

A VIEW PERCHED ON NYC TECH'S SCENE

FROM A UBC LAW GRADUATE

@HERSHFIELD

MY TL;DR



- Business Law matters...
- Your legal education is truly a sword and shield
- Careers can be episodic, your legal education is always there for you. (not just saying that because my parents are sitting in the room)
- The best Venture investors, product managers, CEO, COOs, and Sales leaders are lawyers

MY STORY ←

- Grew up in Vancouver.
- Went to McGill and UBC Law
- Summer'd at NY Boutique firm and Articled at Faskens in Toronto then peace out law... or i thought ;-)
- Started my first tech company in Toronto. Livestub. 2008.
- Left Toronto after company wound down for NYC.
- Been doing the startup hustle in NYC since then..... Media, Software as a Service (SAAS), On-Demand, Marketplaces, Hardware, VR.
- Advise Early Stage Cos and VC's in my spare time





ANY QUESTIONS?

LIVESTUB

MY FIRST CO...

- Raised money from the lead angel investor in Skype, Morten Lund. European.
- Yay! In the press CNBC, ESPN, Billboard, SI, AP, USA Today, National Post, WSJ....
- Then - Our lead investor declares bankruptcy, and Ticketmaster/ Live Nation Ticketmaster merger.
- I was thrust into becoming an expert on US and Canadian Anti-trust law. Was witness for both US DOJ, and Canadian Comp Bureau. Threw my 145 pounds against deal. The deal went thru...
- 2009 economic crisis. We couldn't raise a new round of funding... closed down shop

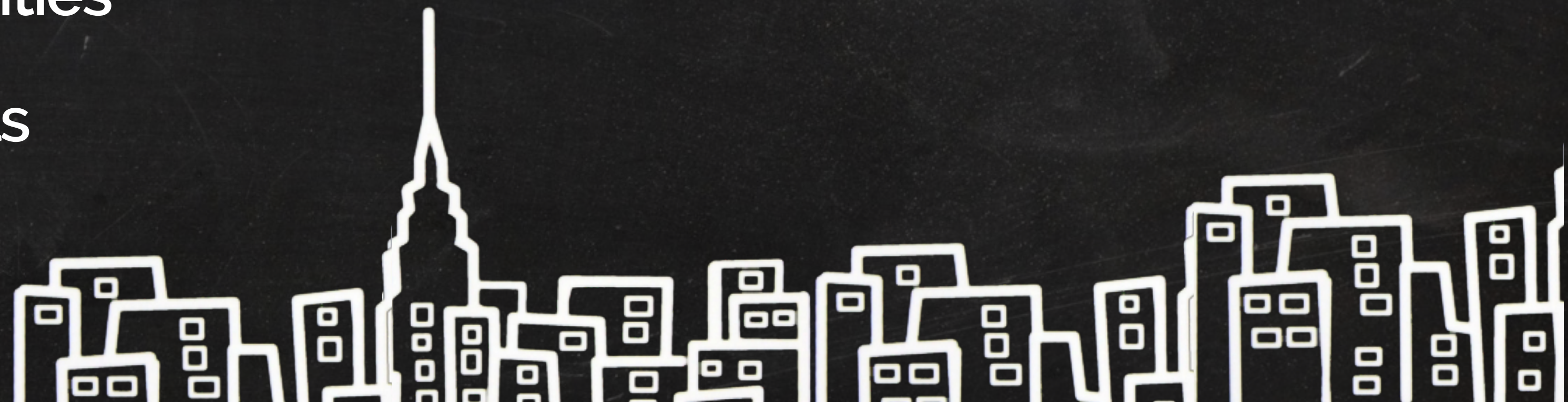


QUESTIONS?

IT FELT LIKE A LIFETIME AGO...

6 YEARS IN NYC

- Raised \$45mm in venture funding for my co's
- Hired 100s of people (and sadly fired and layed off a few too many...)
- Launched new cities, new markets, products, and cos.
- A couple missed M&A opportunities
- Lots of wallpaper and deadpools
- And lots of small moments that has made for a colourful journey..
- And a life partner!
- Note: Everything i share today is confidential, and intended to be illustrative.



MY FIRST JOB IN NYC

- Howcast - Largest creator and distributor of instructional video content (Youtube) online..
- Founded by google and youtube execs
- I led our distribution with third party sites and syndication efforts w content creators (my boss was former head of yt partnerships)
- Broke into a re-emerging ny tech scene (silicon alley)

SAILTHRU

- First business person hired. Ran BD and Corp dev. Was the youngest exec on management
- Multiple rounds of funding and acquisitions of COS.
- Fastest growing SAAS company in NYC.
- Went from \$100k MRR to \$2MM MRR in 2 years



KITCHENSURFING



- Hot co. no pun intended. Lots of fanfare. \$20mm raised from top vcs. I was brought in my investors
- Launched in 8 cities
- Served as COO
- Visionary idea, but not a real business
- Had to run co thru fast scale up and then multiple rounds of layoffs (Up in the Air movie in real life)



NUCLEUS

- Emerging Story.
- Hardware. Manufacturing in Taiwan (Foxconn). Investors includes strategics like Foxconn and Amazon and early stage venture capital firms (VC's)
- Team is filled with vets and grey hairs...
- \$Xmm in retail purchase orders from Lowes and Amazon for launch (7 weeks ago)



VENTURE CAPITAL FINANCING

WHAT IS IT?

High growth private financing.

WHAT HAPPENS WHEN YOU TAKE IT?

Investors provide \$, and become investors with terms.

Common terms have investors taking 25-30 % of co. Obtaining preferred shares.

WHAT ARE STOCK OPTIONS?

ANSWER:

When an employee starts working at a co they are given by an opp buy stock in the company at a price

Common terms: 4 year vesting schedule (you dont get the shares at once, but takes time to earn)

EMPLOYMENT MATTERS

IN NY, EMPLOYEES ARE HIRED AT WILL.

6. **Employment Relationship.** Employment with the Company is for no specific period of time. Your employment with the Company will be “at will,” meaning that either you or the Company may terminate your employment at any time and for any reason, with or without cause or notice. Any contrary representations that may have been made to you are superseded by this letter agreement. This is the full and complete agreement between you and the Company on this term. Although your job duties, title, compensation and benefits, as well as the Company’s personnel policies and procedures, may change from time to time, the “at will” nature of your employment may only be changed in an express written agreement signed by you and a duly authorized officer of the Company.

CAP TABLES AND MORE..

	Common	Preferred	Preferred ...	Preferred B	Preferred ...	Options	Total	%
Alice Jordan	180,095.00	66,759.00	-	-	-	-	246,854.00	5.56%
Donald Hanson	91,013.00	-	-	-	-	-	91,013.00	2.05%
Douglas Williamson	97,560.00	81,226.00	-	-	-	79,484.00	258,270.00	5.81%
Gary Turner	243,480.00	13,490.00	-	-	-	-	256,970.00	5.79%
Harry Harris	10,346.00	130,283.00	-	-	-	219,620.00	360,249.00	8.11%
Irene Garrett	-	85,321.00	-	-	-	-	85,321.00	1.92%
Keith Fuller	2,000.00	90,084.00	-	-	-	47,271.00	139,355.00	3.14%
Lisa Williamson	74,171.00	40,135.00	-	-	-	-	114,306.00	2.57%
Michelle Garza	-	115,710.00	-	-	100,000.00	-	215,710.00	4.86%
Mike Jones	1,000.00	-	-	-	-	-	1,000.00	0.02%
Peter Bishop	-	155,304.00	-	-	-	152,875.00	308,179.00	6.94%
Russell Harvey	-	-	100,000.00	-	-	199,377.00	299,377.00	6.74%
Ruth Olson	-	98,838.00	-	-	-	10,866.00	109,704.00	2.47%
Scott Nichols	80,862.00	-	-	-	-	13,998.00	94,860.00	2.14%
Steve Burton	106,705.00	25,380.00	-	-	-	-	132,085.00	2.97%
Teklist Ventures	-	131,122.00	-	65,561.00	-	-	196,683.00	4.43%
Wanda Knight	76,066.00	-	-	-	-	77,916.00	153,982.00	3.47%
Wayne Hawkins	163,860.00	106,469.00	-	-	-	83,980.00	354,309.00	7.98%
Other Equity Holders	-	-	-	-	-	-	-	-
Unallocated Equity Plan	-	-	-	-	-	-	-	-
Total	1,127,158.00	1,140,121.00	100,000.00	65,561.00	100,000.00	1,908,987.00	4,441,827.00	100.00%

CAP TABLES

The “cap table” that most people think of is merely a representation of all the transactions that have taken place since the company’s inception.

a cap table is made up of many transactions and legal documents – stock issuances, sales, transfers, cancellations, conversions of debt to equity, and exercises of options to name a few....

WHAT'S ON MY MIND THIS AM?



Forecasts and Manufacturing liability

acknowledge and confirm within the above-prescribed period of time, such orders shall be deemed rejected.

3.3 **Flexibility.** Any purchase orders placed shall carry a quantity that does not materially deviate from the forecast most recently provided by Customer under Section 3.1, unless otherwise agreed. Customer may increase or decrease quantities of the Products in a purchase order according to the upside and downside schedule mutually agreed by both parties, provided however that Customer shall be responsible for any materials, work-in-process, and finished products stocked and maintained pursuant to Customer's forecast, instructions, risk buys, accepted purchase orders; provided, however, Supplier will use commercially reasonable efforts to mitigate the amount thereof and redeploy such materials.

Days from planned delivery	Increased/Decreased amount
Week1 ~ 2	± 0 %
Week3 ~ 4	± 10 %
Week5 ~ 6	± 25 %
Week7 ~ 8	± 50 %
Week9 ~ more	± 75 %

3.4 **Rescheduling.** With Supplier's consent, Customer may reschedule the shipment date of any undelivered Products, provided that Customer agrees to pay for any additional expense and inventory carrying costs Supplier thus incurred and could not reasonably avoid. And in the event that such postponement of delivery lasts for more than [four weeks], Supplier shall be entitled to invoice Customer the agreed price of the affected Product and/or deliver without further confirmation with Customer the Products directly to any of Customer's premises. The risk of Products shall also be deemed transferred to Customer upon the original delivery date of the Products.

3.5 **Cancellation.** In the event that (i) Customer does not actually place orders to purchase the Products in such quantities according to any issued forecast, or (ii) Customer decides to cancel an purchase order according to the flexibility table set forth in Section 3.3, Customer will be held liable for any excess materials, parts, work-in-process and finished goods prepared for manufacturing of the affected or cancelled Products, provided that they were purchased or manufacturer within a reasonable or mutually agreed-upon lead time in order to meet Customer's