



How to Prepare Yourself for a Strategic Investment

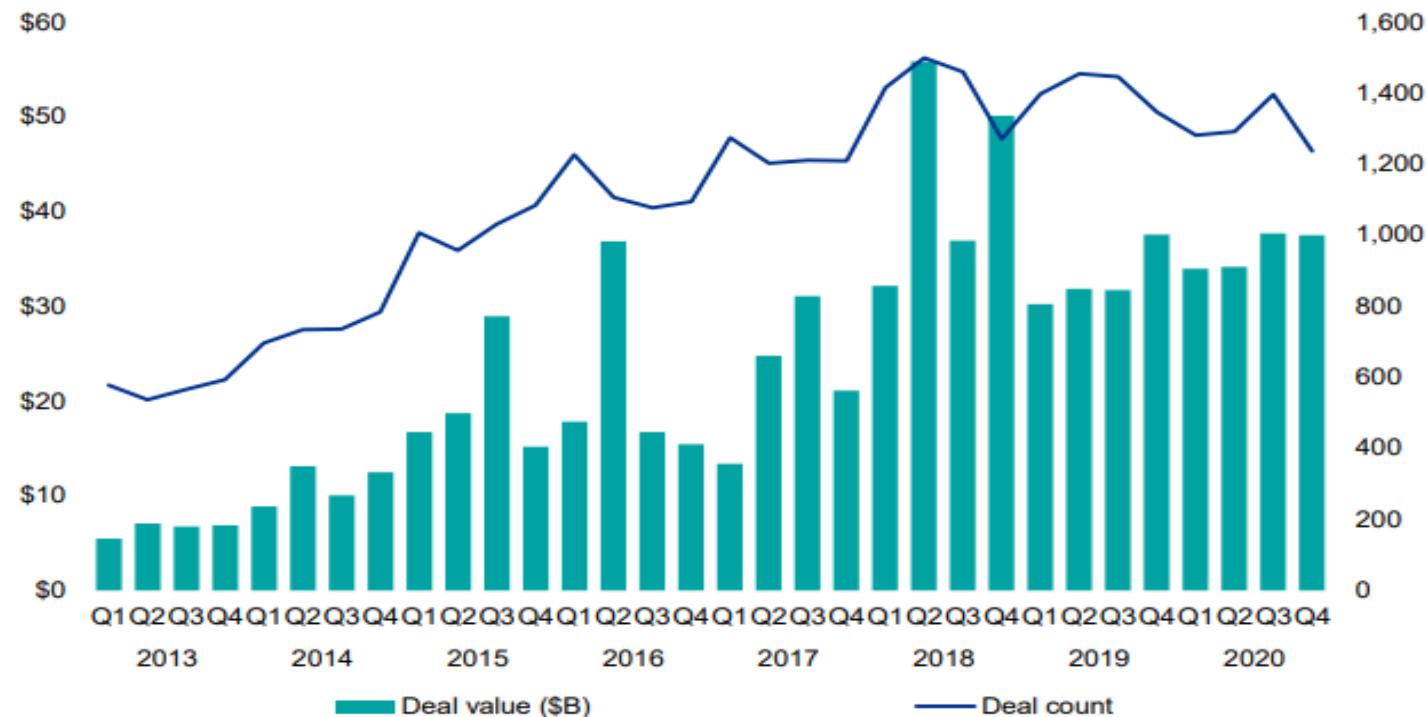
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Corporate Venture Capital (“CVC”) Investment

Corporate VC participation in global venture deals
2013–Q4'20



KPMG Research

Between 2013 and 2018, CVCs increased capital expenditures by at least 400%, and corporate VCs engaged in at least 166% more deals in external startups.

Venture Pulse, Q4'20. *Global Analysis of Venture Funding*, <https://assets.kpmg/content/dam/kpmg/xx/pdf/2021/01/venture-pulse-q4-2020-report-global.pdf>, at 14.

The Opportunity

- ✓ Endorsement by a market leader
- ✓ A commercial leap that is otherwise much slower
- ✓ Increasing the valuation of the Company
- ✓ Relationships that may potentially lead to a more significant transaction (M&A?)

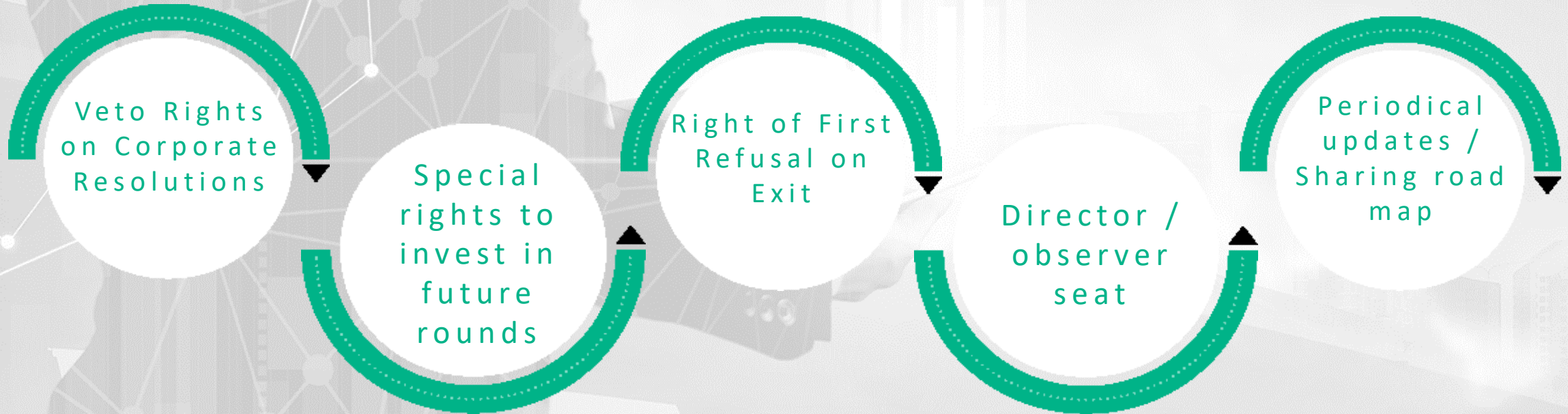


The Challenge

The investment is primarily motivated by business-commercial interests, which may affect:

-  **The Corporate Governance**
-  **The exit strategy**
-  **business strategy**
-  **The commercial freedom of the Company**

Corporate Governance and Strategy





Commercial Cooperation

Marketing and
Distribution
Rights

License
Agreement

Joint
Development

Manufacturing Rights



How to Mitigate Risks

Risks

Opportunities

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ROFR

Opportunities

Avoid ROFR (or at least limit – based on valuation, time limit, milestones)

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Veto Rights

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Not to block next round, M&As

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Sharing Information Observer/Roadmap

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limit access to information in case of conflict of interest

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Exclusion in Commercial Relations

Opportunities

Avoid ROFR *(or at least limit – based on valuation, time limit, milestones)*

Not to block next round, M&As

limit access to information in case of conflict of interest

Avoid Exclusivity *(or at least limit –(a) in scope – a specific field, application, time; (b) avoid shelving by performance criteria/thresholds)*

How to Mitigate Risks

Risks	Opportunities
ROFR	Avoid ROFR (or at least limit – based on valuation, time limit, milestones)
Veto Rights	Not to block next round, M&As
Sharing Information Observer/Roadmap	limit access to information in case of conflict of interest
Exclusion in Commercial Relations	Avoid Exclusivity (or at least limit –(a) in scope – a specific field, application, time; (b) avoid shelving by performance criteria/thresholds)
Dilution of IP	Keep ownership not only in background IP but also Rights in the technology and <u>all developments</u> (even under a joint project)

Additional Measures

- ✓ Cap on holdings' percentage
- ✓ Mechanisms for avoiding gaining Control
- ✓ Strong IP portfolio
- ✓ Keep being relevant



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