

# Strategic planning for private companies

## Considerations for software and tech founders





# The focus and discipline required to build a successful business often take priority over long-term strategic planning

Tech founders who define their long-term goals early, and address issues well in advance, will optimize future partner selection, valuation, terms and certainty of closing

## Business considerations to prioritize



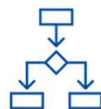
### Financial

- Accurate and detailed accounting
- KPIs (NRR, LTV, CAC, etc.)
- Strategically manage AP and AR
- Control / allocate capex
- Settle outstanding liabilities



### Legal

- Contract management
- Optimize corporate structure
- Address HR and compliance
- Resolution of any litigation
- Safeguard IP



### Operational

- Established management team
- Develop next generation of leaders
- Internal and systematic controls
- Diversify clients, vendors & partners
- Implement IT systems / security



### Technical

- Modernize and document codebase
- Data security and GRC policies
- Build scalable and secure infrastructure
- Eliminate technical dependencies
- Minimize any technical debt

## Personal considerations to be addressed

### Family succession

- Document mission and legacy
- Need for family office governance
- Educate the next generation

### Estate planning

- Current ownership by entity
- Irrevocable giving capacity
- Insurance for estate liquidity

### Philanthropic plan

- Charitable gifts
- Donor advised funds vs. foundation
- Giving strategy for future generations

### Equity considerations

- Gifting, trusts and estate strategies
- Macroeconomic environment – interest rates
- Voting and non-voting shares

### Legal structure

- Company: S-Corp, C-Corp or LLC?
- Transactions: Asset sale or stock sale
- Recent and future tax laws

**Founders should invest the time and effort needed to address business and personal considerations well in advance of pursuing a strategic or financing transaction**

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# Thoughtful near-term planning will drive an optimal outcome

Selecting a seasoned team of advisors who will help you to identify and assess deal structures and transaction counterparties is critical to a successful closing and post-closing outcome

## Key elements of a strategic transaction

### Advisors

You will deal with sophisticated counterparties and, to level the field, you will need to retain a seasoned team of transaction professionals



Investment banking



Legal counsel



Accounting & tax



Wealth management

### Structure

There are many strategic alternatives in today's market, and each path should be carefully evaluated to ensure an optimal outcome



Minority recap (platform)



Majority recap (platform)



Majority recap (add-on)



Strategic sale (100% sale)

### Investors

Investors have widely varying philosophies and priorities, so founders should carefully vet and select only reputable and aligned partners



Venture capital



Private equity



Strategic



Family office

### Process

The depth and quality of the transaction process that you execute will have a major impact on the valuation and terms that you realize



Preparation



Marketing



Closing



Post-deal

## What will life be like after the deal?

### Strategy & culture



#### Private equity

30,000+ firms with varying strategies and corporate cultures



#### Strategic

16,000+ public tech companies with diverse strategies and cultures

### Operational evolution

- Minority recap (platform):** operations and brand identity largely unchanged
- Majority recap (platform):** minimal change to operations and brand identity
- Majority recap (add-on):** new reporting structures, integration and branding
- Strategic sale:** complete integration into a much larger organization

### Personal finances

- Asset location vs. allocation
- Risk appetite
- Return objective
- Time horizon and liquidity
- Investing to meet lifestyle
- Tax optimization

**Fortitude's carefully orchestrated transaction processes are designed to optimize valuation, terms, tax impacts and most importantly – certainty of closing**

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Fortitude Advisors is a leading technology investment bank that is uniquely dedicated to advising high performing, founder and family-owned technology businesses – ensuring optimal execution and a true alignment of interests. Since 1997, our principals have negotiated and closed billions of dollars in M&A, equity, and debt financing transactions for technology and technology-enabled businesses across the U.S., and internationally.

## Strategic advice

A premium, high-touch firm where clients receive hands-on, senior level strategic guidance



**Mergers & acquisitions**

Strategic sales, majority recaps and acquisitions



**Financing advisory**

Minority equity capital and debt facilities



**Strategic advisory**

Strategic partnerships, JVs and exit strategy

We execute with the utmost care and precision to ensure that our clients achieve their goals



**Unbiased advice**

Founder and family focus avoids conflicts of interest



**Extensive support**

24/7 transaction support from our entire team



**Senior execution**

Multiple MDs execute daily on behalf of our clients

## Technology expertise



**Software**

- SaaS/PaaS – enterprise, SMB, B2C
- Software/services/hardware hybrids
- Data platforms and solutions
- Software development



**Services**

- Ecommerce platforms & services
- Tech-enabled business services
- Digital marketing services
- Media platforms



**Hardware**

- Commercial & industrial hardware
- Consumer devices & hardware
- Internet of Things (IoT) systems
- Advanced manufacturing

## Selected transaction experience

B2B Software



**LASSO**

Strategic sale



**IQVIA**

Founder owned

B2B Software

**Marketouch  
MEDIA**

Strategic sale



**Omicell**

Founder owned

B2B Software

**PROLOGIC  
TECHNOLOGY SYSTEMS, INC.**

Majority equity recapitalization

**THOMA BRAVO**

Founder owned

IoT Systems

**SMART  
START**

Majority equity recapitalization

**ABRY  
PARTNERS**

Family owned

Tech Services

**POPULOUS**

Minority equity recapitalization

**PROVIDENCE  
EQUITY PARTNERS**

Partner owned

Tech Services

**EDEN  
DATA**

Strategic sale

**Riveron**

**KOHLBERG  
A COMPANY Blackstone**

Founder owned

**\$50+**  
BILLION

AGGREGATE  
DEAL VALUE

**100's**  
TRANSACTIONS

CLOSED &  
FUNDED

**30+**  
COUNTRIES

TRANSACTIONED  
IN GLOBALLY

**25+**  
YEARS AVG.

SENIOR BANKER  
EXPERIENCE

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