

The **EXIT** Strategies Newsletter »

It's rare to be able to post a detailed case study on an early exit. The most interesting information is usually restricted by a non-disclosure agreement.

This case study is a very valuable opportunity to hear directly from the Chairman, and a lead investor, about what went on behind the scenes in a \$30 million pre-revenue early exit.

This is also an interesting story because Pacinian had several strategic options including venture capital financing, lucrative licensing offers and an opportunity to move the product into production.

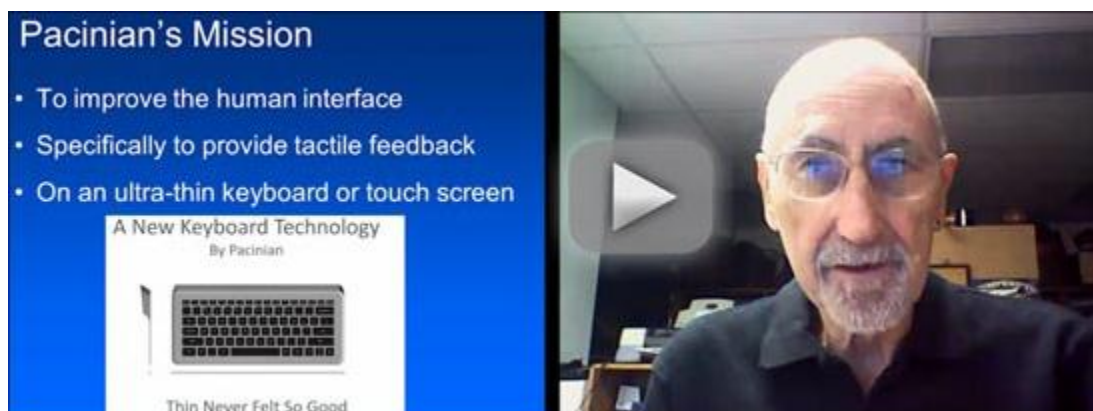
Since investors and entrepreneurs often have different expectations or agendas, it can be a challenge to build alignment toward a venture exit. Hopefully the following insights are helpful in making this happen - sooner than later.

Pacinian – The Interview Videos

Highlights of Part 1 – Johnny Humphreys and Basil Peters:

- The original idea and Pacinian's mission.
- How far did the company get?
- Company sold before the product is in production?
- Pacinian's \$6 million of angel funding.
- Developing the exit strategy.
- Attending the Exit Strategies Workshop.
- It requires discipline. What might have happened.
- Many shareholders thought it was impossible.
- Who is really in charge during the negotiations?
- The exit timeline – how long did it all take?

[Watch the video](#) of Part 1 – Johnny Humphreys and Basil Peters:



Highlights of Part 2 – Johnny Humphreys and Basil Peters:

- Valuation is always a challenge.
- Profile of the successful buyer.
- It was the "worst kept secret"
- \$30 million cash for a company that was pre-revenue!
- The company set the price – not the buyers.
- Pacinian had several strategic options:
- Venture capital funding, licensing offers and moving to production.
- Similarities to the Brightside exit.
- Early Exits are optimum for most companies.

[Watch the video](#) of Part 2 – Johnny Humphreys and Basil Peters:



Highlights of Part 3 – Bill Payne and Basil Peters:

- This was not Silicon Valley.
- The Pacinian investments from the angels' perspective.
- The Early Exits Strategy and book.
- Initial stakeholder skepticism about an Early Exit.
- At The Exit Strategies Workshop.
- Building the alignment – a critical need.
- A \$30 million Early Exit – pre-revenue.
- The Frontier Angel Fund in North West Montana.

[Watch the video](#) of Part 3 – Bill Payne and Basil Peters:

The Early Exit Strategy

- Thoughtful investors including Basil, Tom McKaskill and later John Huston
- Started developing the Exit Strategy
- Made it clear there were more exciting strategies



The Pacinian Case Study

While it may not have been this clear during the first angel round, by the time Pacinian was raising its final round, Humphreys had come to believe: "It's important to have an exit strategy during the funding round. Angels are more focused today on getting their money back. Probably the most exciting thing we had to say to them about the company was what our exit strategy was."

[Read the entire Case Study here](#)
