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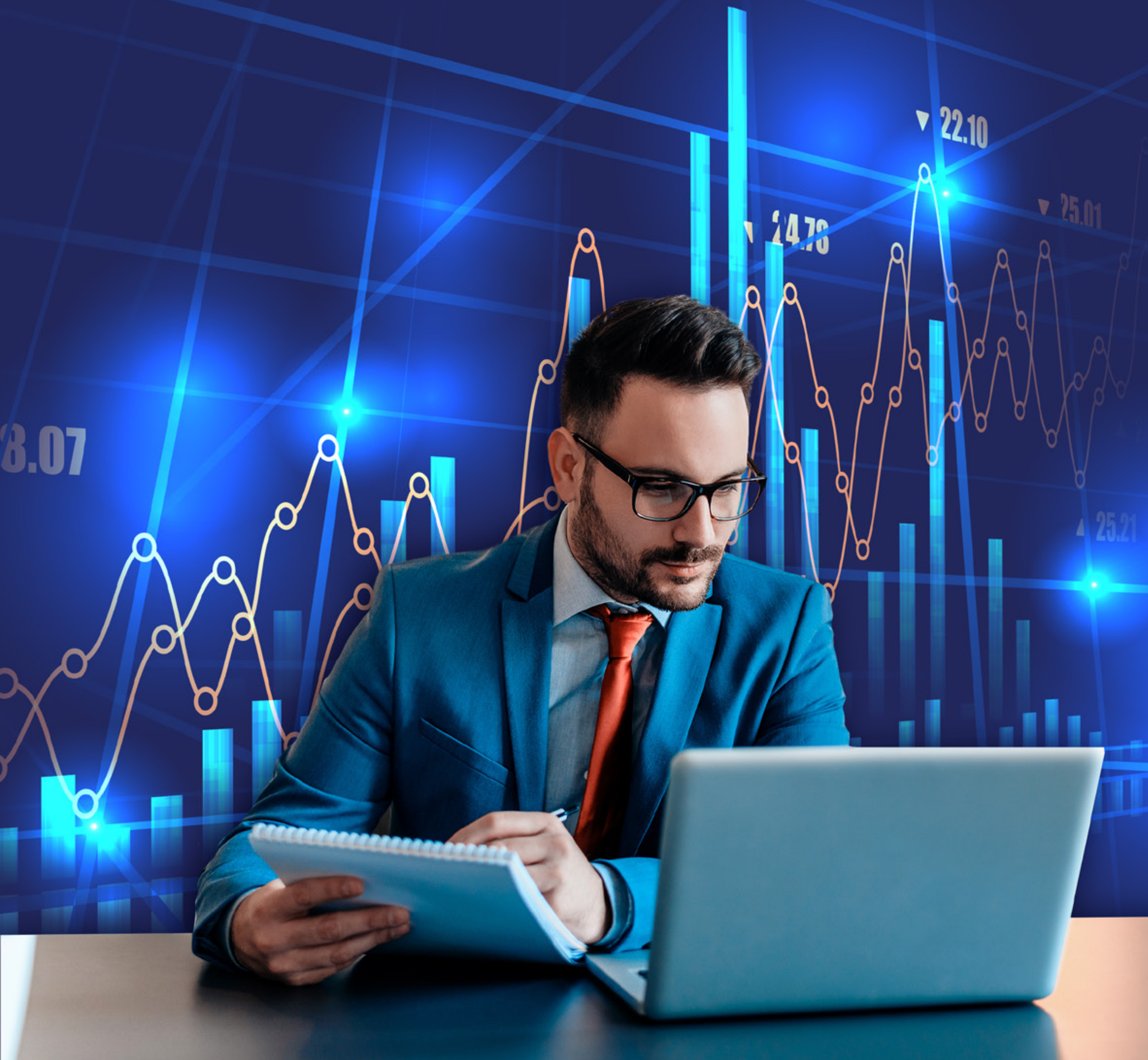
Direct Listing, Traditional IPO, SPAC:

Communicating Throughout Your Journey to the Public Markets



A record-setting 968 IPOs and 613 SPAC IPOs were filed in 2021.

From **direct listing to traditional IPOs to SPACs**, these options are making it easier for companies to list on the public market; each option requires different steps, especially when it comes to communicating your intended listing.

Reflecting on a record-setting year for initial public offering (IPO) filings, Don Duffy, President of ICR, noted a shift from mainly private equity and venture capital as funding mechanisms for growth companies, to a variety of options now available for companies to consider when deciding to go public.

Taking a deeper look into how a company can become publicly traded, Michael Becker, Business Wire's executive vice president of strategic initiatives and partnerships, discussed the IPO market and best practices for IPO communication with an expert panel featuring:

Don Duffy

President of ICR, a communications and advisory firm actively working with IPOs, SPACs, and other go-public transactions.

Matt Rubel

Chairman, Executive Board of MidOcean portfolio company, KidKraft, and Presidential Appointee to the House Advisory Council on Trade Policy Negotiation.

Niccolo de Masi

CEO of dMY Technology, Niccolo has overseen 25 mergers and acquisitions and raised billions in equity to support public and private companies he's led.

Moderator: Michael Becker

Michael oversees Business Wire's global disclosure services and partnerships within the broader financial and media community.

How to take your company public: which option is best for you?

The three most popular options for raising capital on a stock exchange are a traditional IPO, a direct listing, and a SPAC.

Traditional Initial Public Offering (IPO):

- The most common and traditional way to go public.
- Consists of new shares being created, underwritten, and sold to the public.
- Companies often work with an underwriter throughout this process.
- Companies sell to investors via a distribution network consisting of investment banks, broker-dealers, mutual funds, and insurance companies.

- Prior to going public, companies go on a roadshow and top executives present to investors to solicit interest.

Direct Listing Process (DLP):

- Also known as Direct Placement or Direct Public Offerings (DPO).
- A direct way for companies who do not have resources to pay underwriters, do not want to dilute their existing shares, or who want to avoid lockup agreements to go public.
- DLPs do not have new shares created and do not involve underwriters.

- Existing investors, promoters, and shareholding employees sell shares directly to the public.

Special Purpose Acquisition Company (SPAC):

- A SPAC utilizes its funds to purchase a company and take it public.
- Investors opt-in to the formed shell company before the deal proceeds.
- Organized by sponsors and structured to move to an IPO within two years, most SPACs focus on a particular industry or sector.

- Upon listing, companies are subject to reporting and governance requirements applicable to all publicly traded companies.

What is a PIPE?

Private Investment in Public Equity (PIPE) is the selling of publicly traded common shares or some form of preferred stock or convertible security to private investors.

> **PIPE transactions allow companies to raise more money in the transaction than the cash in trust in the SPAC, plus they de-risk the closing, since oftentimes when negotiating these mergers, there is a minimum cash condition. The PIPE works as a guarantee that you'll have that money.**
>
> - Don Duffy

How do you communicate your initial public offering?

Traditional IPOs, direct listings, and SPACS have different communications requirements, and communications programs directly impact the success of an IPO. The wider the reach of your news, the more people see it, hear it and learn about it, the more likely your audience will act.

With a **traditional IPO**, communication begins by working with an underwriter (or underwriting team) and eventually sharing your message with investors via a distribution network comprised of investment banks, broker-dealers, and mutual funds.

Prior to going public, the company and underwriter go on a roadshow – a series of presentations by the company's top executives to investors to promote interest in the soon-to-be-public stock. Communications teams also develop investor relations and public relations campaigns to help drive awareness ahead of the IPO.

> "
> **If you want IPOs to go well, you need to approach them from the perspective of your ecosystem and make sure you build that institutional, quality long-term base.**
>
> - Niccolo de Masi

When it comes to **communicating a SPAC IPO**, PR teams and communicators face a short window for communication at the start of the process, as well as limitations in what can be shared, but still need to differentiate the SPAC from others in the marketplace.

An initial announcement is vital, and it's imperative that those communicating understand the SEC requirements around SPAC-related communications. Following the initial announcement, deal-related news is limited while the SPAC organization works on the deal and finds and negotiates with the operating company it intends to merge with or acquire.

Developing a campaign that drives SPAC shareholders to participate in the voting process can be done with press releases that capture retail investor attention, panel or conference participation, all with **emphasis on record dates and vote dates**. An impactful deal announcement, or "de-SPAC," typically includes a press release, a presentation, and a transcript of the presentation under SEC requirements.

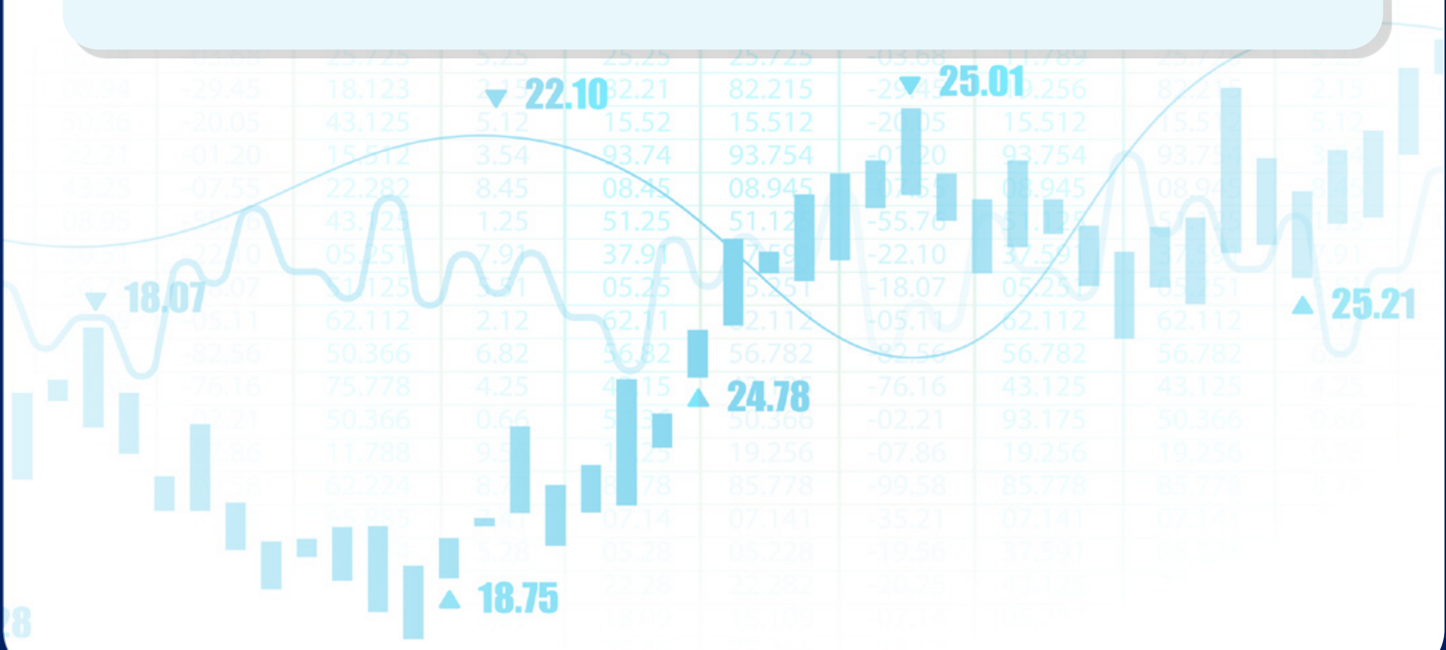
Understanding potential audiences that need to be reached is helpful when refining the messaging and actions required to keep all informed about what's happening and the future of the new company.

What is a quiet period?

A quiet period is a set amount of time when a company cannot share promotional information or opinions to preserve objectivity and avoid the appearance of providing insider information to select investors. This creates a level playing field for all investors and ensures everyone has access to the same information at the same time.

- **Quiet period for IPOs:** starts when a company files registration paperwork with U.S. regulators and ends 40 days after the stock starts trading
- **Quiet period for publicly traded companies:** four weeks before the end of the business quarter

Whichever method you follow to go public, your communications should have reach and be clear in its messaging.



Finding a communications partner

Companies need the right support and partner to help them through the IPO process – regardless of the route taken to go public. Reputable partners can help companies communicate appropriately and more effectively. Consider hiring an IR firm or an internal investor relations officer (IRO) who understands how to communicate your IPO.

There are several options: hiring an individual, working with a team, **bringing on a consultant** for a specific period of time or for the duration of the IPO process, or a combination of these. Additionally, the person or team you hire can be involved in different capacities. A team can be involved in all the details, or they can be more of a consultant that oversees your general publicity plan. Ultimately, you'll have to determine your needs and decide the best fit for your organization.

When hiring a partner or team, **understand their knowledge base of your market**. Evaluate their communications experience for your method of going public, roadshows, quarterly conference calls, and investor events. A partner should be able to help management formulate effective decks and fine-tune investor presentations.

> "You need somebody who understands investor relations, PR, and the capital markets together, because these transactions are not one of those, they're all three at the same time, and you have to understand the rules.
>
> - Don Duffy

Don't be afraid to interview multiple candidates to find the best fit for your needs.

How do companies communicate after going public?

Communication doesn't stop once your company is public. In fact, your post-IPO communication plans are crucial for managing investor relations and complying with government regulations. You worked hard to generate visibility and interest throughout the IPO process; now is not the time to let up on your efforts.

> It's important to understand what it means to be public, what it means to be transparent, and not to communicate in a way that is overly promotional. You have to deliver.
>
> - Don Duffy

While staying within the bounds of the law, companies should continue to communicate post-IPO. CEOs should continue leading, discussing trends, and reiterating the company's long-term vision.

Investor Relations and Marketing teams should continue generating awareness and share positioning with investors clearly and concisely. Investor relations should handle the day-to-day investor communications for the company and assist with the earnings process. Maintaining consistent and transparent communication with shareholders is vital.

What are the biggest mistakes companies make before or after their offering? How do you measure success?

A successful IPO is based on planning: planning before filing, during the IPO process, and for post-announcement. The biggest mistake a leadership team can make is not planning for necessary discussions and requirements by public companies.

Part of the planning process should be developing metrics to share and drive growth. **Measuring success will look different company to company**. While a healthy stock price is a standard metric, the reality is that shareholders are looking at internal corporate KPIs.

> "The day you become public isn't the day that you plan it.
>
> - Matt Rubel

Because of this, it's important to ensure every forward-looking statement and forecast is something the company agrees on and is comfortable sharing. The worst-case scenario would be that you don't meet the expectations you've outlined.

For any company, it's a good process throughout the year to pause and evaluate your campaigns, their progress, understand their performance, and use this information to inform next steps. This is the same for communicating IPOs.

Learn more about communicating your IPOs

Deciding to go public is an exciting choice for a company, and companies have multiple avenues they can take to file an IPO. With companies going public now more than ever before, it's important to understand these different options and what kind of communications requirements and strategies are involved in each.

Learn more about Business Wire's **IPO Services**.

Watch our webinar, **The Journey to the Public Markets**.

Watch our webinar, **Everything Communicators Need to Know About SPACs**.

Download **5 Steps for Effective SPAC Communications**.

About Business Wire

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