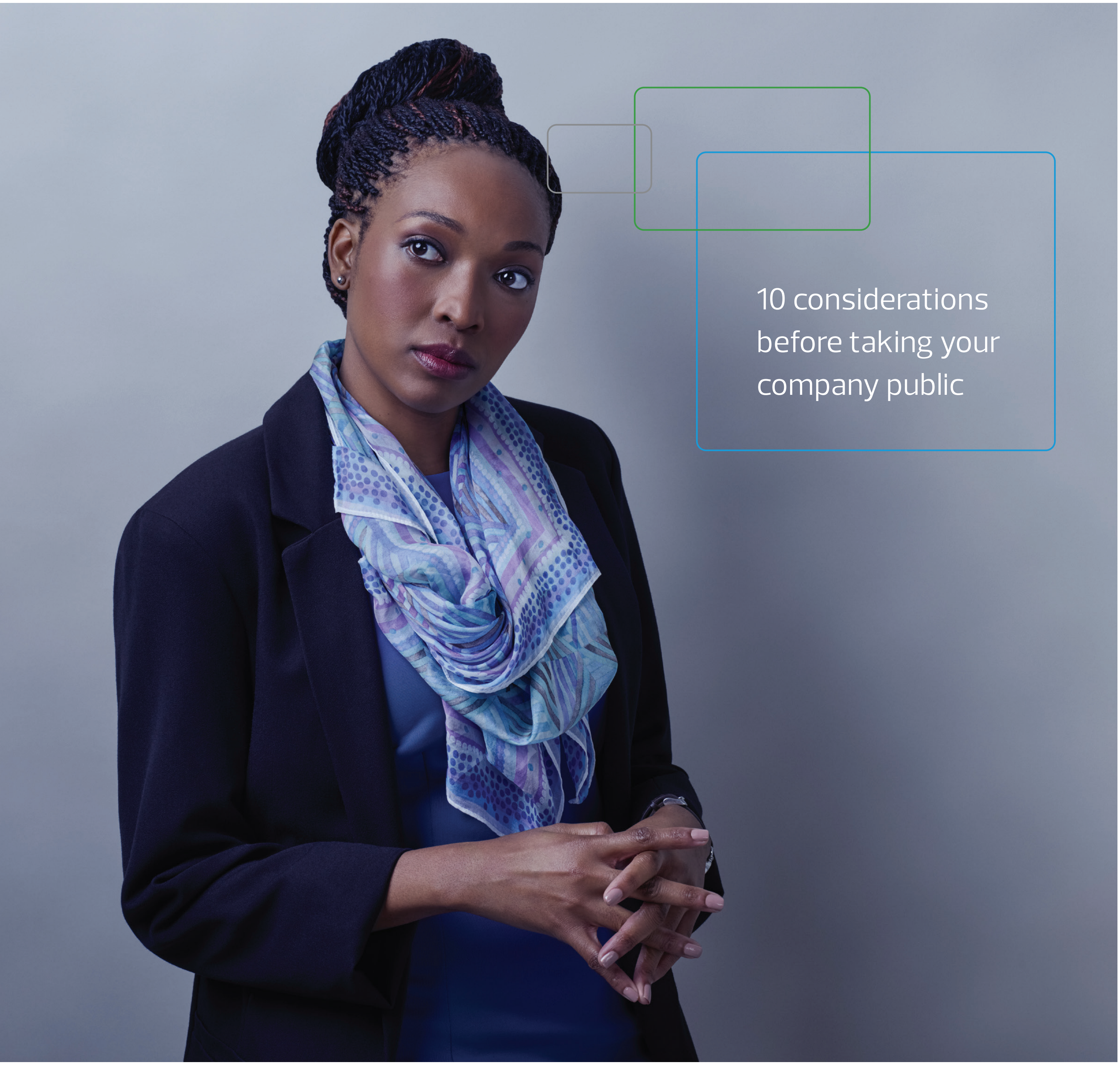

WEIGHING THE ADVANTAGES AND DISADVANTAGES OF GOING PUBLIC

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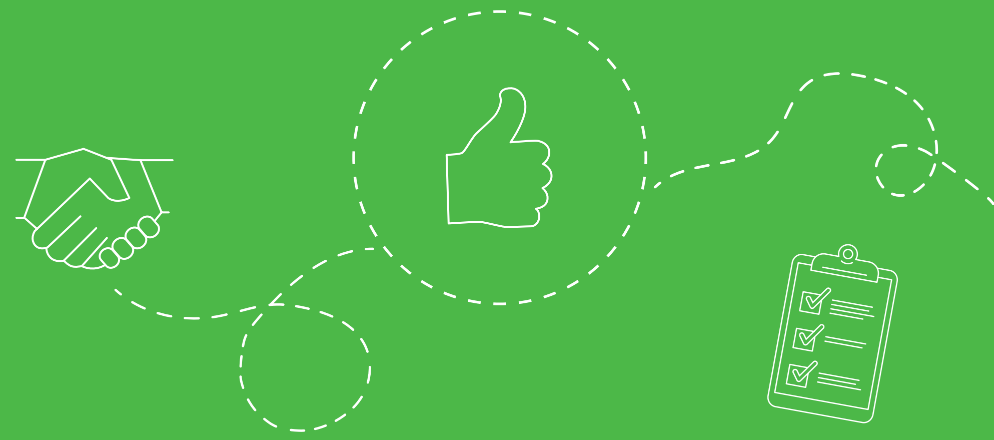
While unicorns—companies valued at more than $1 billion at their initial public offering (IPO)—seem to get all the attention, companies of all stripes can realize substantial financial and business benefits from an IPO.

An IPO gives companies access to much-needed capital to fund faster growth and enter new markets, while also raising their public profiles to bring in new customers. But before deciding you want to see your ticker symbol scrolling on a board in Times Square, be sure you understand all that an IPO entails. Consider these five advantages and five disadvantages of an IPO before diving in.

Advantages



1

An elevated public profile

The prestige perspective of a public listing can be validating to current and prospective business partners—customers, researchers, CROs/CMOs, real estate holders and more. New investors may take notice and be more inclined to invest knowing you've just undergone an intense vetting process to prepare for your IPO.

2

An opportunity to raise substantial capital

Compared with other financing avenues, a successful IPO can provide access to a substantial amount of capital, which can help companies achieve or accelerate strategic research and development, commercialization and overall growth goals. That can also be a financial windfall for business owners, who are likely to be the biggest shareholders of the newly public company.

3

Access to additional funding sources

Becoming a public company provides access to additional sources of funding in the debt and equity markets as well as with collaborators and strategic partners, often at more favorable rates and pricing. New lenders, investors and partners will perceive your company to be of lower risk on the heels of a successful IPO, making them more interested and willing to negotiate terms reflective of your company's new profile.

4

A powerful recruitment and retention tool

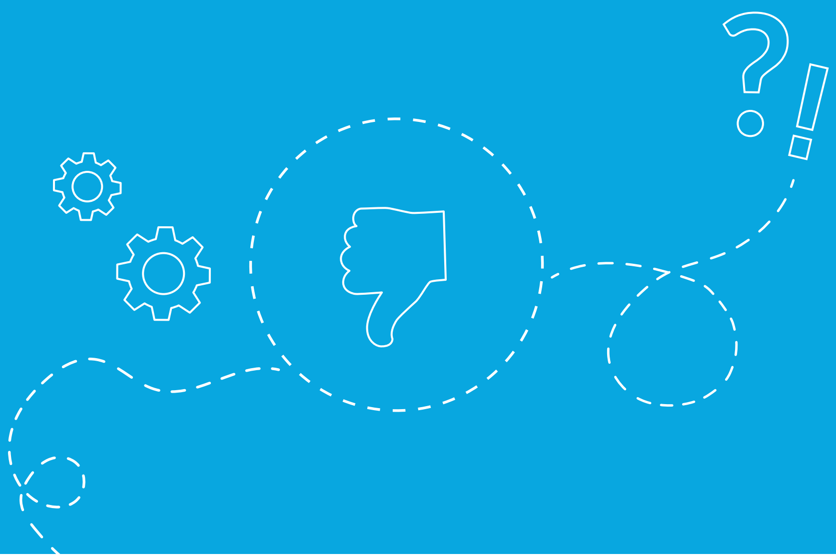
In a tight labor market, the ability to offer stock options and other forms of equity can help your company stand out and attract top candidates. As a result, your organization may not suffer the labor shortages many other businesses are experiencing today, enabling your company to retain the resources that are key drivers in meeting strategic goals and being a valued business partner.

5

Favorable windows of opportunity

If you're seriously considering taking your company public, you should take advantage of key windows of opportunity to access the public markets. One key indicator that the timing may be right for your own offering is if your peer companies are embarking on IPOs. Likewise, a big conference or trade show in your industry can attract investors and increase the chances of a well-received debut.

Disadvantages



1 Less privacy

While some founders and executives see the increased visibility of being in the public eye as an opportunity, others shun the spotlight. As a founder or executive in a publicly held company, public disclosure documents may require you to reveal more information than you're willing to share. This could handicap you if you feel more confident making business decisions without the pressure of public opinion.

2 Having to rush to get capital-market ready

If you're seriously contemplating an IPO, you'll have to start preparing early—organizational preparedness efforts are considerable. In addition to more rigid and specifically defined reporting timeframes, you'll need to convert your financial statements, complete or update audits in accordance with PCAOB standards, and complete additional required statements.

3 Loss of control

Companies that are closely tied to their founder's vision may find it too difficult to give up the control they currently enjoy. Company leaders may not be ready to ease up on the reins or be willing to make the tradeoff of control versus access to capital.

4 The potential for other, more suitable alternatives

For companies in need of an influx of cash, an IPO is not the only option. Alternative forms of capital can give you more flexibility when it comes to deploying the new capital throughout the business than you would have with an IPO. Examples include private equity, venture capital, institutional investors and collaboration/strategic partners.

5 Disclosure requirements change—quickly

As a result of the 2012 JOBS Act, companies that qualify as emerging growth companies (EGC) have a pathway to going public that's less onerous than the historical requirements. While some aspects of this relief continue for as long as five years after a successful IPO, EGC benefits often expire shortly after going public as a result of higher market capitalizations. As a result, your company might need to adopt new accounting standards and get an external audit much sooner than previous generations of newly public companies.

The right advisor can make the difference

If, after a careful assessment, you've decided that an IPO is the right next step for your company, choose an experienced advisor that has the resources and experience to support your organization throughout the process. An experienced advisor will enable your organization to thoughtfully approach and implement the organizational changes needed to become IPO-ready and to operate as a public company.

A Guide to Going Public **provides more information on how to take your company public.**

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