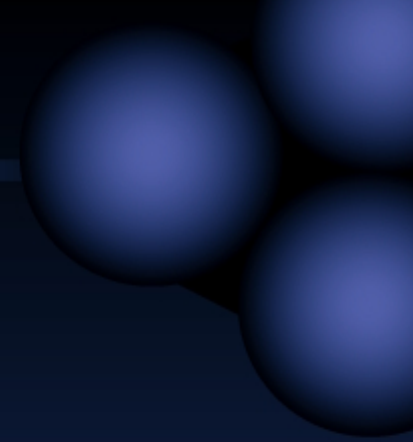


End Games and Exit Strategies

Nick Economou
Executive Chairman
ALIS Corporation

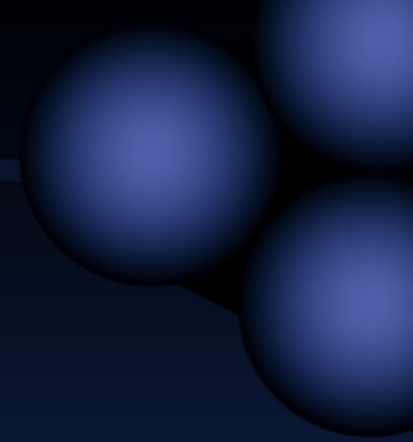
My own experiences

- One IPO
- Two mergers
- One living dead
- One failure
- One coming on strong
- Lots of fund raising
- Numerous strategic partnerships
- Several board seats



Why you need them

- The objective is to make money
 - Build value and get liquid
- The value to you and your shareholders depends on when as well as how much
- If you don't understand the landscape, you will likely miss the opportunities

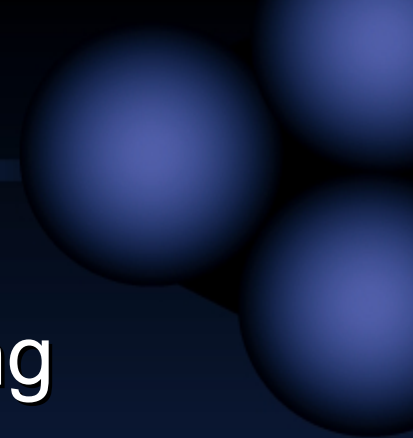


What they are

- Do an IPO
 - This was easier before Sarbanes-Oxley
 - The climate is improving nonetheless
 - Changes to Sarb-Ox could help
 - There's always London
 - The top executives aren't as liquid as you might think
- Get acquired (either before or after IPO)
 - My personal favorite
 - Pretty clean and opens up your options for the future
- Back in (acquire a public company)
 - If you can't generate enough sizzle on your own but can find the right situation
- Do a management buyout
 - If your VCs lose faith but you don't
- Give it up

Positioning for an IPO

- Usually requires two to three funding rounds: figure out the dilution early
- Need revenue and a story with big upside (the steak and the sizzle)
- Revenue threshold is becoming more reasonable
- Sarbanes-Oxley is a huge impediment in its current form
- Being public is a whole new way of life

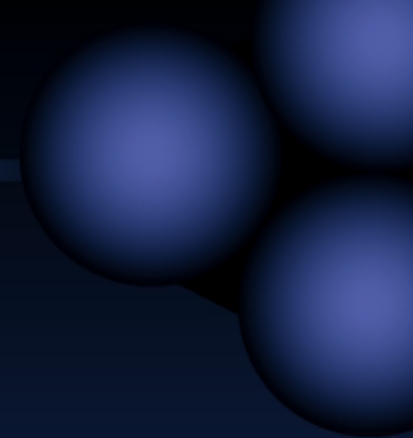


Positioning for an Acquisition

- There are two good opportunity times
 - Pre-revenue with a big story
 - During a steep revenue ramp
- Identify the targets: there are more than you think
- These are strategic buyers, not financial ones
 - Be a key supplier to your target
 - Be a problematic competitor to your target
 - Be a player in a market your target wants to enter

When to start planning

- Before you raise any money
- During the money raising process
- After you raise the money
- The entire time you're building the business – you should always be heading toward a liquidity event, otherwise you're wasting your time and their money



What to watch out for

- The temptation to keep on going
 - Because things look really good
 - Because things look really bad but can be rescued
 - Because it's hard to make a big change
- Being a pig
 - Remember the old saw: The bulls and bears make money, the pigs get slaughtered.
 - Understand and be realistic about future prospects and risks