



**University
of Michigan
Business
School**

Angel Investing

“Principles and Techniques of Investing in Closely Held Private Companies”

A Seminar for Private “Angel” Investors

May 16-17, 2001

Presented by:

Center for Venture Capital and Private Equity Finance (CVP)

The University of Michigan Business School

Dr. David J. Brophy, Director



MUNDERCAPITAL



PRICEWATERHOUSECOOPERS 

ABOUT THE SEMINAR

Individual (“angel”) investors now provide the bulk of seed & startup capital for high potential companies. This seminar will cover the principles and techniques used to qualify investment, negotiate valuation, structure and price deals and lay a foundation for the continued interaction as the company builds and receives follow on financing from institutional investors.

CVP TEAM



DR. DAVID J. BROPHY, MBA, PH.D.

Director, Center for Venture Capital and Private Equity Finance

Professor David J. Brophy is a member of the Finance Faculty at the University of Michigan School of Business Administration where he teaches courses in venture capital and private equity finance. He is Director of the UMBS Center for Venture Capital and Private Equity Finance, and is a member of the executive committee for the Zell-Lurie Institute for Entrepreneurial Studies.

He has published extensive research on venture capital and private equity finance and has twice won the National Association of Small Business Investment Companies Research Award. He is the author of a book titled Finance, Entrepreneurship and Economic Development, and has published a large number of research papers in this and other aspects of finance. He is a founding member of the editorial board of the Journal of Business Venturing, The Journal of Private Equity Finance, and the International Venture Capital Journal.

He has been a director of several public companies and is a director and advisor to a number of banks, money market funds, and financial services firms including Compass Technology Partners (a venture capital firm in Palo Alto, CA), Munder Capital Management (Birmingham, MI), Continental Capital (OH), River Place Holdings (Detroit, MI) and General Motors Acceptance Corporation Wholesale Auto Receivables Corporation. He also is an investor in and an advisor to a number of emerging technology-based firms.

MR. WASSIM R. MOURTADA



Associate Director, Center for Venture Capital and Private Equity Finance

Wassim Mourtada is Associate Director for the Center, where he is responsible for the strategic development of the organization. Mr. Mourtada’s research interests at the Center include “Best practices in technology transfer, and the commercialization of intellectual property” and “A Framework for Venture Capital Investment in Telematics & Intelligent Transportation Systems”. Some of his past research has been published by the Federal Reserve Bank, the Government of France’s Conseil du Credit et du Titre and the Financial Management Association. He has received degrees from the University of Michigan in both Civil and Environmental Engineering and Economics.

MS. BHARATI HULBANNI



Program Manager, Center for Venture Capital and Private Equity Finance

Ms. Hulbanni joined the office in August of 2000 as a project manager and research associate. She manages office activities including the planning of conferences and symposia, mentoring undergraduate research students, and acting as a teaching assistant to Dr. Brophy. Prior to joining the office, she worked for three years with Andersen Consulting as a systems implementation specialist. Ms. Hulbanni received a BA in Economics from the University of Michigan.

SEMINAR FACULTY

BOB BOZEMAN

General Partner, Angel Investors, L.P.
San Francisco, CA.

Mr. Bozeman has 24 years of management experience in high-technology enterprises. He has served 12 years as CEO/President or General Manager in software, information technology/services and computer supplier industries (including Vetronix Sales Corporation, Altos Computer Systems, and Natural Language Incorporated). He served as an officer at a Fortune 100 Corporation contributing to growth in revenue from \$50 million to \$2.7 billion (Wang Laboratories). He is the founder of two successful high-tech businesses (Library Systems and Bozemans', Inc.) He led the turnaround restructuring for a company with five years of losses into a profitable business (Fortune Systems). Mr. Bozeman graduated with a BS in Accounting from University of Cincinnati. He also received a BS combined degree of Management and Arts & Science from Northeastern University.

Angel Investors, L.P. is one of Silicon Valley's premiere Angel Investor groups. Angel Investors, L.P. provides capital investments to early stage companies focused on the internet, e-commerce and information technology markets in the San Francisco Bay Area.



IAN BUND

President, White Pines Ventures, LLC
Ann Arbor, MI.

Ian R. N. Bund, President, has been involved in venture capital and private equity investing since 1969. In addition to White Pines Ventures, he has participated in the successful development of several other private equity firms: Research & Science Investors; Doan Associates; The Michigan Investment Fund; and MBW Venture Partners. In 1999, he co-founded Innovation Capital, a provider of venture capital to early-stage Australian technology companies.

Ian has accumulated a broad background in the venture capital industry having invested in more than 300 companies. These investments comprised a wide range of industries including biotechnology, healthcare, information, telecommunications, and computers. Prior to entering the private equity industry, he gained investment banking experience at Morgan Stanley and turnaround management skills as President of Sea Life, Inc., an oceanarium. Ian began his career in audit, tax, and business advisory services at Price Waterhouse & Co., Sydney, Australia.

Ian received a B.Ec. from the University of Sydney (Australia) and an M.B.A. from the Harvard Graduate School of Business Administration. He is an Australian Chartered Accountant.



TOM KINNEAR

Professor of Entrepreneurial Studies, Executive Director of the Samuel Zell and Robert H. Lurie Institute for Entrepreneurial Studies, University of Michigan Business School

Thomas C. Kinnear is the Eugene Applebaum Professor of Entrepreneurial Studies, Executive Director of the Samuel Zell and Robert H. Lurie Institute for Entrepreneurial Studies, and Professor of Marketing at the University of Michigan Business School. He is the former editor of the Journal of Marketing and the Journal of Public Policy & Marketing. He is co-author of several books including: Principles of Marketing, Marketing Research: An Applied Approach, Promotional Strategy, and Cases in Marketing Management. Professor Kinnear has worked in consulting for firms such as: Aetna, AT&T, Alcatel, Chrysler, Domino's Pizza, Inc., Eli Lilly, Ford, General Motors, General Electric, Helmac Products, Kodak, L'Air Liquide (France), and Travelers. He also has served or is serving as a member of the Board of Directors or Corporate Advisory Boards for several companies and community organizations including: Avail Networks, Inc., Bard Manufacturing, Inc., Beautiful Island.Com, BlueGill Technologies, Inc., Copernicus, Inc., Domino's Pizza, Inc., Greenhills School, Helmac Products, Inc., Interpretive Software, Inc., and Network Express, Inc. In 1990, he co-founded and served as a director of Network Express, an early competitor in the ISDN market. It was sold in 1995 for \$110 million to Cabletron Systems. In 1996, he co-founded and served as a director of Bluegill Technologies, the pioneer in bill and document presentment on the Internet. It was sold in 2000 for \$250 million to Checkfree Holdings Corporation. In 1999, he co-founded and is serving as a director of Avail Networks, a DSL hardware and software provider, and of Beautiful Island.com, an ISP targeted at seniors. He holds an undergraduate degree from Queen's University at Kingston, Ontario, an MBA from Harvard University, and a Ph.D. in Business Administration from the University of Michigan.

SEMINAR FACULTY



HANS SEVERIENS, PH.D.

Managing Director, Band of Angels
Palo Alto, CA.

Hans Severiens has been an officer in three venture capital funds: the seed stage fund, Bay Ventures; the late stage MIP Equity Fund; and the current Band of Angels Fund, L.P.. Prior to 1983, he was a Vice President in investment banking with Morgan Stanley Dean Witter, Merrill Lynch, and Paine Webber. Hans has a Ph.D. degree in nuclear physics from Johns Hopkins and a B.A. degree in physics from Harvard College. He has served as Assistant Chief Scientist at Perkin-Elmer, Research Professor at Columbia University, and Staff Scientist at the Atomic Energy Commission. He is on the Board of Directors of two closely held companies.

The Band of Angels Fund, L.P. is a \$50M venture fund comprised exclusively of institutional partners including three corporations, two university endowments, and a large pension fund. The fund includes portfolio companies such as: Interactive Silicon Inc., Genitope Corporation and Dynaptics. The Fund co-invests exclusively in deals that are subscribed by members of the Band of Angels and provides institutional support to these deals via bridge and follow-on financing beyond the Series A round.



DAVID G ARSCOTT

Co-founder and Partner, Compass Technology Partners
Menlo Park, CA.

David G. Arscott is a Managing Director of Compass Technology Group. He is also a Director of Lam Research and was an original investor in that company, now a leading provider of semiconductor capital equipment. In addition, he is a director of Silicon Valley Research, a semiconductor design firm and CyberState University, an elearning company focused on information technology training delivered over the Internet. Compass manages funds emphasizing investments in emerging public and private electronics-based technology companies. The firm focuses its private investing efforts on start-up situations. The public equity emphasis is on companies with market capitalizations ranging up to \$ 1.5 billion. He is a periodic speaker on the issues surrounding the formation and building of technology companies. He has been active in industry affairs and is a past president of the Western Association of Venture Capitalists. He earned a BA from the College of Wooster (History and Economics) and an MBA from the University of Michigan (Finance and Accounting). His wife Martha and he have been married 20 years and have four boys.

Compass Technology Partners invests in emerging, high-growth potential, public and private companies with a focus on science and technology, innovation and intellectual property.

SEMINAR AGENDA

All Seminar Sessions will be held in the Executive Education Center, Sam Wyly Hall

The topics covered in the Seminar Sessions will include:

“Principles of Angel Investing”

“Principles of Entrepreneurial Finance”

- The Investee's Perspective

“Getting in”

- Sourcing Deal-Flow
- Assessing Opportunities and Risk
- Due Diligence
- Valuation, Structuring and Pricing
- Term Sheets

“Being In”

- Monitoring
- Adding Value
- Downstream Financing -
Working with Other Angels and Venture Capitalists

“Getting Out”

- Harvest Opportunities
 - IPOs
 - M&As

“Special Topics”

- Legal Issues in Angel Investing: Tax and Securities Law
- Creative Structuring
- Angel Groups: What has worked?

THE CENTER'S MISSION

The mission of the Center is to expand, leverage and disseminate its core knowledge of entrepreneurial finance, venture capital and private equity investment for the benefit of its constituent community. This community includes university students, alumni and staff, entrepreneurs, managers, and investors, as well as public policy makers whose decisions affect the environment for entrepreneurship and equity investment.

The value created for the Center's community comes from a better understanding of how to form, finance and develop entrepreneurial, innovative fast growth-oriented companies, whether as start-ups, expanding companies, or as recapitalized, restructured or redirected entities. Programs of research, teaching and involvement with practitioners are offered to encourage the channeling of equity capital to build companies, and to harvest and recycle capital in new, emerging fields of opportunity.

The Center objective is to encourage an increasing rate of sustainable growth of jobs, income and wealth creation by encouraging entrepreneurial activity in local, regional, national and international markets. As an integral part of the University of Michigan Business School, the Center is uniquely positioned to influence private sector practices and public policy toward this mission and objective.

The Center was started with a generous gift, from the Parsons family (Donald Sr., Jim, and Donald Jr.), Michael Stark, J. Robert Dobbins, Jim Daverman and David Shelby, alumni of the University of Michigan Business School, and practitioners in the field. The Center has also received continued support from other benefactors from the venture capital and private equity field, including Ted Doan, Ian Bund, David Arscott and William Baumel.

The Center continues to support its activities through proceeds from programs and the sponsorship of symposia.

REGISTRATION FORM

University of Michigan Business School
Angel Investing Seminar
May 16-17, 2001

INSTRUCTIONS

Please duplicate, complete and mail or fax this application and your business card to our office:
You may also register on-line at: http://www.umich.edu/~cvpumbs/programs/ai_form.html

The seminar registration fee is \$1995 per person or \$1795 per person if registered before May 1, 2001.
For groups of 3 or more people, the registration fee is \$1695 per person. This fee includes program fee, program materials, continental breakfasts, luncheons, dinners, receptions and a one night stay at the UMBS Executive Residence. To register for this event, please return this form to the following address:

Center for Venture Capital and Private Equity Finance
University of Michigan Business School
701 Tappan Street
Ann Arbor, MI 48109-1234
Phone: 734-936-3528
Fax: 734-764-3146 attn: Bharati Hulbanni
e-mail: CVPUMBS1@umich.edu
www.umich.edu/~cvpumbs



Please contact Executive Education Center at 734-647-1000 for hotel room reservation, Program.
For attendee discount rate, please mention that you are a participant of the Angel Investing Seminar.

Personal Data

NAME: (AS YOU WISH IT TO APPEAR ON YOUR NAME BADGE)

ANGEL GROUP AFFILIATION (IF ANY):

ADDRESS: (PLEASE INCLUDE STREET AND APPROPRIATE POSTAL CODE FOR INTERNATIONAL COURIER DELIVERY)

NAME: (FIRST/MIDDLE/FAMILY NAME OR SURNAME)

E-MAIL: _____ ANGEL GROUP AFFILIATION WEB SITE ADDRESS (IF ANY): _____

PHONE: _____ FAX: _____

I hereby certify that I am an Accredited Investor.

Signature of Participant

This is a private seminar for educational purposes only.
All information regarding participants will remain in the strictest confidence

*We will contact you shortly about payment information. Thank you.