



Some Observations from the Trenches

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Many Approaches Will Lead to
Success

Many also lead to failure



What Doesn't Kill You Makes You Stronger

Plan for the good times, be
prepared for the bad times

Income Statement is More “Fun”



- Cash Flow is More Important
- You will adjust your financial projections downward more than once



Technology is Not a Product

Neither are Patents



Lawyers are More than Just Overhead

Find a good one, even if you have
to fire a few in the process



Intellectual Property is Important to Establish Early

- Gives you the power to exclude others
- Create multiple generations of it



Get a Good Set of Form Agreements

. . . And use them



Your Share of Your Company Will Get Diluted

- Be Prepared to Continue to Invest (if you can)
- You will likely need more than one round of financing
- Minimize the need for investment capital



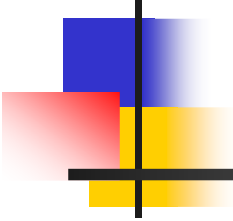
Your Objective is to Continue to Increase the Stock Value

- Revenue is good, but stock price is how you will be valued
- If your stock value doesn't continue to increase, then you can't pay for all the preferences you give investors
- Each dollar you receive in funding needs to grow into a multiple of value



Options are Not a Good Substitute for a Salary

But it may be all you have to offer



You Will Think that You Have More Negotiation Power than You Really Have

Sometimes this is a good thing,
sometimes it is a bad thing



Your First Deal is the Most Important

Be persistent but realistic – most prospects will not sign up



Your Second Deal Means You are Successful

But operational challenges will
increase



Good Ideas Differentiate You from Others

- But execution is equally important
- Your competitors will try to copy them



Your Team is Your Most Valuable Asset

This is directly related to your
ability to execute



Have at Least One Trusted (Independent) Advisor

You will need someone to tell you
the truth