

POSSIBLE (RE)DEFINED


# Let's Go IPO: Organizational Readiness & Pitfalls to Avoid Preparing to IPO

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A Fast-Moving Climate Requires  
A New Way of Thinking





# Possible (Re)Defined™ Go further, faster

Gain confidence and clarity to tackle challenges  
or plan for tomorrow's aspirations

AREA OF FOCUS

# Today, We're Covering

## Empowering Operations

WELCOME

# Today's Presenters



**Dean Quiambao**

Partner  
Armanino Advisory LLC



**Matthew Perreault**

Partner  
Armanino Advisory LLC



**Mark Wuchte**

Partner  
Armanino Advisory LLC



**Nick Gibbons**

Partner  
Armanino Advisory LLC

EXPLORING NEW AREAS

# Agenda

- Introductions
- Economic Market Conditions
- Pathways to Public
- Building a Readiness Roadmap: IPO Milestones
- Common Pitfalls
- Case Studies
- Q & A

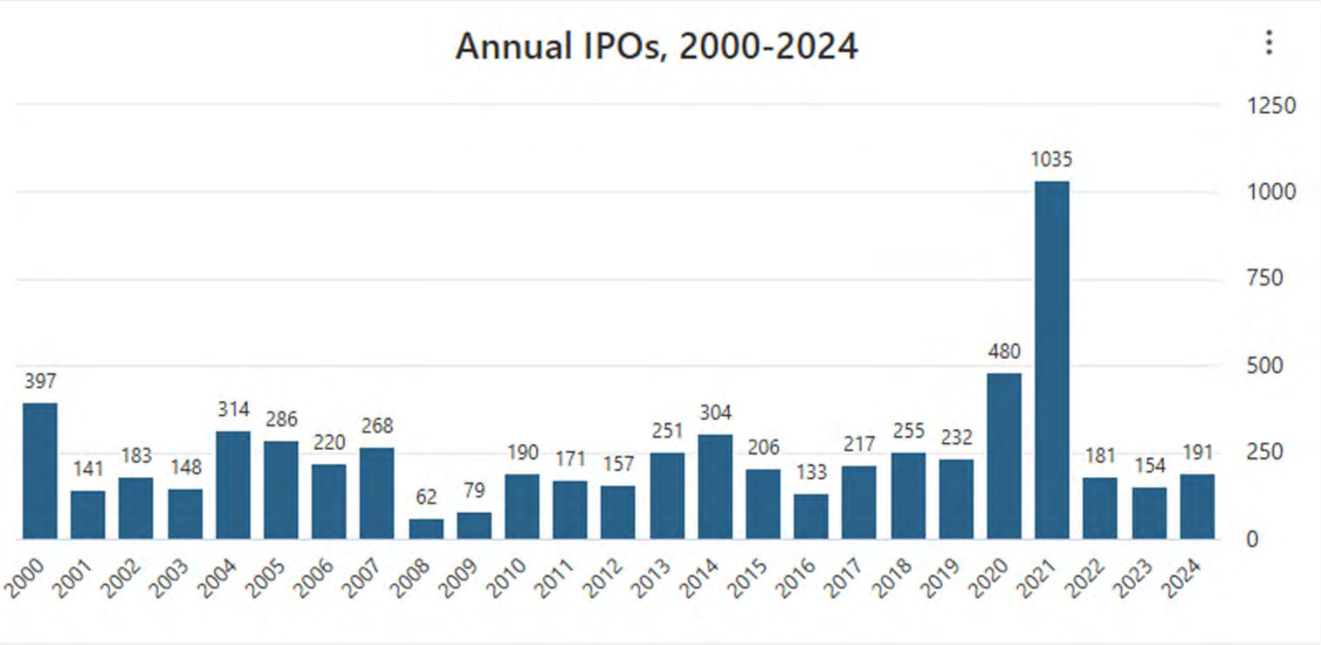


ECONOMIC OUTLOOK

# State of the IPO Market



Annual IPOs, 2000-2024

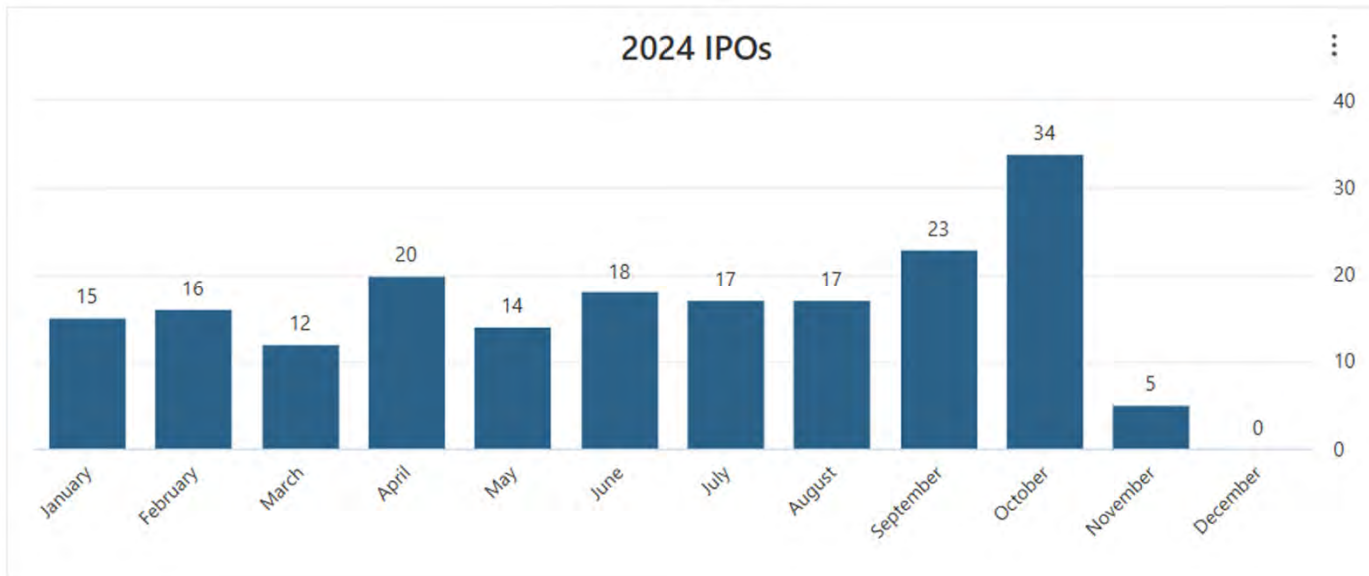


IPO MARKET

# Annual IPOs

- 6,279 IPOs between 2000 and 2024
- Record number in 2021 with 1035
- Lowest 2008 and 2009

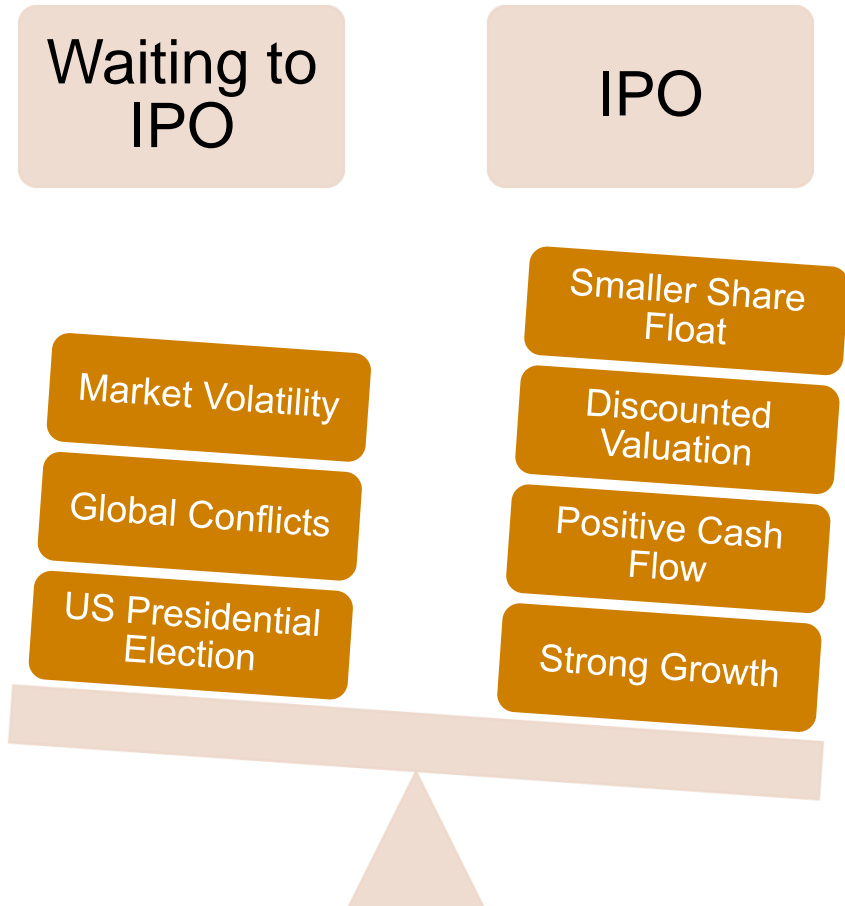




IPO MARKET

# 2024 IPOs YTD

- Anticipated opening of the IPO market with many projected backloged IPO companies who have been holding off has not hit, but outlooks for 2025 are hopeful
- 191 IPOs so far in 2024



## IPO OUTLOOK

# Market Outlook

- SPACs continue to be present in the market
- Tech & Life Sciences industry sectors continue to grow
- Fed's recently announced interest rate cut gives us reason for optimism
- Uncertainty has passed and companies can begin to move forward

MARKET OUTLOOK

# Post-Election Market Optimism

## Russell 2000 Index

2,391.85

+143.21 (6.37%) ↑ past month

Nov 12, 4:30 PM EST • Disclaimer



Open	2,428.14	Low	2,387.81	52-wk high	2,441.72
High	2,432.40	Prev close	2,434.98	52-wk low	1,690.92

## NASDAQ Composite Index

1D 5D 1M 6M YTD 1Y 5Y MAX



## STATE OF THE ECONOMY

# Potential Impact of the New Administration

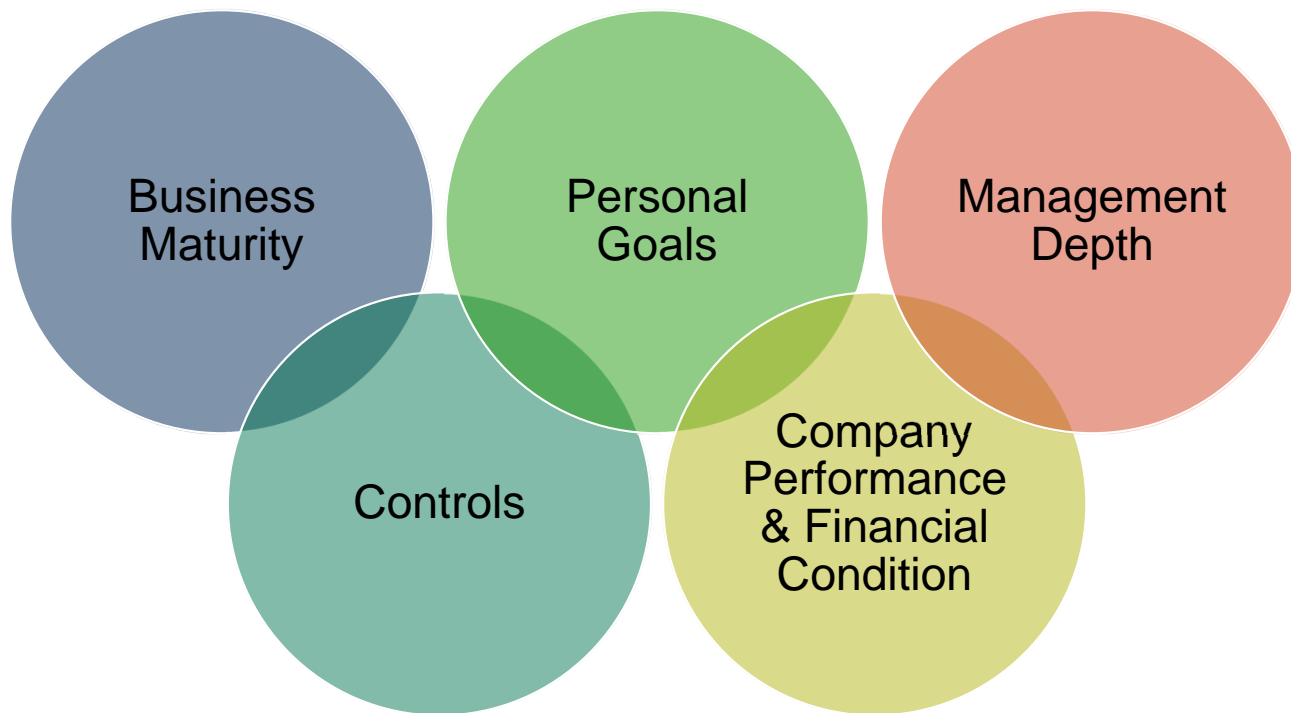
- President Elect Trump perceived more “pro-business”, 2<sup>nd</sup> administration is different in that he’s more connected to tech leaders and VCs
- We expect reduced regulation to create more economic activity, especially benefiting the tech industry, although the impact of other competing policy is unclear (e.g., tariffs).
- US producers will benefit while foreign manufacturers or those who import foreign products may suffer
- With the election behind us, the uncertainty has eased. Companies will be more willing to make investments in multi-year ROI endeavors, especially for high tech and life sciences.
- We expect the administration to uphold rulemaking, oversight and enforcement of “critical security areas” like cyber and information protection, AI, financial crime, fraud/scams, and prioritizing financial and operational resilience with contingency funding.





PATHWAY TO PUBLIC

Are you ready to go public?



## PATHS TO LIQUIDTY

# Are You Ready to Go Public?

- Before you decide to go public, there are key factors you should consider.
- Talking through key aspects of consideration can help.





## PATHS TO LIQUIDTY

# Areas of Consideration

	IPO	SPAC	M&A
<b>Timeframe from decision to closing the transaction</b>	<ul style="list-style-type: none"> <li>• 18 – 36 months</li> </ul>	<ul style="list-style-type: none"> <li>• 6 months or less</li> </ul>	<ul style="list-style-type: none"> <li>• 6 – 12 months</li> </ul>
<b>Timing to receive proceeds</b>	<ul style="list-style-type: none"> <li>• Lock-in periods of 180 days are common</li> </ul>	<ul style="list-style-type: none"> <li>• Typically subject to lock-up/resale restrictions for 1 year from de-SPAC transaction</li> </ul>	<ul style="list-style-type: none"> <li>• Typically 100% or substantially all of proceeds at closing time</li> </ul>
<b>Underwriting &amp; Banking Costs/Fees</b>	<ul style="list-style-type: none"> <li>• About 5 – 7% of IPO gross proceeds</li> </ul>	<ul style="list-style-type: none"> <li>• About 5 – 6% of SPAC IPO gross proceeds</li> </ul>	<ul style="list-style-type: none"> <li>• About 1.5 – 8% depending on company value</li> </ul>
<b>Post-transaction Control</b>	<ul style="list-style-type: none"> <li>• Owners retain control</li> </ul>	<ul style="list-style-type: none"> <li>• Owners lose control</li> </ul>	<ul style="list-style-type: none"> <li>• Owners lose some or all control</li> </ul>
<b>Seller's role post-sale</b>	<ul style="list-style-type: none"> <li>• No change from pre-IPO</li> </ul>	<ul style="list-style-type: none"> <li>• Negotiable, but typically includes staying on for a predetermined amount of time</li> </ul>	<ul style="list-style-type: none"> <li>• Negotiable, from a complete exit to staying on for a predetermined amount of time</li> </ul>





BUILDING A ROADMAP

# Prepping for SEC Success, Beyond Ringing the Bell

## QUOTE

# Operating Successfully as a Public Company is the Goal – Key to Plan Beyond the IPO

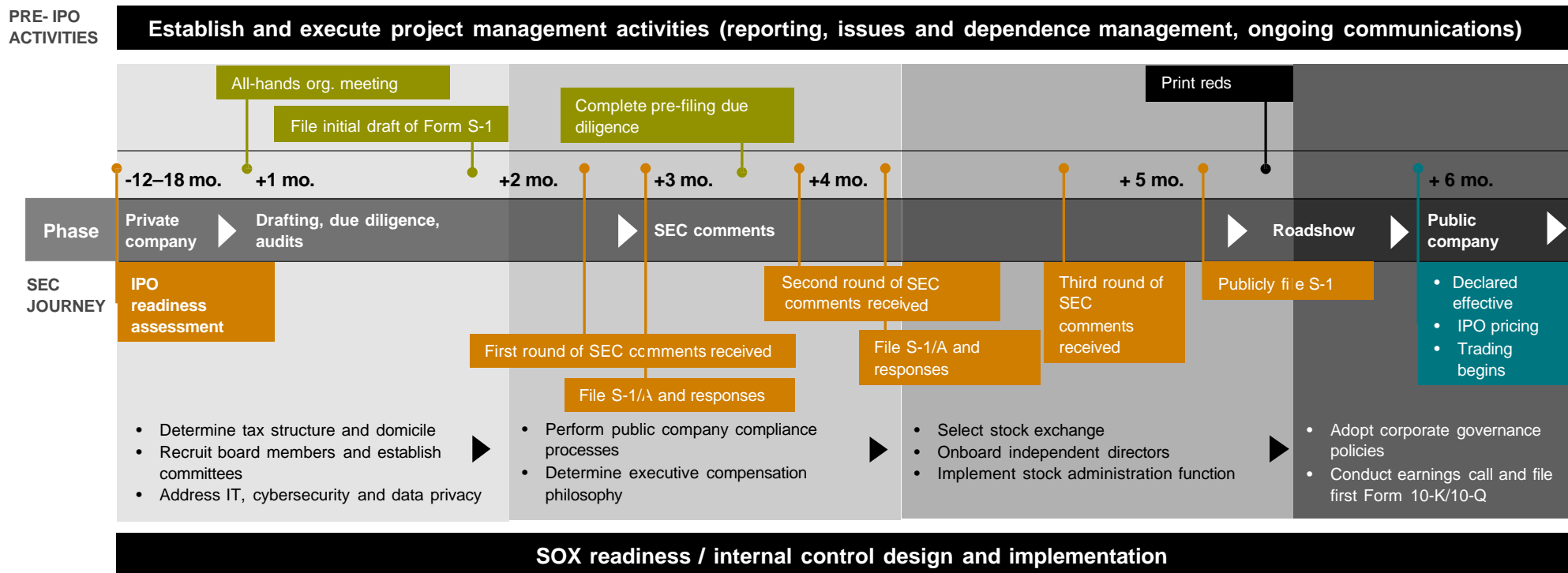
“IPO is an event in your company’s history – an incredibly important one – but it is a day in the history. You wake up the next day have to operate as a public company under a greater level of scrutiny. Your team is your lifeblood that’s going to allow you to do that most effectively. So looking at that skills, knowledge and experience is critical to build in.”

- **Jeremy Sucharski**, Partner at Armanino Advisory LLC



# Moving from a Private to a Public Company

When you are moving from a private to public company, there are many events to consider along the way. The timeline below can serve as a high-level guide to understand the journey.



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## PREPARATION

# IPO Readiness Assessment

- This is one of the first things a company serious about going public will complete.
- Enlisting a trusted advisor to diligently conduct an assessment of your organization and recommend key areas that may need created or enhanced prior to going public, and advise on timing options.
- In less than two months you should receive a detailed project plan for completing the IPO, with a broad range of services that address the people, process and technology needs of your organization.
- Taking a cross-functional, comprehensive approach positions your public company for long-term successful growth long after the IPO.



BUILDING A ROADMAP

# Key Areas of IPO Readiness

- Ranging from policies and prep for PCAOB uplift to financial and registration statements for the S-1.

Accounting & SEC Reporting



- The needed future state FP&A, from data structures to process readiness.

FP&A



- Income tax provision, disclosure and controls, and other issues such as state and local matters or organizational planning.

Tax Compliance



- Documentation of key policies and procedures, public company equity plan, employee communications, HRIS implementation

Compensation & HR



- Governance policies, director education, shareholder engagement protocols, and compliance oversight for culture, ethics and incentives.

Governance



- Assess and strategize how to utilize existing systems or map the adoption of new software.

Technology Strategy



- Public communications policies, employee training, contract management, earnings release planning, and data privacy.

Legal & Compliance



- Development of equity story and KPIs, selection process for underwriters and exchange, education on research analysts and projection models.

Capital Market Strategy



- Investor value proposition, roadshow collateral and readiness

Investor & Change Communication



- Risk and maturity assessment, including incident response; strategy and roadmap in place for capability development, including SEC compliant disclosures,

IT & Cybersecurity

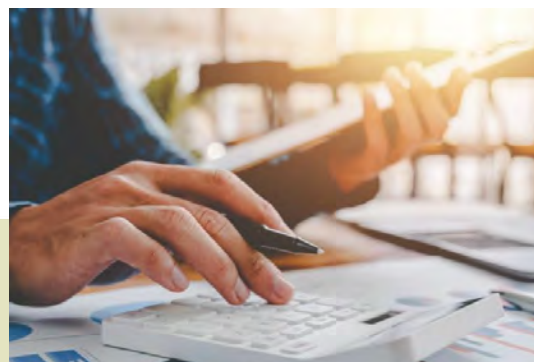


Nearly 80% of IPO companies are unprofitable at their debut on the stock exchange.



## TIME

How soon can you go public, and what are the drivers of the timeline? Answering these questions requires a comprehensive review of the people, process and technology gaps.



## COST

The cost structure must account for fees directly attributable to the IPO, such as underwriter or legal; other costs such as audit, valuation, or restructuring; and then one-time plus recurring cost of being public.



## OPERATIONAL LIFT

The magnitude and scope of an IPO can place significant requirements on the resources, systems and people of your organization. An integrated solution prepares you for the future.

CONSIDERATIONS

# Common IPO Pitfalls to Avoid

- 
- Underestimating Costs, Time & Complexity
  - Insufficient Internal Controls
  - Poor Market Timing
  - Lack of Strategic Clarity
  - Inadequate Preparation for Regulatory Scrutiny
  - Poor Stakeholder Communication
  - Overlooking Cultural Impact



**OPERATIONAL  
LIFT**

## CORPORATE GOVERNANCE

### Board Composition and Independence:

- Independent Directors
- Committees

### Enhanced Oversight and Accountability:

- Audit Committee
- Internal Controls

### Executive Compensation and Performance:

- Compensation Policies
- Say on Pay

### Disclosure and Transparency:

- Regular Reporting
- MD&A

### Ethics and Compliance:

- Code of Conduct
- Whistleblower Policies

### Shareholder Rights and Relations:

- Shareholder Meeting
- Communication

### Risk Management:

- Risk Oversight
- Legal and Regulatory Compliance

### Strategic Planning and Decision-Making:

- Long-Term Focus
- Stakeholder Considerations

## FINANCIAL DISCLOSURES

### Financial Statements:

- Audited Financial Statements
- Interim Financial Statements
- Pro Forma Financial Information

### Disclosures:

- Management's Discussion and Analysis (MD&A)
- Risk Factors
- Use of Proceeds
- Business Description
- Management and Executive Compensation
- Corporate Governance
- Related Party Transactions
- Legal Proceedings
- Market Data and Industry Information

### Registration Statement:

- Form S-1

### Other Considerations:

- Sarbanes-Oxley Act Compliance
- Audit Committee
- Investor Roadshows

### Regulatory Review:

- SEC Review

## BUDGETING

### Increased Compliance Costs:

- Audit Fees
- Legal and Consulting Fees

### Enhanced Financial Reporting:

- Improved Reporting Systems
- Regular Reporting

### Corporate Governance and Board Expenses

- Board Compensation
- Committee Costs

### Investor Relations:

- IR Department
- Roadshows and Communications

### Internal Controls and Compliance:

- Internal Audit Function
- Compliance Programs

### Strategic Planning and Financial Forecasting

- Long-Term Planning
- Performance Metrics

### Operational Efficiency:

- Process Improvements

### Risk Management:

- Risk Mitigation Strategies



ANONYMOUS CASE STUDIES

# SEC Approval Impacts Time Window – SPAC or IPO?



ANONYMOUS CASE STUDIES

# Getting SOX Ready



ANONYMOUS CASE STUDIES

# Tax Considerations – Moving from Private to Public

NEXT STEPS

Thank you for  
attending

Additional Questions?

Want to Schedule a  
Strategy Session?



Reach out to us at

[Experts@armanino.com](mailto:Experts@armanino.com)

OUR PROMISE TO YOU

# Reimagine Your Potential



## Unconventional Approach

We're a vested, entrepreneurial partner who sees your organization through a 360 lens and finds opportunity at every stage



## Comfort in Change

Our experts provide guidance and support while quickly facilitating transformation that gives you a competitive advantage.



## Focused on You

Our integrated teams and solutions deliver tailored insights to bring you more value and clarity throughout your journey.



# A new and better way for today and tomorrow

Equipping you with the insights and tools needed to redefine what's possible



## COMPLIANCE & REGULATORY

- Tax Planning
- Trust & Estate
- SOX
- Contract



## ASSURANCE & ADVISORY

- Cybersecurity
- SOC
- Restructuring
- Revenue Recognition



## STRATEGY & PLANNING

- Corporate Strategy
- Strategic Advisory
- Benchmarking
- Business Transformation



## STAFFING & DEVELOPMENT

- Payroll
- Health Benefits
- Executive Search
- Interim Placement



## TECHNOLOGY SYSTEMS

- ERP
- CRM
- Business Intelligence
- Managed Services



## ACCOUNTING & BACKOFFICE

- Bookkeeping
- Budgeting/Forecasting
- Account Receivable
- Accounts Payable



# Possible *(Re)*Defined™

Delivering impactful, bold solutions that increase clarity  
and spark success for today and tomorrow.

# Armanino Operates in an Alternative Practice Structure:

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