

This is a Golden Era

For Entrepreneurs
and Angel Investors

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Our Current Environment

- Things are changing
- Rapidly
- Never before has it been so easy to build such valuable companies
- On so little capital
- And sell them so early
- For so much money

History Will Call This a Golden Era

- It's never clear when it's happening, but
- I believe history will call this a golden era
- For entrepreneurs and angel investors
- The drivers are:
 - The global online market (aka the Internet)
 - Open source software
 - The boomer demographic → angel capital

There is No Shortage of Capital

- Lots of doom and gloom in the press
- The Venture Capital model is broken
- But that won't affect many tech entrepreneurs
- Angel Investors finance 27x more startups than VCs today - and that's increasing
- Friends and Family invest more than VCs and Angels combined

Early Exits – Increasingly Common

- Flickr sold for \$30 million just one year after launch
- Delicious was sold for \$30+ million two years from start-up
- Club Penguin was sold for \$350 million when it was two years old
- YouTube sold for \$1.6 billion when it was two years old

Why This Is Happening Now

- When I was an entrepreneur most companies cost \$10s of millions to build
- Tech companies can now be built for \$10s of thousands
- The Internet means viable companies can be built in just weeks or months
- It is also creating more opportunities than ever before

Buyers for Companies

- Big companies know they suck at innovation
- But they have enormous amounts of cash
- Many are spending more on M&A than R&D
- It's the best way for them to grow
- Medium and small companies are acquiring
- Private equity funds and individuals are also aggressive buyers

First Exit Strategy, Then Finance

- This doesn't happen most of the time - yet
- The right way to build a company today is:
 1. Determine the type of business
 2. Build alignment on the exit strategy
 3. THEN develop the financing plan
 4. And then start to contact investors

Early Exits - Summary

- I believe entrepreneurs and angel investors
- Will make more money
- Build a more vibrant tech community
- And have more fun
- If we start every company with a realistic exit strategy
- To capitalize on this golden opportunity

Early Exit Resources

- www.Early-Exits.com – the 1st book on exit strategies for angels and entrepreneurs
- www.AngelBlog.net – my blog for entrepreneurs and angel investors
- www.BasilPeters.com – for videos of my previous talks