

Outlook for Raising Equity Capital in 2011-2012

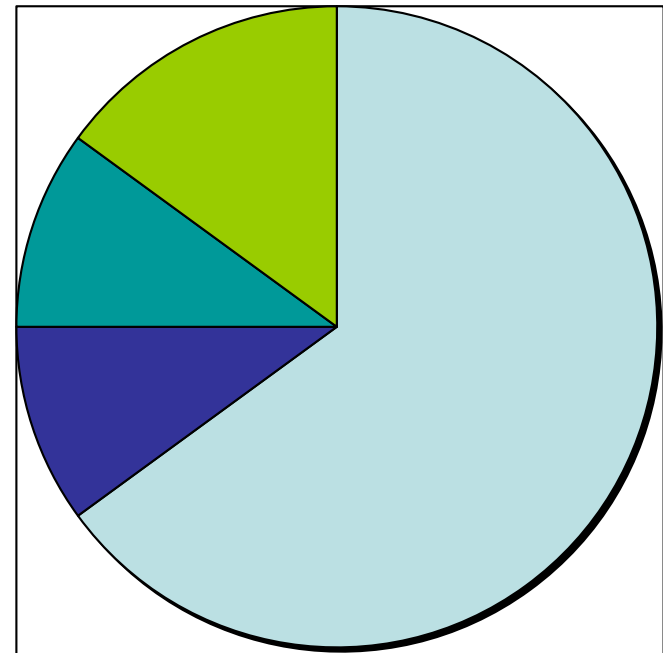
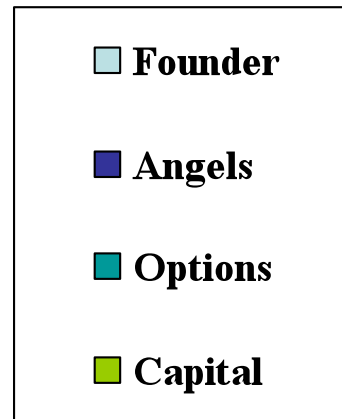
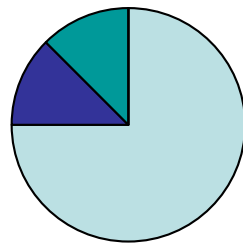
Equity Dynamics Pappajohn Capital

- John Pappajohn started in 1969
- 42 years in venture capital
- Healthcare (~60%)
- Private fund

- Equity Dynamics - 15 years
- Experience with 40+ companies
- Public company director, President

Focus • Build Equity Value

• ***Create a bigger pie***



What we do?

- Help build great companies
 - Team
 - Industry contacts
 - Business model
 - Deal expertise
 - Invest and raise capital
 - Business experience
 - Target “industry leader”
- Help great companies reach an exit
 - Contacts
 - Positioning & timing
 - Buy and sell expertise (strategy + details)

Outlook for 2011-2012



Equity Capital Markets

- Stock market performance
- Initial Public Offerings (IPO)
- M&A
- Venture Capital

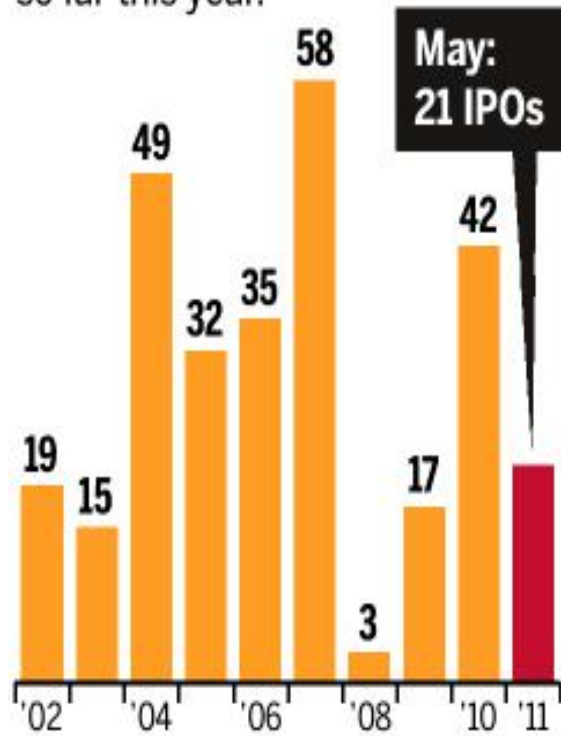
NASDAQ – 15 years



291

Tech rebounds

The number of tech IPOs has been climbing since its low in 2008. There have been 21 IPOs so far this year.



Source: Renaissance Capital

MERCURY NEWS

Going Public by Year Since 1990

Year	# of IPOs	IPO Amount (mill \$)	
1991	400	\$ 24,610	
1992	597	\$ 37,934	
1993	808	\$ 56,148	
1994	631	\$ 32,524	
1995	570	\$ 29,536	
1996	853	\$ 51,325	
1997	615	\$ 44,900	
1998	370	\$ 44,791	
1999	541	\$ 85,720	
2000	446	\$105,770	5,831
2001	99	\$ 42,652	
2002	92	\$ 27,572	
2003	87	\$ 17,699	
2004	50	\$ 9,765	
2005	234	\$ 36,833	
2006	246	\$ 45,642	
2007	282	\$ 60,592	
2008	51	\$ 28,144	
2009	63	\$ 24,840	
2010	154	\$ 38,720	1,358

IPO Stats

1991 - 2000 5,831

2001 - 2010 1,358

Down 77%

New VC Fund Commitments

2000 635 funds \$106 bill.

2010 157 funds \$ 12 bill.

Down 89%

Summary

- Markets have NOT cooperated



Lessons from 15 years

- Environment has changed
- Entrepreneurs evolve
- New Sources

Entrepreneurs Evolve

- Progress with no capital
- Launch and adjust strategy
- Speed over control
- Start something!!!

New Capital Sources

- Capital Efficiency 1st
- Angels / Startup funds
- Federal / State
- PIPEs

If Need Capital

- Capital efficiency = preserve equity value
- Raise capital when available



- Cast a wide net

Plan the Introductions



Hit the Road!



Follow-up



Capital Raising - Basics

- Be ready
 - Pitch • Investor Deck • Summary • Business Plan • ***Evidence***
- Get feedback
- Know your subject matter
- Know your competition
- Constant refinement
- Research your targets
- Engage others

Building the Business Challenges

- Sales!
- People!
- Sales!
- People!
- Sales!
- People!
- Great companies can always find capital!

Keys to success

Most critical factor

“People and Motivation”

People and Motivation

Team Building

- Equity or Paycheck driven
- Talent & drive

Partners

- Alignment of interest
 - e.g. Definition of “long term” investor
- Ability to have positive impact

Summary

Focus on Building a Great Company

- People
- Engage others
- Course corrections
- Prepare to knock on a lot of doors

Control your own Destiny

Questions

MATT KINLEY

PAPPAJOHN CAPITAL RESOURCES | EQUITY DYNAMICS

515-244-5746