

Patricof & Co. Ventures, Inc.

U.S. Member of Apax Partners

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Presentation Room A

National Entrepreneurs Conference

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Top 10 Ways to Maximize Valuation

CREATE FUNDAMENTAL VALUE

10. Eat the cow

- Also remember that cows can't fly
- keep it simple

9. Be lazy

- Focus on your proprietary value-add
- Outsource everything else

8. Get out of the office

- It's a global economy - live in it

Top 10 Ways to Maximize Valuation

USE FINANCIAL ENGINEERING

7. Give VCs numbers to play with

- Cap tables, income statements, balance sheets
- Valuation - 25% to 35%, 12 to 18 months, 5x step up

6. Hire like crazy

- Time to market is everything
- Hire great people, allocate up to 30% to options
- Besides, headcount drives valuation

Top 10 Ways to Maximize Valuation

USE FINANCIAL ENGINEERING II

5. Avoid revenue

- Revenue requires customer support
- Backlog carries the same valuation weight

4. Don't go public

- Hide behind the private shield as long as you can
- Aim for \$1 billion or more in market value
- Life as a mid-cap company is hell

Top 10 Ways to Maximize Valuation

MANAGE YOUR INVESTORS

3. Wake up your existing investors

- Prepare them to take their maximum allotment
- This is a strong testimonial for VCs

2. Shop around

- VCs like to think others are interested
- VCs want to win
- Be ethical

Top 10 Ways to Maximize Valuation

MACRO POSITIONING

1. National Optical Entrepreneurs
Conference

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Thank You

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