

# CVP

Center for Venture Capital and  
Private Equity Finance



## **Entrepreneurial Finance:**

“Building and Financing  
the Entrepreneurial Company”

A SEMINAR FOR EXECUTIVES OF  
EARLY-STAGE COMPANIES

PRESENTED BY

THE  
UNIVERSITY OF MICHIGAN BUSINESS SCHOOL  
CENTER FOR VENTURE CAPITAL AND  
PRIVATE EQUITY FINANCE (CVP)

Dr. David J. Brophy, *Director*  
[www.umich.edu/~ospf](http://www.umich.edu/~ospf)  
telephone: 734-764-7587

SAM WYLY HALL  
UNIVERSITY OF MICHIGAN BUSINESS SCHOOL

DECEMBER 8, 9, 10, 2000

Sponsored by:



**MUNDERCAPITAL**

## About the Seminar

The Seminar leads the owner/managers of young, fast-growth oriented companies to improve their ability to build and finance their company and realize investor value in a competitive environment. Participants interact in a workshop mode with proven entrepreneurs and financiers and with each other to focus on the problems common to all companies and those unique to their own situation through a “personalized” analysis of their own company.

On the first day, participants learn principles and analytical techniques from the Center’s faculty using tailored teaching materials. Participants experience the application of these principles and techniques in two “live” case studies (BlueGill Technologies and Genomic Solutions) during the second day. On the third day, each company’s executives are led through a review of design and presentation of business models, financing plans and other major business plan elements by Center staff, based upon an analysis of the plans submitted by each participant company in advance of the Seminar.

## Seminar Organizers



### **Dr. David J. Brophy, Director, CVP**

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, CVP**

Mr. Mourtada is Associate Director for the Center, where he is responsible for the strategic development of the organization. His research at the Center includes “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 in Venture Capital and Private Equity Finance 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 in Economics.

## Seminar Agenda

### FRIDAY, DECEMBER 8

The objective of the first day is to give executives a thorough and intensive grounding in the various aspects of entrepreneurial finance and raising capital. Topics to be covered include:

- An Overview of the Venture Capital Market
- Entrepreneurial Finance
- Business Models
- The Financing Plan
- Valuation
- Negotiation of Investment Structure and Terms
- The Harvest: Strategic Sales, Financial Buyouts, and Public Offerings

The first day will begin with a lunch at noon in the Executive Residence Dining Room and will conclude by 9:30 pm. A reception and dinner will take place in the early evening, before continuing with the evening instruction session.

## SATURDAY, DECEMBER 9

The Saturday sessions will consist of two very recent “living case studies,” featuring the individuals who played principal parts in the founding, building and financing of the two companies. Elements to be covered in this day are based on the application of the principles taught on the first day and include:

The **entrepreneur’s** perspectives on preparing for entrepreneurship, identifying the business opportunity, forming the team of founders, building the business model and business plan, forming the financing plan, approaching angel and institutional venture capital investors, the negotiation of the financing, the buildup of the company and providing an exit personally and for the investors.

The **angel and institutional investors’** perspectives on identifying and evaluating the business opportunity, assessing the financing plan, the negotiation of the financing, assembling a co-investment syndicate, the continued involvement in the company and the execution of the exit.

The two companies are:

**Blue Gill Technologies:** a developer and provider of software products and services that enable companies to distribute monthly bills, statements, and other documents over the Internet. The company’s products build personalized HTML pages, PDF and other data files, email, and OFX from existing print applications. These products and services are designed to enable the transformation of legacy documents into interactive Web applications as well as between billing applications and bill-consolidation services and between bank statements and personal-finance software.

BlueGill raised \$1.5 million in angel financing before proceeding to raise approximately \$6 million and \$20 million in two financing rounds from institutional venture capital investors that include Arbor Partners, Morgenthaler Ventures and Menlo Ventures. On April 28, 2000 BlueGill was acquired by CheckFree Holdings (NASDAQ: CKFR) for approximately \$285 million in CheckFree stock.

**Genomic Solutions:** a designer, developer, manufacturer, and marketer of integrated, high-throughput biochip and proteomic systems and services for analyzing and quantifying biomolecules such as DNA, RNA, and proteins. The company’s products are used for building and maintaining DNA libraries, quantifying levels of gene expression, and characterizing proteins. Pharmaceutical, biotechnology, and agriculture companies use the products to discover genes and identify drug targets.

Genomic Solutions has most recently gone through several rounds of financing that included the participation of Chase Capital Partners, Sequel Venture Partners, White Pines Management, as well as corporate investor Perkin-Elmer. In May of 2000, the company successfully completed an Initial Public Offering, raising \$56 million.

The program for this day will begin with a 7:15 am breakfast, and will conclude at 8:00 pm with a reception and dinner.

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## SUNDAY, DECEMBER 10

The focus of third day activity is to recap the previous two days of work, and afford participants the opportunity for detailed discussion and comments. Center faculty and staff will lead participants through a detailed discussion, review of design, and presentation of key business plan elements. Additionally, faculty and staff will utilize reviews and examples of participants’ business plans. Participants will have the opportunity to ask specific questions and obtain comments on their plans.

The day will begin with a 7:15 am breakfast, and will conclude at with a lunch at noon.

## Seminar Faculty

In addition to the Center's core members, the seminar will be taught by distinguished University of Michigan Business School faculty, entrepreneurs and investors.

**ALLAN AFUAH, Assistant Professor of Corporate Strategy & International Business at the University of Michigan Business School.**

Allan obtained his PhD from the Massachusetts Institute of Technology in 1994 and, after one year of post-doctoral research there, came to the University of Michigan Business School where he teaches the MBA 1 core course in strategy and an elective in technology strategy and innovation management. His second book, Internet Business Models and Strategies, explores what the components of a business model need to be for it to give a firm a competitive advantage. Prior to going to MIT, Professor Afuah worked as a microchip engineer in California's Silicon Valley and Massachusetts' Route 128. His research interests are in disruptive technologies such as the Internet.

He is particularly interested in the impact of such technologies on a firm's customers, suppliers, and complementors, and when, why and how that, in turn, affects the firm's performance. His current projects include work on the impact of the Internet on business models, and the role of co-opetitors (customers, suppliers and complementors) in the face of technological changes in supercomputers, workstations and cholesterol ethical drugs.



**IAN R. N. BUND, President of White Pines Ventures.**

Mr. Bund 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.

**HAL DAVIS, President, CEO and Founder of BlueGill Technologies.**

BlueGill Technologies was acquired by CheckFree Holdings Corporation in April 2000. The company provides integrated software and services to accelerate business-to-consumer and business-to-business electronic billing and payment and statement delivery applications. Mr. Davis drives the company's strategic initiatives and is responsible for corporate growth and development. With experience in high technology start-ups and marketing, he has built a strong team of seasoned professionals. Hal was formerly Vice President of Marketing for Interface Systems. He serves on the Board of Directors for Xplor International, and is an advisor to the Zell Lurie Institute of Entrepreneurial Studies. Hal received his MBA from the University of Michigan in 1985.





**Richard P. Eidswick, General Partner, Arbor Partners**

Mr. Eidswick is General Partner of Arbor Partners, a venture capital firm focused on electronic commerce and Internet infrastructure technologies. While at Arbor, Mr. Eidswick founded Beautiful Island.com in 1999, which is the first Personal Internet Service Company (PISC), empowering those who have been reluctant to use computers or the Internet by providing hardware/software, Internet service, and personalized training. He currently serves as the company's acting President and CEO. Mr. Eidswick also founded Network Express, an early entrant in the emerging ISDN communications industry, where he served as President and CEO from start-up through several rounds of venture financing and a public offering in 1994. Network Express was acquired by Cabletron Systems for \$110 million in 1996. He was also Chairman and CEO of Diffracto, a Canadian company in the machine vision business. In three years, he turned Diffracto around from losses of \$5 million in 1986 to a small profit on \$11 million in revenue in 1989 and merged the major product line with Perceptron in 1990. From 1968 to 1982, Mr. Eidswick was Senior Vice President and a Director of Comshare. Mr. Eidswick is on the Board of Directors of Steeplechase Software, Inc., The Bank of Ann Arbor, Stoneage.com, and InterLink Networks, Inc. Mr. Eidswick received a BS in mechanical engineering from San Jose State University and studied management at New York University.

**THOMAS C. KINNEAR, Professor of Marketing  
at the 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.



**JEFFREY S. WILLIAMS, President, CEO and Director, Genomic Solutions, Inc.**

**Mr. Williams** joined Genomic Solutions Inc. in March of 1997, as President and Chief Executive Officer and a Director. He previously had been Executive Vice President and Chief Operating Officer for International Remote Imaging Systems (IRIS), a publicly-held company specializing in digital imaging products for the clinical diagnostics and research marketplaces. Prior to IRIS, Williams was with Boehringer Mannheim, a global healthcare company with core businesses in clinical diagnostics, pharmaceuticals, biochemicals and orthopedics. In his last position with the company, Williams served as Vice President and Global Business Manager. Prior to his employment at Boehringer, Williams held sales and marketing positions with the Organon Pharmaceutical division of Akzo Nobel, and with the University of Michigan's Intellectual Properties Office. Williams earned a B.S. degree in biology from Alma College and an MBA from the University of Michigan.





## 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.

### Contact Info:

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**Center for Venture Capital and Private Equity Finance**  
**Dr. David J. Brophy, Director**  
**website: [www.umich.edu/~ospf](http://www.umich.edu/~ospf)**

# Registration Form

University of Michigan Business School  
**Center for Venture Capital and Private Equity Finance**  
**Entrepreneurial Finance Seminar**

## INSTRUCTIONS

Please duplicate, complete and mail or fax both sides of this application and your business card to our office:

The registration fee is \$795 for the first participant from a company and \$595 for each additional participant. This fee includes program fee, program materials, continental breakfasts, luncheons, dinners, and receptions. Accommodations can be arranged for an additional charge. 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: 734-764-7587  
Fax: 734-764-3146 attn: Bharati Hulbanni  
e-mail: ospf@umich.edu**



Please attach business card here.

## Entrepreneurial Finance Seminar

PROGRAM NAME

December 8,9,10, 2000

DATE

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

Please contact Executive Education Center at 734-647-1000 for hotel room reservation.

## Personal Data

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

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

TITLE OF PRESENT POSITION

COMPANY NAME:

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

PHONE:

FAX:

E-MAIL:

COMPANY WEB SITE ADDRESS:

(CONTINUED ON BACK)

## Company Data

Please describe your company, industry, and customers:

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