IPO SERVICES

OVERVIEW

MORGANFRANKLIN.COM

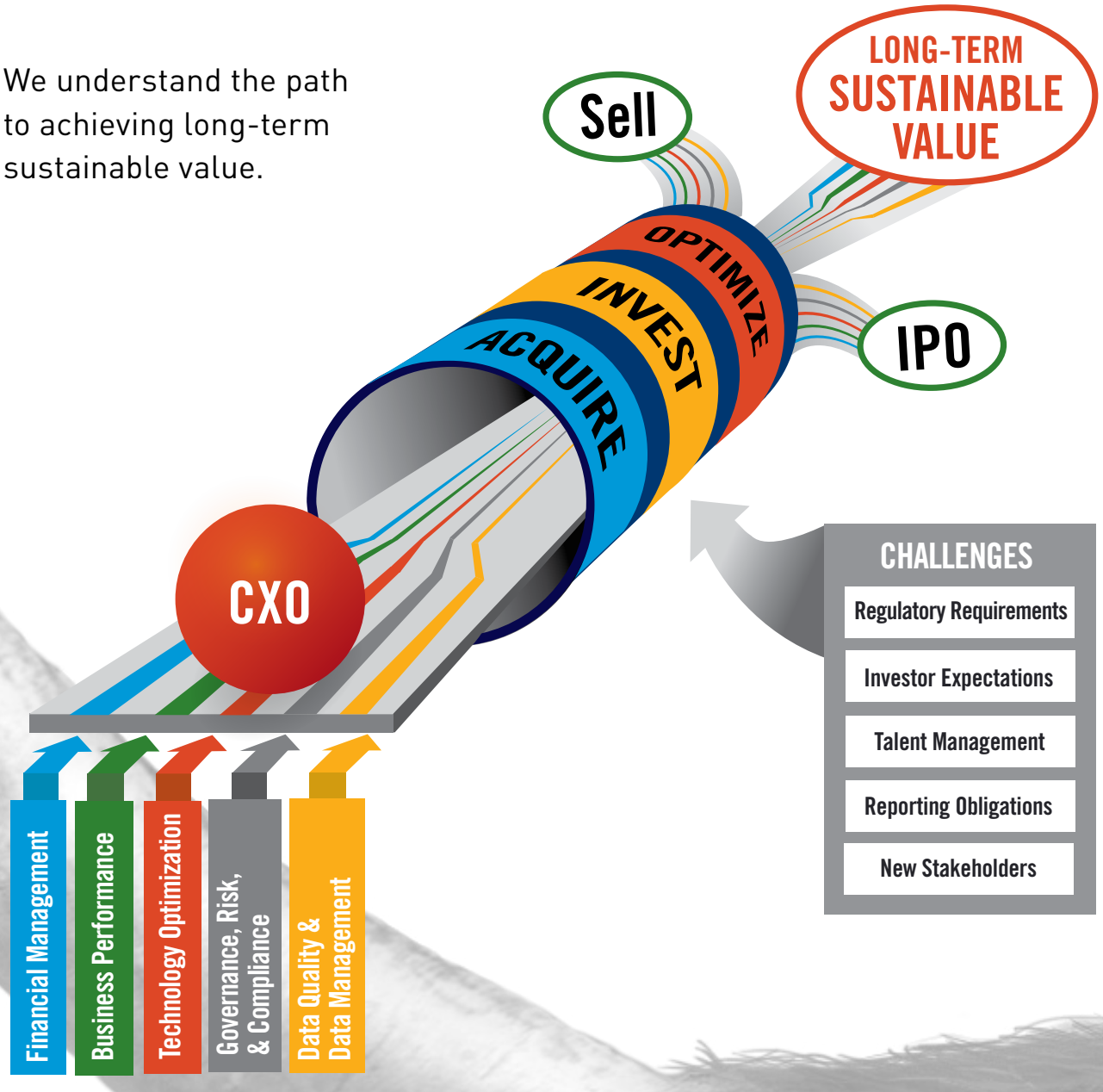
MorganFranklin CONSULTING

ACCELERATED SMART GROWTH:

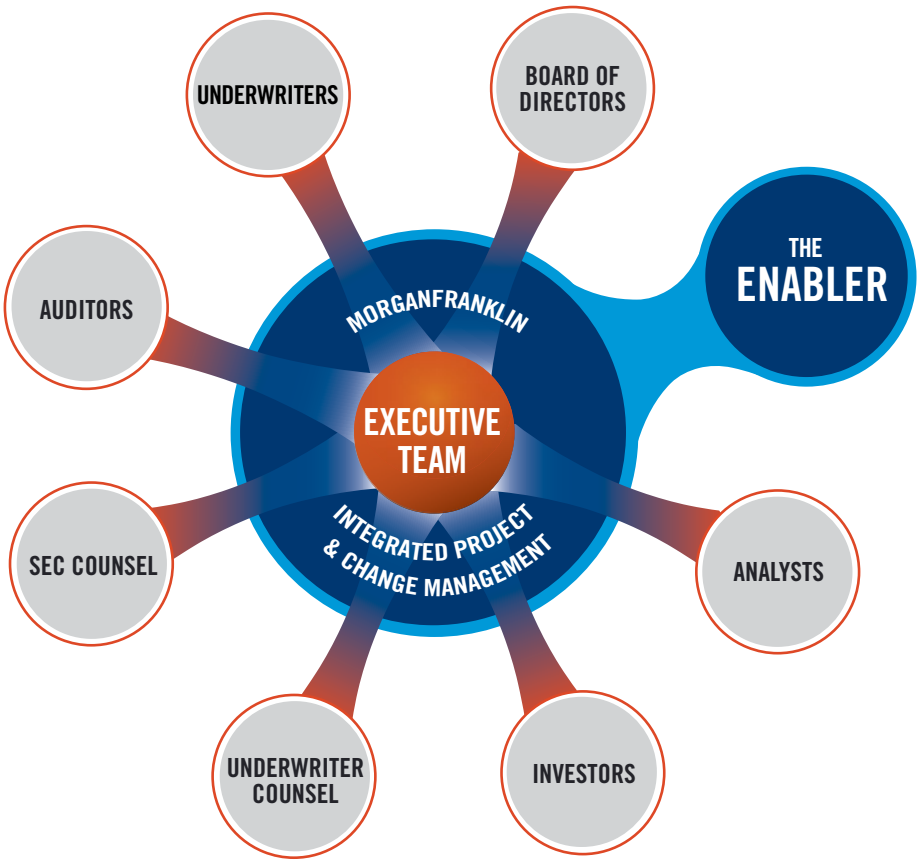
Staying Focused on Value

Whether you are growing your business with an eye toward an IPO, sale, or even continued growth, it is important to ensure your processes, systems, and capabilities will facilitate your growth. Successful growing companies know that it is important to be able to extract timely and accurate information in order to make timely decisions and successfully grow your business.

> We understand the path to achieving long-term sustainable value.



IPO SERVICES:
A New Seat at the Table



"In navigating the IPO process, I saw a new role evolve that became invaluable to our team. MorganFranklin filled this new seat at the table, bringing the technical expertise and 'get-it-done' attitude required to focus on priorities and respond efficiently to the many requirements from the lawyers, bankers, auditors, and tax accountants. With all of the moving parts that come with preparing for an IPO, it was critical to have this partner enabling the puzzle pieces to come together."

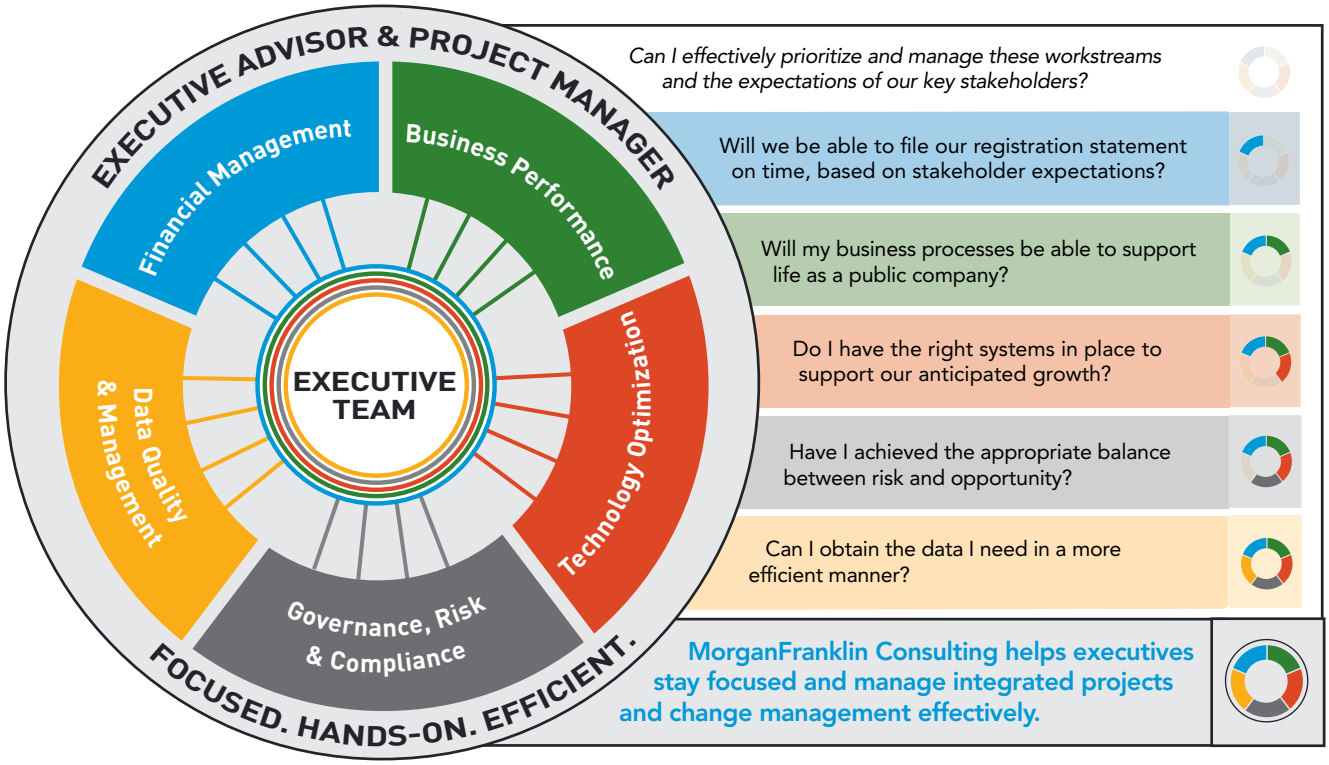
—JOHN BAULE
Former CFO, ChannelAdvisor

THE ENABLER:

Committed to the well-being of the CFO and CEO during the high-intensity period leading up to an IPO.

- Knows all the moving parts
- Acts as a liaison
- Avoids duplicate efforts
- Eliminates stress on the team

Are you ready for an IPO?



IPO Services

Executive Advisor & Project Manager

- Provide subject matter expertise on IPO process and ensure business/ organizational support exists across functional areas.
- Plan IPO timeline and manage multiple parties involved to meet key deadlines.
- Assist company in hiring the right members of the working group.

Financial Management

- Assist with technical accounting matters.
- Prepare for annual audits and quarterly reviews.
- Draft S-X compliant financial statements.
- Assist with registration statement preparation.

Business Performance

- Evaluate financial operations for opportunities to improve efficiency and reduce close cycle times.
- Assess organizational capabilities relative to public company requirements.
- Drive key metrics and analytics to improve management oversight and results.

Technology Optimization

- Assess current tools and applications and perform gap analysis.
- Design and implement enhanced functionality to increase controls and reduce risk.
- Optimize financial reporting tools.
- Develop and implement plan to enhance functionality of existing applications.

Governance, Risk & Compliance

- Understand and document key financial and IT processes.
- Establish and validate key controls in preparation for SOX compliance.
- Design and implement remediation plan for control deficiencies.
- Analyze current GRC framework against industry-leading best practices.

Data Quality & Management

- Develop data strategy and architecture.
- Design and build enterprise data warehouse.
- Implement data governance and standards.
- Assess data quality and cleansing.
- Advocate for accountability and transparency.

CASE STUDIES

Business Management Software Provider IPO

Provider of a business management software platform that integrates quotation, sales, customer relationship management, help desk, project management, and business analytics to streamline business operations.

CHALLENGE

- Lacked technical and project management expertise to oversee IPO process.
- Existing financial statements prepared on cash basis, resulting in inability to produce accurate budgets and forecasts.
- Lacked finance processes, personnel resources, and technology infrastructure to report financials in accordance with GAAP.

SOLUTION

- Implemented company-wide program management office (PMO) function to govern IPO readiness process.
- Assessed performance of organization's finance functions from both qualitative and quantitative perspectives.
- Developed future-state business process blueprints for planning, budgeting and forecasting, and accounting and controlling, which incorporated internal control mechanisms.
- Aligned personnel resources to future-state finance model for more effective service and transaction processing.
- Identified required financial statement adjustments to transition from cash to GAAP basis, and quantified adjustments to produce GAAP-compliant financial results.
- Drafted S-X compliant financial statements.
- Assisted with evaluation and selection of scalable, cloud-based platforms to automate revenue recognition and business process management activities.
- Implemented Hyperion Planning while developing automated budgeting, forecasting, and reporting capabilities.

IMPACT & VALUE

- Transformed Finance and Accounting function into a public company Finance and Accounting department.
- Facilitated timely completion of external financial statement audit.
- Automated quote-to-cash process to ensure company was able to close within SEC reporting timelines.
- Project managed IPO process to facilitate knowledge transfer and ensure deadlines were met.
- Reduced staff burnout by providing surge support at critical times in IPO process.

Benefitfocus, Inc. IPO

Benefitfocus is a leading provider of cloud-based solutions for consumers, employers, insurance carriers, and brokers. The Benefitfocus platform provides an integrated suite of solutions to enable customers to efficiently shop, enroll, manage, and exchange benefits information.

CHALLENGE

- Management initiated a plan to file an S-1 for an IPO of common stock.
- Lacked project management, accounting, and finance infrastructure needed to meet the established timeline.
- Needed IPO readiness, technical accounting support, and IPO project management.
- Needed assistance completing two years of audits, preparing quarterly financial statements, and getting through SAS 100 reviews.

SOLUTION

- Created quarterly financial statements in compliance with SEC Regulation S-X covering the previous two years, and provided support during the SAS 100 review process.
- Developed well-organized, detailed, audit-ready workpapers while reducing audit costs incurred.
- Researched and documented complex accounting issues.
- Assisted with documentation and implementation of a change in estimate related to revenue recognition policies.
- Wrote MD&A and other financial sections of the S-1.
- Assisted with responses to SEC comments.

IMPACT & VALUE

- Managed the IPO process by coordinating and acting as the main point of contact with management, auditors, SEC counsel, and underwriters' counsel to ensure the filing deadlines were met.
- Provided expertise and guidance to meet an aggressive timeline for filing a registration statement with the SEC.
- Played an integral role in developing the entire registration statement, including MD&A disclosures and various sections throughout the Form S-1.

CASE STUDIES *CONTINUED*

International Restaurant Chain IPO

International restaurant chain with more than 3,300 locations that positions itself between the quick-service and fast-casual restaurant segments.

CHALLENGE

- Aimed to capitalize on unique positioning, strong growth story, and emerging brand to pursue an IPO in 2016.
- Lacked accounting and finance expertise needed to meet IPO reporting requirements, agility to meet aggressive deal timeline, and management experience and processes to operate in public company environment.
- Required recommendations to executive team on personnel and resource management, S-X compliant financial information preparation and review, SOX compliance and COSO 2013 Framework implementation, five-year strategic plan and investment thesis development, and industry benchmarking and competitor analysis.

SOLUTION

- Manage IPO process, including compiling transaction working group and providing advisory services to executive management team.
- Develop deal timeline and manage all transaction workstreams to meet deadlines for target execution window.
- Assist in preparing Accounting, Financial Reporting, and Internal Audit departments to operate in public company environment.
- Advise FP&A and Investor Relations functions on proper KPIs and market metrics to track and report to investors as public company.
- Develop company investment thesis and foundation for roadshow presentation, and coordinate with working group and private equity investors to ensure successful execution of equity offering.

IMPACT & VALUE

- Currently managing IPO process to ensure company meets filing deadlines.
- Providing formal and informal recommendations to executive team and their staff for improvement throughout project duration.
- Providing tools that will help the company manage growth and move forward as a compliant public company.
- Ensuring company stays on target to meet aggressive IPO timeline.

ChannelAdvisor IPO & Initial SOX Compliance

ChannelAdvisor is a leading provider of software-as-a-service solutions that enable retailer and manufacturer customers to integrate, manage, and optimize merchandise sales across hundreds of online channels.

CHALLENGE

- Initiated a plan to register with the SEC for an IPO of common stock to be traded on the NYSE.
- Lacked SEC reporting and technical accounting expertise to draft S-X compliant financial statements and the Management's Discussion and Analysis (MD&A).
- Lacked systems to support operating as a public company.
- Required assistance preparing for compliance with Section 404 of the Sarbanes-Oxley Act (SOX).

SOLUTION

- Served as the IPO project management function, facilitating the distribution of information among the key IPO stakeholders.
- Created quarterly financial statements in compliance with SEC Regulation S-X covering the previous two years, and provided support during the SAS 100 review process.
- Researched and documented technical accounting issues.
- Developed a SOX readiness strategy including documentation of significant financial processes.
- Assisted in the selection of NetSuite as its new ERP system; currently assisting with the implementation to ensure maximum functionality and value is achieved.

IMPACT & VALUE

- Prevented costly mistakes during the IPO process while minimizing disruption to the core business.
- Allowed the client to successfully complete the complex IPO process within an aggressive timeline.
- Assisted in implementing systems and developing processes to ensure the ability to operate as a newly public company.
- Facilitated completion of audits and SAS 100 reviews on a timely basis to enable SEC filing in accordance with company-established deadlines.

PAST PERFORMANCE

MorganFranklin is more than a management consulting firm with IPO experience and deep technology industry expertise. We have been called the "enabler," key stakeholder, and partner. Our team brings expertise and extra hands in all aspects of preparing to go public—even systems and process improvement capabilities. We will get you to your filing date—but, more importantly, we will do whatever it takes to help you set the stage for success in the weeks and months that follow.

	IPO Project Management	Registration Statement Drafting	Technical Accounting Assistance	Audit Readiness	Financial Statement Drafting	SAS 100 Readiness	SOX Readiness	Process/ System Optimization
Enterprise SaaS Client	✓	✓	✓	✓	✓	✓		✓
Enterprise SaaS Client		✓	✓		✓			
Benefitfocus	✓	✓	✓	✓	✓	✓		✓
International Restaurant Chain Client	✓	✓	✓		✓	✓	✓	✓
OnDeck Capital	✓	✓	✓	✓	✓	✓	✓	✓
Financial Technology Client	✓	✓	✓	✓	✓	✓	✓	✓
MaxPoint Interactive	✓	✓	✓	✓	✓	✓	✓	✓
Financial Technology Client	✓		✓	✓				
NantKwest	✓	✓	✓	✓	✓	✓		
Cybersecurity Client	✓		✓			✓		✓
ChannelAdvisor	✓	✓	✓	✓	✓	✓	✓	✓
2U		✓	✓	✓	✓	✓	✓	✓
Alarm.com		✓	✓	✓	✓	✓	✓	✓
Millennial Media	✓	✓	✓	✓	✓	✓	✓	
SCYNEXIS	✓	✓	✓	✓	✓	✓		
Opower			✓	✓			✓	
Digital Media Client	✓		✓	✓	✓		✓	✓
Sharing Economy Technology Client	✓							

MorganFranklin
CONSULTING

Corporate Headquarters
7900 Tysons One Place
Suite 300
McLean, VA 22102
703.564.7525

Southeast Regional Office
3343 Peachtree Road NE
Suite 730
Atlanta, GA 30326
404.591.1257

West Coast Regional Office
650 California Street
San Francisco, CA 94108
415.915.4374

morganfranklin.com

0518004