VCs talk about last exits on entrepreneur freeway

White Bull @ Sitges **Don't take AIM, fire**

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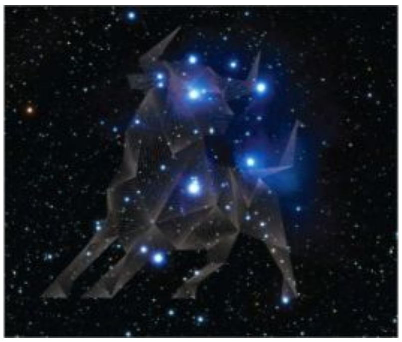

Fausto Boni from 360 Capital Partners, Ray Skoglund from McNamee Lawrence, Emmett Kilduff of Morgan Stanley, Peter Globokar of 360 Capital Partners and Eran Davidson of Hasso Plattner Ventures talked about European IPOs and M&As.

Morgan Stanley's rule of thumb is a transaction has got to be at least $100 million – Emmett Kilduff has said that a couple of times today. Stephen Schweich of Mooreland Partners said that IPOs are out of fashion. But five "brave" entrepreneurs in the audience would rather IPO than be bought by Oracle.

Big buyers swilling with cash are looking for revenue opportunities and geography comes slightly after that. The buyers are looking and keeping an open mind, according to Ray Skoglund. Peter Globokar said companies don't get sold any more, they get bought. It's the HPs and Microsofts of this world that decide what they're going to buy. They may have piles of cash but the reality is there's only four or five of them. Entrepreneurs have to think very early about the VCs they get into their beds.

Sometimes these guys sell their investments to each other – how entrepreneurs feel about that isn't completely clear. Schweich asked Morgan Stanley how many companies had done retail offers – Kilduff said they don't usually work out. Retail investors just follow what the investors do. In market conditions right now people are looking for liquidity from a trading percentage.

Globokar says there's never a merger of equals, true proper mergers don't exist. There's always a company with more leverage than the others. Unless you really have to, private to private trades is not the way to go. Skoglund said that when you do see a private to private mergers there won't be institutional investors, but mostly angels.

Small IPOs do exist and London's AIM market is the best for many countries. A 10 to 20 million pound IPO means there won't be much research involved. AIM was a success until 2007 but it's taken a big hit since then, according to Kilduff. Poor AIM.

The golden rule for companies is they have a scare quantity and a number of intelligent buyers, said Globokar. If you end up with one buyer, the price can only go down – but if you've three or four buyers the price will go up.

Fausto Boni from 360 Capital Partners said it's hard to choose a banker. Ultimately entrepreneurs need to choose a person, because you can't trust bankers. Morgan Stanley and Goldman Sachs are about the same. The worst way to choose a banker, said Globokar, is to put five bankers in the same room, in a so-called fashion display. Subconsciously you pick the guy who puts more stars in your eyes than the others. Reality sets in the next day when bankers made promises they couldn't keep because they were in competition with their rivals.

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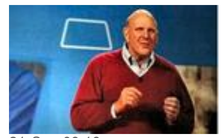

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