

TYPES OF SALES

TYPE	ADVANTAGES	DISADVANTAGES
PRIVATE PLACEMENT	<ul style="list-style-type: none">✓ Flexible – can be any amount✓ Flexible – can be any form – debt or equity✓ Investors more patient than VC's✓ Investment demands reduced – frequently, 10-20% return over 5-10 years✓ Cheaper transaction costs	<ul style="list-style-type: none">✓ Investors may be hard to locate✓ May have less capital to invest
IPO	<ul style="list-style-type: none">✓ Your investors (and you) get a big exit✓ Access to giant pool of funding✓ Your footprint takes steroids✓ A market is created in your stock, so it is easier to raise money and compensate employees	<ul style="list-style-type: none">✓ Hugely expensive for the IPO – legal fees, lost time for management and accounting staff✓ Hugely expensive for continued reporting – cost can be \$50,000 - \$500,000 per year✓ Scrutiny and obligation to comply with securities laws✓ Administratively burdensome