

THE UNIVERSITY OF TEXAS SCHOOL  
OF LAW

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12TH ANNUAL MERGERS AND  
ACQUISITIONS INSTITUTE

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Chris Torrente (Kirkland & Ellis LLP), Moderator

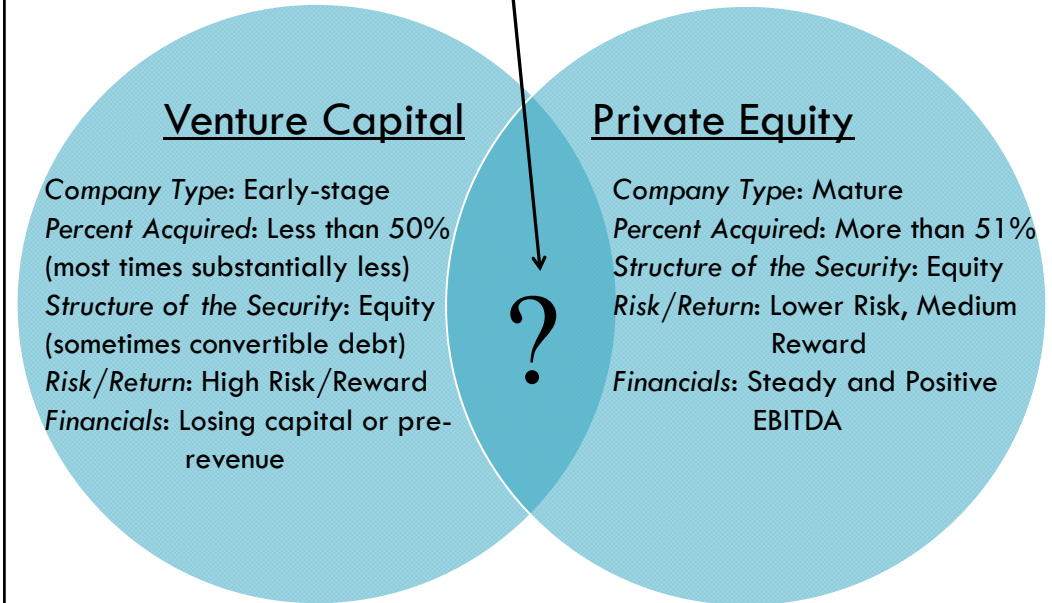
## Panelists

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- Jeremiah Gordon, Google Capital
- Michael J. Kendall, Goodwin Procter LLP
- John P. Romney, Levine Leichtman Capital Partners

# Growth Equity

Intersection between VC and PE



# Growth Equity

What is Growth Equity?

- *Company Type:* Adolescent (proven business-model, with substantial organic revenue growth)
- *Percent Acquired:* Minority Position (Less than 50%)
- *Structure of the Security:* Equity
- *Risk/Reward:* Medium Risk, High Reward
- *Financials:* EBITDA-positive or expected to be within 12-18 mos.

For those old enough to remember the commercials, U.S. growth equity could perhaps be called the Reese's Peanut Butter Cup of the private investment world. **"You got venture capital in my private equity!" "No, you got private equity in my venture!"**

-Cambridge Associates LLC U.S. Market Commentary

## Minority Investment — Approach

### From a Target's Perspective

- Need for Additional Capital
  - Accelerate growth by investing in new product development
  - Expand to new geographic regions
  - Add-on acquisitions
  - Monetize a portion of founder's/management's ownership
- Interest in Specific Skillset/Expertise
- Desire for Credibility Brought by Independent, Experienced Investor

## Minority Investment — Approach

### From an Investor Standpoint

- Deal Sourcing
- Determining Valuation
- Presenting Yourself to a Potential Target
  - Distinguishing characteristics
  - “Partnership” Approach
- Structure/Type of Security Purchased



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## Title search: Key Issues in Structuring and Negotiating Growth Equity Investments

Also available as part of the eCourse

[2016 Mergers and Acquisitions eConference](#)

First appeared as part of the conference materials for the  
12<sup>th</sup> Annual Mergers and Acquisitions Institute session

"Key Issues in Structuring and Negotiating Growth Equity Investments"