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WHAT YOU NEED TO KNOW ONE MINUTE BEFORE DAYLIGHT

Yahoo's Christmas Vacation, InterDev Gets Deal Done Done, Dorco: A Company You Should Know

at July 27, 2016

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Good Wednesday Morning,

Daylight – Can You Hear Me Now – Funny story going around Silicon Valley about the call dropping when Yahoo CEO Marissa Meyer called Verizon CEO Lowell McAdam to say she would like to stay on as CEO of Yahoo after the acquisition. Everybody assumed she would be the first one out the door even as soon as it was announced that Verizon was buying Yahoo. Everybody was surprised because nobody could think of one reason why she would want to stay now that the deal is done. I can give you 57 million reasons – according to her employment contract with Yahoo, she gets \$57 million dollars as severance if she is fired and gets nothing if she walks out the door on her own accord. If Verizon was not a corporate conglomerate with AOL already under its belt, this issue would have been hotly debated before Verizon agreed to the \$4.8 billion dollar price tag. Even though Meyer announcing she wants to stay at Yahoo is about as cheerfully received as brother Griswald and family guests on “National Lampoon’s Christmas Vacation” saying they want to stay “another week or two” – McAdams can now only say – “I’m with her,” and he might be for quite a while. Big companies are still the best buyers because they don’t have a clue in buy and sell negotiations.

Economics – Yesterday, I ordered shaving razors from **Dorco**, a company you should know. Dorco is the South Korean company who supplied razors to the three million subscribers of Dollar Shave Club. Yes, you can order directly from Dorco, but you are not part of the men’s grooming club, which is essentially what Dubin built after he posted his first free ad on YouTube in 2012. Within a couple days of the ad, he had 12,000 orders, so he ordered from Dorco, outsourced distribution to a company in Kentucky and kept marketing, design and customer service in house. He wound up getting eight percent of the razor market with only 190 employees on the Dollar Shave Club payroll. He had no factory, no sales team, no R&D and not a penny in the marketing budget. Count on more Dollar Shaving Club business models coming our way, especially in light of Facebook Live. By the way, prior to founding Dollar Shaving Club, Founder Dubin had a gig as a stand up

comedian at Second City. It can help explain the names of his expanded products like "One Wipe Charlie," a wet wipe to replace toilet paper. Other smaller brands will use Dollar Shave Club's model to compete with the big companies who are landlocked into old thinking.

Spotlight – InterDev Gets Deal Done Done – Working with our member InterDev and Founder/CEO, Gary Nichols, the deal closed of acquiring CRI- Communication Resources Inc. In early spring, Gary asked me to get involved after the deal had started and stopped a couple of times. I looked at the deal and price range and drove right over to talk Gary out of it. Gary and team have built a terrific company as an IT technology outsourcer for companies and also has a deep niche in taking over IT – from seven cities surrounding Chicago to Beaufort, S.C. – and signing new and more deals like the one with the city of Tucker just this week in Atlanta.

I was all against Gary, who is having tremendous fast growth, having to worry about things like combining billing systems until I met Jeff Nevins, CEO of CRI, who has that rare high level of technical and professional competence to play any position on any team. Jeff proved me right as we all got in a room over a number of times and days, and we made it a win-win-win deal. Thanks to the law firm, **Taylor English**, in helping us get it the job done and your tremendous patience and respect for Entrepreneurs to keep the costs down and reasonable. Even in a Dollar Shave Club economy, reasonable still works in many ways.

M&A – OptionsHouse, a Chicago-based derivatives trading firm, has entered an agreement to be acquired by **E*Trade Financial Corp.** for \$725 million.

Smith & Wesson Holding Corp. has agreed to acquire **Crimson Trace Corp.**, a Wilsonville, Oregon-based provider of laser sighting systems and tactical lighting for firearms, for \$95 million in cash.

Compass Research, a provider of tech-enabled services that support clinical trials, has been acquired by **BioClinica Inc.**, a Newtown, Penn.-based pharma contract research organization.

IPO – At Home Group Inc., a Plano, Texas-based home decor retailer, has set its IPO terms to 8.67 million shares being sold at between \$14 and \$16 each. If it priced in the middle of the range, it would have an initial market capitalization of about \$893 million. The company will trade on the NYSE under the symbol HOME.

Venture Capital – Scopely, a Los Angeles-based mobile entertainment network, has raised \$55 million in funding from a round led by **Greycroft Growth Fund**.

Transfix, a New York-based on-demand trucking service, has raised \$22 million.

Just Biotherapeutics Inc., a Seattle-based developer of technologies for bio-therapeutic development, raised \$14 million in funding led by **The Bill & Melinda Gates Foundation**.

Hedge Funds – Hamilton Lane Advisors has closed its ninth private equity fund with \$516 in capital commitments.

Volition Capital, a Boston-based growth equity firm, has closed its third fund with \$250 million in capital commitments.

Private Equity – The Original ChopShop Co., a Scottsdale, Arizona-based fast casual restaurant concept, has been acquired by **Hargett Hunter Capital Partners**.

And that's what's ahead, Cliff

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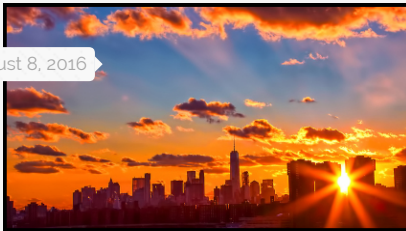
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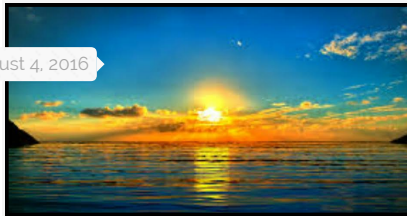
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