

PRESENTATION

Public Company Readiness

Public Company Readiness – Overview

- **Public Company Readiness Defined:**
 - The steps and processes involved in preparing a private company to function and thrive as a public company.
- **Infrastructure Elements:**
 - Corporate policies
 - Corporate processes
 - People and organization
 - Management Reports
 - Methodologies (e.g. Sarbanes-Oxley compliance requirements)
 - Systems and data

Public Company Readiness – Elements of Success

Capabilities for Success:

- **Accurate Financial Reporting:** Companies need to ensure they have the requisite skills and organizational infrastructure to understand the application of accounting principles and ensure accurate financial reporting.
- **Accurate Forecasting and Budgeting:** Similarly, companies should have the financial management skills needed to perform forecasting and budgeting in a relevant, accurate and useful way that enables the highest level of visibility, flexibility and business agility.
- **An Efficient Financial Close:** In order to meet SEC filing requirements, companies must ensure they have an accurate and efficient financial close process.
- **Appropriate Corporate Governance and Sarbanes-Oxley Compliance:** Ensuring the company has a robust regulatory and corporate governance understanding and an efficient internal control environment is critical to achieving initial and ongoing Sarbanes-Oxley compliance.
- **Scalable IT Environment:** Companies must review the IT system environment to ensure that it is able to handle the anticipated growth in business.

Public Company Readiness – Challenges

Challenges that Require Mitigation:

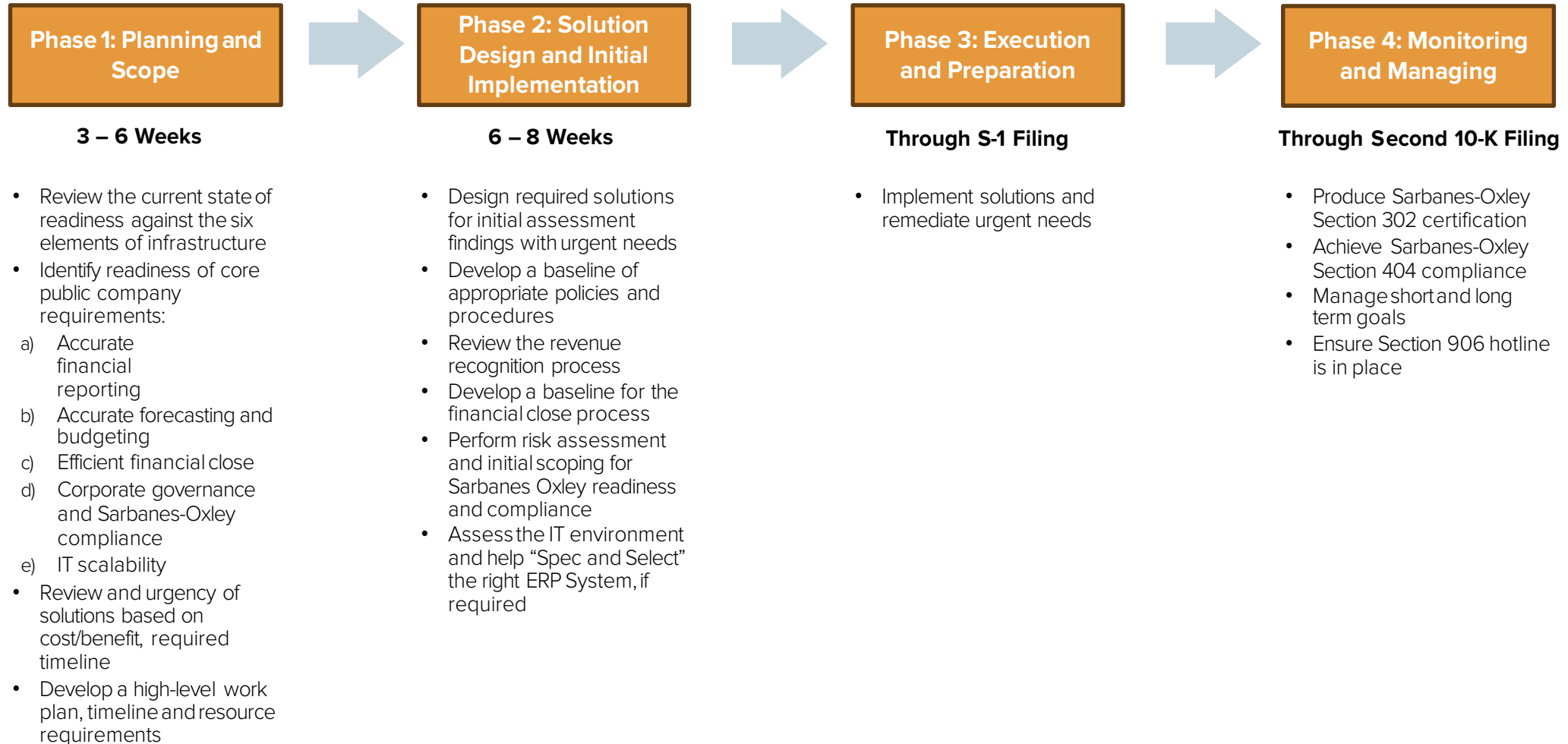
- **Restatement of Financial Statements**
 - Accounting changes and errors from previous financial statements can be big red flags and affect share price.
- **Inability to Comply with Sarbanes-Oxley (“SOX”)**
 - New public entity will need to meet SOX requirements
 - CEO and CFO will need to certify that there are no material misstatements in financial statements
 - Failure to meet SOX requirements could result in negative publicity and potentially fines/imprisonment of executives
- **Weak Budgeting and Forecasting Processes**
 - If management discussion and analysis is inaccurate, investor confidence could suffer and cause share price volatility
- **Delayed SEC Filings**
 - Undermines investor confidence
 - Steps to avoid delayed filings: (i) upgrade your business processes and technology and (ii)
 - address gaps in skills of reporting personnel

Public Company Readiness – Mistakes

Common Mistakes:

- **Failure to Assemble the Right Team**
 - Team should possess previous IPO and Public Company Readiness experience
 - Team members should have bandwidth to participate fully in readiness efforts
 - Effective project management, including carefully crafted readiness strategy and plan
- **Underestimating the Level of Effort Required**
 - Failure to properly estimate the amount of time and effort required for readiness
 - Readiness requires complex array of tasks and deadlines that require significant time, effort and attention.
- **Failure to Develop Business Processes and Infrastructure**
 - Particularly, those that support financial reporting processes
- **Failure to Assess IT Readiness**
 - Robust IT infrastructure necessary to assist with demanding reporting and compliance requirements that affect public companies

Public Company Phases



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