



Ten Key Steps in the VC Game

In Insider's Guide to Success in your next Fund Raise



Presented by

John Yates / Corporate Tech Group – Chair
Morris, Manning & Martin, LLP



Meet the MMM Coach

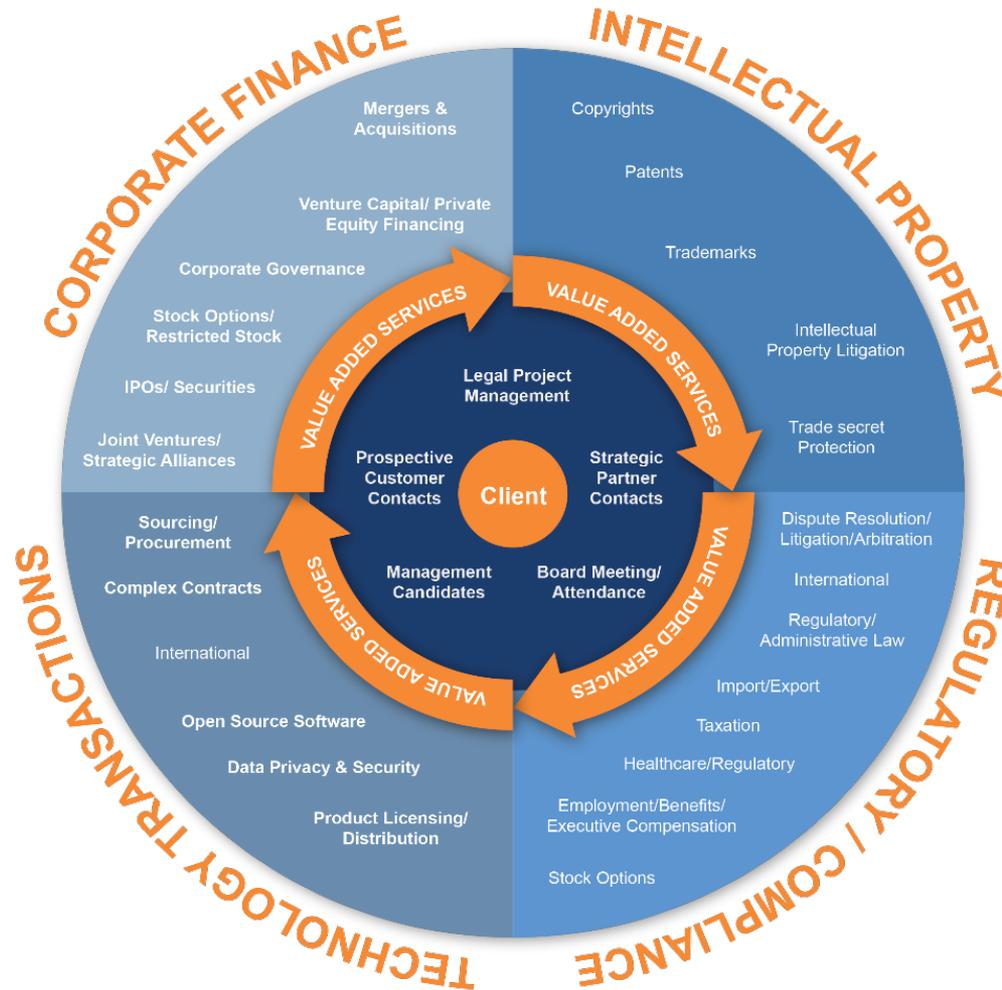
John Yates

A pioneer in technology law, Partner John C. Yates launched the firm's technology practice more than 35 years ago and has practiced exclusively in this area since that time. Under John's leadership, the firm's technology practice has represented more than 1,000 tech companies and offers comprehensive legal and corporate services to start-ups, growing tech companies and investors. He is a prolific author and leading voice in technology law, has been cited at the U.S. Supreme Court, published in technology business and law textbooks, and quoted extensively in publications such as The Wall Street Journal and The Economist.





Focused Strategy of All Phases of the Game





Ten Key Steps in the VC Game

1. Coaching Hires
2. Recruiting Trail
3. Offseason Workouts
4. Control the Line of Scrimmage
5. Win the Turnover Battle
6. Make Big Plays on Special Teams
7. Manage the Clock
8. Avoid Costly Penalties
9. Address Injuries

Coaching Hires





Coaching Hires

- Develop trusted outside advisors – especially ones who know “market” investment terms
- Find knowledgeable internal advisors – and an experienced CFO
- Determine who’s the Head Coach and Captain of your team – the final decision-maker



Recruiting Trail





Recruiting Trail

- Attract talent – in the real (and virtual) world
- Make necessary hires (and changes) during volatile times – replace rookies with seniors where needed
- Look for the leaders in the locker room – especially ones that can support your culture (and don't want your job!)

Offseason Workouts





Offseason Workouts

- Ensure your business platform has room for growth and focuses on a large TAM (Total Addressable Market)
- Select desirable industry verticals to pursue
- Establish a short & long term game plan – determine when you want to raise initial and later rounds of outside capital

Control the Line of Scrimmage





Control the Line of Scrimmage

- Maintain a clean, update-to-date and organized Cap Table
- Produce a product (or service) that customers love and need
- Make sure your IP is in place and protected – in the US and internationally (in selected markets)
- Comply with privacy laws and regulations – in the US and internationally

Win the Turnover Battle





Win the Turnover Battle

- Attract and retain talent – low turnover
- Access potential customers – build the pipeline and (realistic) sales forecast
- Retain current customers – <10% churn
- Remain on top of business, legal and accounting trends (e.g., new revenue recognition procedures, open source, cybersecurity insurance, privacy, sales tax)

Make Big Plays on Special Teams





Make Big Plays on Special Teams

- Maintain speed and quality of product development – domestic & offshore (and make sure you retain ownership!)
- Don't fumble the opportunity to pivot your business to where the customers are!
- Make strategic acquisitions of talent and/or complementary business lines – the “acquihire”.

Manage the Clock





Manage the Clock

- Map out a strategic plan with specific goals (and exit strategy for liquidity)
 - Particularly if desiring to take on outside capital or if already received
- Avoid unnecessary roughness – make sure your existing investors and directors are in alignment with management’s timeline.
- Don’t let the clock run out – get the capital when it’s most available at the best valuation.

Avoid Costly Penalties



Avoid Costly Penalties

No Pass Interference

- Infringement
- Breach of contractual relations with customers and partners



Avoid Costly Penalties

Delay of Game

- Written promises (and emails) related to equity
- Lawsuits or threats of same



Avoid Costly Penalties

Face Mask

- Employment issues (state & international)
- Critical mistakes in contracting – anti-assignment clauses



Address Injuries





Address Injuries

- Failure to pay sales taxes (or account for them)
- Failure to have cybersecurity insurance (or to be able to obtain it!)
- Failure to comply with privacy laws/regulations
- Disgruntled customers, investors or former executives/partners



Contact Information



John Yates

Chair, Technology Practice

404.504.5444

jyates@mmmlaw.com