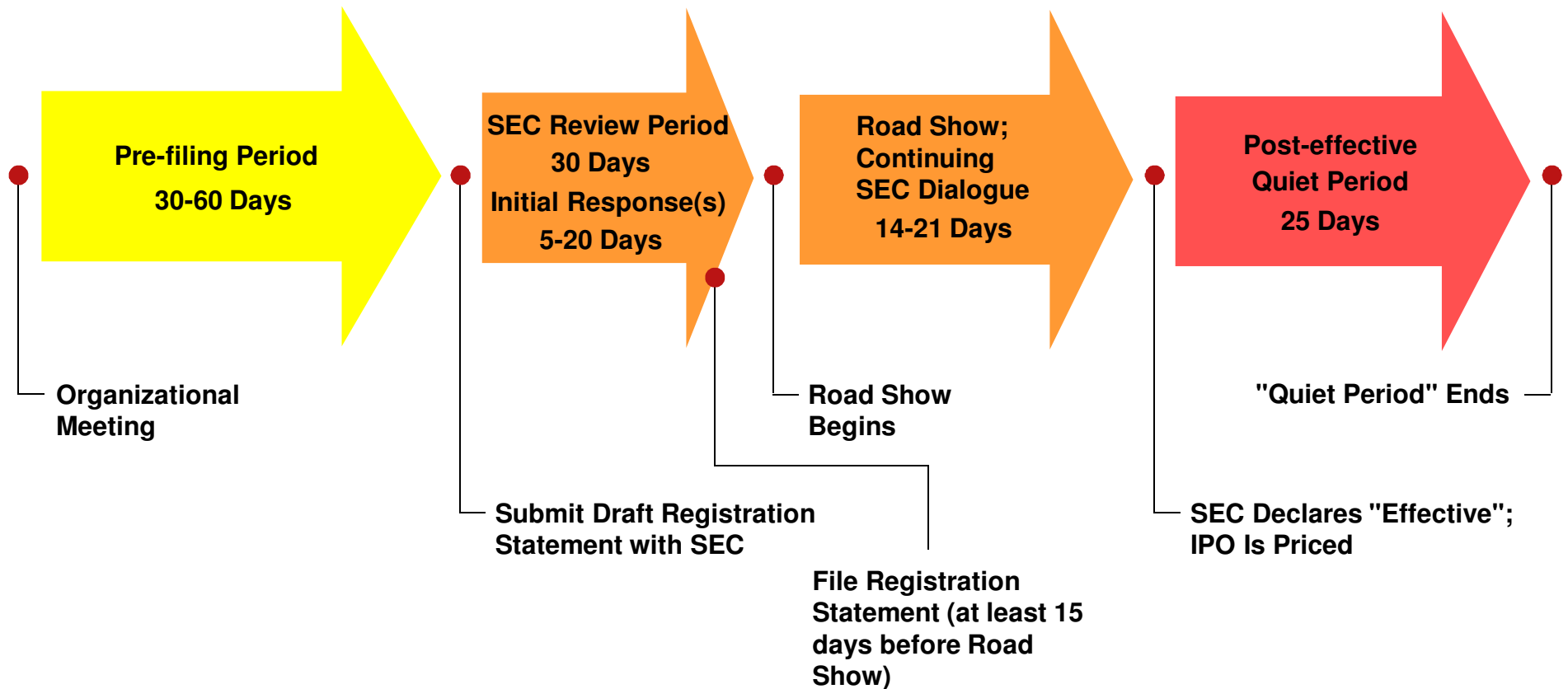
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Why is this topic important?

- The IPO process is intensive and time-consuming, and will require substantial attention from all participants.
- Understanding the basics of the process and the different work streams that need to occur at different points in the process will help participants anticipate workflow and time commitments throughout the process.
- We cover substantive topics in more detail in other segments of our late stage private company webinar series, but we aim to provide a high level overview in this segment to highlight special considerations at various points in the IPO process.

Timing





Estimated Management Time Commitments

	Pre-Filing Period	SEC Review Period	Roadshow; Pricing	Post-Effectiveness
CEO	35-40%	15-20%	Full Time	Substantial
CFO	50-60%	30-40%	Full Time	Very Substantial
VP, Legal	80-90%	60-70%	30-40%	Very Substantial
VP, Sales	5-10%	Limited	Limited	Limited
VP Marketing	15-20%	10-15%	Limited	Limited
VP, R&D	5-10%	Limited	Limited	Limited



Getting ready for the org meeting

- Consider “public company ready” board composition
- Consider whether new hires are necessary
 - Finance personnel
 - Stock administration
 - SEC reporting manager
- Consider whether investment in new systems is necessary for public company readiness
 - Consistent and efficient close procedures at the end of each quarter
 - Any infrastructure (e.g., ERP system) that needs to be implemented and tested?
- Have historical audits been done to SEC standards?
- Are there acquisitions that would require audits or pro forma financials?



Engaging bankers

- Establishing relationships with banks is key
 - IPO execution team
 - Analysts
- RFPs and Bake-Off
 - Understand terminology
 - Fees
 - M&A advisor for a dual track process



Preparing for org meeting

- The organizational, or “org,” meeting is the kick off meeting for the IPO, involving all participants – management, company counsel, underwriters, underwriters’ counsel, auditors, and IR firm (if any)
 - Also kicks off the due diligence process
 - Consider which members of management will present
 - Identify issues that could cause delays in the SEC review process and discuss plans to address those issues
 - Consider whether there are material customer contracts that have to be filed and the customers’ reaction



Between org meeting and confidential submission/public filing of S-1

- Drafting sessions considerations
- Testing-the-waters meetings
- Governance/Board matters
- Confidential submission of registration statement (“Draft Registration Statement” or “DRS”) versus filing
- Timing of SEC review
- Process of resolving SEC comments
- Public filing timing
- Press releases



Between public filing and roadshow launch

- Continue to resolve SEC comments
- Cheap stock matters
- Listing exchange approval
- Finalize governance documents
- Underwriting Agreement
- Lock-up Agreements
- Preparing for roadshow / tape net roadshow



Between roadshow launch and effectiveness of the registration statement

- Meetings with investors
- SEC and FINRA clearance
- Registration Statement becomes effective
- Coordinate with exchange for first day of trading
- Consider publicity activities on first day of trading



Between effectiveness of the registration statement and closing

- Day of Effectiveness:
 - Pricing committee to determine price to the public
 - Sign Underwriting Agreement
 - Press release
 - Section 16 reports
 - File registration statements for equity compensation plans
 - IR website
- Day After Effectiveness:
 - Trading begins on exchange
 - Final prospectus filed
- Prepare for closing (3 days after the first day of trading “T+3”)



Closing and post-closing

- Charter filed at closing
- Section 16 reports
- Overallotment option exercise
- Stock records transferred to public company transfer agent
- Signing up employees for Employee Stock Purchase Plan, if any



Key takeaways

- A lot happens between the decision to pursue an IPO and the completion of the IPO.
- Understanding the process can help with planning the work streams for management participants.
- Experienced counsel can help manage the transaction effectively to ensure a smooth process that leads to a successful IPO.



Thank you!

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