Considering an IPO?
An insight into the costs post-JOBS Act

At a glance

The JOBS Act does not appear to be a significant cost saver for EGCs.

Companies are getting better at predicting the costs of being public.

In addition to the financial costs of an IPO, significant administrative challenges need to be addressed.
Contents

What the JOBS Act means for an IPO ....................... 3

The Company’s initial public offering ...................... 7
The Company’s costs of going public ....................... 8
Offering costs incurred during the IPO process ............... 8
  Offering costs incurred by gross proceeds .................. 9
  Offering costs incurred by revenues ......................... 11
Incremental organizational costs incurred during the IPO process .......... 13

The Company’s costs of being public ....................... 14
Building and maintaining a public company .................. 15
  Accounting, reporting, and financial effectiveness ............ 15
  Internal staffing considerations ............................... 16
  Engaging external resources ................................. 19
  Meeting compliance and regulatory requirements ............ 20
Anticipating challenges ........................................... 21
Disclosing “being public” costs ................................ 22

Minimizing surprises ............................................. 24
The landscape for initial public offerings (IPOs) has dramatically changed from just three years ago, with 2014 setting a record for the most IPOs in terms of volume and proceeds raised in 14 years. The “going public” process changed significantly three years ago with the April 2012 enactment of the Jumpstart Our Business Startups (JOBS) Act. The JOBS Act was designed to spur IPO activity by providing an on-ramp for certain companies, specifically called emerging growth companies (EGCs), to access capital markets and raise capital through an IPO by reducing the reporting requirements. EGCs now feature prominently in the IPO world representing 84 percent of the IPOs filed in 2014.

IPOs are a way for companies to seek capital to grow, and now this opportunity is more accessible to a variety of private companies looking to take the plunge. Even though the intention of the JOBS Act was to make accessing the capital markets more cost-effective, an IPO still has significant costs.

Many companies embark on the IPO journey without fully understanding the associated costs. Companies frequently underestimate these costs, as well as the time and intricacy involved in the offering. Costs attributable to an IPO can vary widely based on a number of factors, such as the complexity of the IPO structure, the size of the company and dollar value of the offering, and a company’s readiness to operate in a public environment.

Factors that impact the cost of an IPO include both the costs of going public and being public:
- Direct costs of going public include costs such as underwriter, external auditor, legal, and financial reporting advisor fees
- Long-term costs of being public include costs such as the need to develop external reporting and supporting internal controls, investor relations, and human resource functions

Before undertaking an IPO, it is vital for companies to fully consider both the costs of the IPO process and the costs of maintaining a public company. Preparing a detailed analysis of these costs will accelerate the budgeting process and make it more accurate, limit surprises throughout the IPO process, and provide organizations adequate time to develop an infrastructure that will support the rigors and requirements of life as a public company. Companies can mitigate...
some of this risk by participating in a thorough IPO readiness assessment, as well as by making a plan for proper project management prior to undertaking the transaction.

The road to becoming a public company can be long and costly. In fact, almost 90 percent of CFOs participating in PwC’s recent survey of US firms that have gone public in the last several years indicated that their firms spent more than $2 million on one-time costs associated with the transaction.

Our survey indicated that CFOs were slightly more likely to be surprised by the costs of going public than the costs of being public. It appears companies are getting smarter when it comes to anticipating costs that are associated with being a public company. According to our recent survey, the number of firms that were ready for the price increase for ongoing, annual costs was up to nearly 60 percent. This is an increase from the 55 percent seen in our previous publication in 2012.

Meanwhile, one-time costs in the going public process remain harder for CFOs to predict than the ongoing expenses of being a public company. Half of the respondents to our survey said they underestimated the one-time costs of going public, which is up slightly from our previous publication in 2012. None of this year’s survey respondents said those costs were less than expected, as compared to 3 percent in 2012.

Regardless of the individual nuances that mark a private company’s transformation into a public company, all IPOs share a common thread: a substantial investment of time, money, and resources.

---

1 PwC partnered with Oxford Economics on all survey data discussed in this document. The market survey was conducted from September to December of 2014 for US IPOs since 2012.
Figure 1: Summary of the different types of IPO costs with illustrative examples and average costs

<table>
<thead>
<tr>
<th>Going public</th>
<th>Being public</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directly attributable to the offering (netted against gross proceeds)</td>
<td>One-time costs to convert the organization to a public company (expensed as incurred)</td>
</tr>
<tr>
<td>• Underwriter discount, which based on public registration statements, results in fees equal to 4%-7% of gross proceeds for most average sized offerings</td>
<td>• Costs to implement new financial reporting systems and processes</td>
</tr>
<tr>
<td>• Legal, accounting and printing fees associated with drafting the registration statement and comfort letter</td>
<td>• Initial costs to document internal controls and comply with SOX</td>
</tr>
<tr>
<td>• Road show expenses</td>
<td>• Costs to identify and recruit a new board of directors</td>
</tr>
<tr>
<td>• Excluding the underwriter discount, on average companies incur $3.9 million of costs directly attributable to their IPO</td>
<td>• Costs to implement new executive and employee compensation plans</td>
</tr>
<tr>
<td>Other incremental organizational costs (expensed as incurred)</td>
<td>Typically, we estimate companies incur more than $1 million of one-time costs to convert their organization to a public company</td>
</tr>
<tr>
<td>• Tax and legal entity restructuring costs in anticipation of the IPO</td>
<td></td>
</tr>
<tr>
<td>• Additional audit, interim/quarterly review costs, advisory accounting and other costs to make the financial statements S-X compliant</td>
<td></td>
</tr>
<tr>
<td>• Valuation reports</td>
<td></td>
</tr>
<tr>
<td>• Costs to draft new articles of incorporation, audit committee charter, by-laws and other agreements</td>
<td></td>
</tr>
</tbody>
</table>

Source: PwC/Oxford Economics 2014 Survey and Dealogic, excluding outliers

Figure 2: CFO expectations of the costs of going public and being a public company

<table>
<thead>
<tr>
<th>Going Public</th>
<th>Being Public</th>
</tr>
</thead>
<tbody>
<tr>
<td>One-time costs vs. expectations</td>
<td>One-time costs vs. expectations</td>
</tr>
<tr>
<td>2012</td>
<td>2014</td>
</tr>
<tr>
<td>2012</td>
<td>2014</td>
</tr>
</tbody>
</table>

Source: PwC/Oxford Economics 2014 Survey

What the JOBS Act means for your IPO
Considering an IPO?
A Company’s successful IPO involves two equally important parallel work streams: going public and being public.

Going public is the Company’s process of gathering the necessary information for the registration statement and submission to the SEC, all the way through to roadshow and pricing. This includes preparing the required financial, marketing, and business information, as well as determining the optimal tax and legal structure, all of which are vital steps in the process. The JOBS Act allows EGCs to select exemptions from certain disclosures and regulatory requirements associated with an IPO and potentially eases some of the marketing activities. The going public process ends when the offering is sold and the company and/or its shareholders receive the proceeds.

Being public is the Company’s process of preparing the organization to operate as a public company. Among the many tasks involved are upgrading, sustaining, or enhancing financial reporting capabilities, creating an investor relations function, meeting the governance, reporting, and internal controls standards and listing requirements of the SEC and of the selected exchange. The JOBS Act temporarily exempts companies that qualify as EGCs from Section 404(b) of the Sarbanes-Oxley Act, relating to the independent auditor’s attestation of internal control over financial reporting; however, the temporary exemption does not apply to management’s reporting on internal control over financial reporting requirements of the Sarbanes-Oxley Act.

In order to have a comprehensive understanding of the costs involved with an IPO, it is important to consider the costs associated with both the process of going public and being public. Successful companies often execute a thorough IPO readiness assessment, which creates a robust work plan for both of these work streams and ensures that when the organization is ready, it can avoid unexpected costs associated with being under informed and inefficient.

Figure 3: Overview of the Company’s IPO process

#1 Pre-kick-off / Planning
- Initial planning and preparation
- IPO readiness assessment

#2 IPO process execution
- “Going public”
- Execution of the IPO process

#3 Post IPO / Public company
- “Being public”
- Application of a holistic framework to transform the company, enabling it to operate as a public company
The Company’s costs of going public

There are many different costs related to the going public process. For accounting purposes, these costs must be segregated between those that are directly attributable to the registration and offering process (offering costs) versus the incremental organizational costs incurred in preparation for the offering (start-up costs).

Offering costs are those costs incurred in direct connection with the registration and distribution of the company’s shares, while incremental organizational costs may be nonrecurring and can include costs associated with restructuring the organization in order to execute the IPO. A detailed understanding of the applicable accounting guidance is critical, as is a method to accurately segregate and track such costs throughout the IPO process.

Many factors play a role in determining the cost of an IPO, but in all cases the costs of going public are significant. These costs will generally include an underwriter discount (averaging 4 to 7 percent of the gross proceeds), fees related to legal and accounting advisors, and printing costs. In addition, there are other fees that may result in cash outflows, such as the SEC registration fee, regulatory fees, the exchange listing fee (NASDAQ or NYSE), any Blue Sky filing fees, and other miscellaneous costs such as roadshow travel costs. Many companies working toward an IPO overlook or are unclear about the appropriate way to account for the multitude of expenses that arise during the IPO process. Accounting for such costs under US GAAP falls under the following technical literature:

- ASC 720-15: Start-Up Costs

**Offering costs incurred during the IPO process**

ASC 340-10-S99-1 states that specific incremental costs “directly attributable” to an offering of equity securities may be deferred and charged against the gross proceeds of the offering as a reduction of additional paid-in capital, and we have seen, through SEC comment letters, that the Staff has taken a fairly strict interpretation of “directly attributable.” Costs that may not be charged against the gross proceeds of the offering because

<table>
<thead>
<tr>
<th>Type of cost</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underwriter discount</td>
<td>Typically 4%–7% of gross proceeds.</td>
</tr>
<tr>
<td>Legal</td>
<td>Fees from the securities counsel to draft the registration statement and provide other advice directly related to the offering.</td>
</tr>
<tr>
<td>Accounting — External auditor</td>
<td>Fees incurred by the independent registered public accounting firm directly related to the offering. These fees typically include issuance of the comfort letter, review of the registration statement and other advice directly related to the offering. (Costs not considered directly related to the offering include the cost of year-end audits, including stub-period and re-audits, as well as quarterly reviews.)</td>
</tr>
<tr>
<td>Accounting — Financial reporting advisor</td>
<td>Fees incurred by financial reporting advisors directly related to the offering; for example, preparation of the pro forma financial statements, advice on the financial statements, and help in addressing comments from the SEC. (Costs to convert the private company financial statements to comply with Regulation S-X, and valuation reports for financial reporting purposes, are generally not considered directly related to the offering.)</td>
</tr>
<tr>
<td>Printing</td>
<td>Document management, SEC filing, printing and distribution expenses.</td>
</tr>
<tr>
<td>Registration</td>
<td>Registration-related fees and expenses such as SEC, state and rating agency fees.</td>
</tr>
<tr>
<td>Exchange listing fees</td>
<td>Fees paid to the New York Stock Exchange (NYSE) or NASDAQ for stock listing services. While there are differences between the two primary exchanges in the US, fees are based on number of shares outstanding. The NYSE charges an initial listing fee between $125,000 to $250,000, and between $45,000 and $500,000 for their annual listing fee. The NASDAQ charges an initial listing fee between $125,000 to $225,000 for NASDAQ Global Market (NGM) and NASDAQ Global Select (NGS), and between $50,000 and $75,000 for NASDAQ Capital Market (NCM). The NASDAQ charges an annual listing fee between $45,000 and $155,000 for NGM and NGS, and between $42,000 and $75,000 for NCM.</td>
</tr>
</tbody>
</table>

Source: NYSE and NASDAQ websites for exchange listing fees
they are not “directly attributable” are expensed as occurred.

Figure 4 summarizes the types of offering costs disclosed in the registration statement that are “directly attributable” and, therefore, charged against the gross proceeds of the offering as a reduction of additional paid-in capital.

**Treatment of offering costs in an aborted IPO**

The accounting treatment of offering costs is contingent on completion of the IPO. If the company does not complete the IPO, ASC 340-10-S99-1 states that the deferred costs of the aborted offering may not be deferred. Any costs related to an aborted offering should be expensed in the period in which the company elects to abort the offering. A short postponement (up to 90 days) does not represent an aborted offering. Therefore, if the process is slightly delayed, the company can continue to defer offering costs in anticipation of the pending IPO, but significant judgment must be applied to assess the facts and circumstances.

**Treatment of IPO costs for tax purposes**

Under Treasury Regulation Section 1.263(a)-5(a)(8), all costs incurred in connection with facilitating a stock issuance transaction, including an IPO, must be capitalized under Internal Revenue Code (IRC) Section 263. However, some costs incurred in connection with an IPO may not be directly attributable to facilitating the IPO. These costs could qualify for more beneficial tax treatment. The following types of costs incurred in connection with an IPO may be potentially tax deductible or amortizable:

- Costs incurred in connection with ordinary and necessary business expenses, including employee compensation, business and management plans, ongoing tax advice and public relations expenses. These may be deductible under IRC Section 162.
- Costs incurred in connection with exploring but not ultimately pursuing alternative transactions or financing, such as abandoned financing or abandoning separate, non-mutually exclusive transactions. These may be deductible under IRC Section 165.
- Costs incurred in connection with facilitating a borrowing or other tangible/intangible arrangement with a specified term, including underwriting, commitment, negotiating, structuring, and other various financing fees as well as services provided in connection with insurance policies, leases, and other items. These may be capitalized and amortized over the life of the borrowing or arrangement.

**Offering costs incurred by gross proceeds**

Based on an analysis of over 600 IPOs between April 5, 2012, and December 31, 2014 (post-JOBS Act), the underwriter discount, legal, accounting, and other fees directly attributable to an IPO can result in substantial expenditures. Figures 5 and 6 display the types of offering costs companies incur during the IPO process segmented by gross proceeds raised and company revenue ranges, respectively.

The costs seen in the analysis of these IPOs between 2012 and 2014 was generally in line with the costs seen in the previous publication, which was released in 2012. As displayed in the Offering costs by gross proceeds, excluding underwriter discount graph in Figure 5, the offering costs were directly proportional to the gross proceeds of the offering. Most notably, underwriter and legal costs trended upward with increased gross proceeds, while accounting costs stabilized for larger deals. These results are not particularly surprising, as accounting costs do not generally increase solely based on deal size, while the underwriter discount is tied to the amount of proceeds raised. Printing costs also trended upward for larger deals, likely as a result of larger filings and demands on printer resources. Registration costs also increased in proportion with increases in gross proceeds, but...
Based on public registration statements, on average, companies incur an underwriter discount equal to 4 percent to 7 percent of gross proceeds, plus an additional $3.9 million of offering costs directly attributable to their IPO.

are a minimal cost of an IPO. Overall, the underwriter discount was the most significant cost incurred for all companies, followed by legal and accounting costs.

As the EGC versus non-EGC offering costs as a percentage of gross proceeds, including weighted average underwriter discount graph in Figure 5 below illustrates, there is no clear discernible cost savings when filing as an EGC. The largest cost of going public is the underwriter discount, which is driven by deal size and is not impacted by the JOBS Act. Costs that would be expected to be reduced as a result of the JOBS Act, such as auditor’s fees, are not significant enough as a percentage of total costs of going public to result in noticeable cost savings. It is also important to note that there is no additional cost for EGCs to file confidentially, but EGCs still have to pay the normal registration cost upon filing publicly.

<table>
<thead>
<tr>
<th>Offering costs by gross proceeds, excluding underwriter discount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Source:</strong> Dealogic, excluding outliers.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EGC versus non-EGC offering costs as a percentage of gross proceeds, including weighted average underwriter discount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Source:</strong> Dealogic, excluding outliers.</td>
</tr>
</tbody>
</table>
Offering costs incurred by revenue

As evidenced in the Offering costs by revenue, excluding underwriter discount graph in Figure 6, offering costs were directly proportional to the company’s revenue. In particular, legal and accounting costs, areas where larger companies may face additional complexities in preparing for an IPO, increased significantly for larger companies. Not surprisingly, the discount paid to underwriters also increased by revenue range, as larger companies were more likely to have greater equity proceeds. These trends were consistent between companies that filed as an EGC compared to those who did not file as an EGC.

As revenue increases, gross proceeds between EGCs and non-EGCs diverges more significantly. Although it appears that there are cost savings for EGCs when evaluating costs based on revenue, deal sizes are generally smaller so the underwriter discount and, therefore, overall costs, are lower.

Figure 6: Offering costs incurred by revenue

(Numbers in millions, except number of IPOs)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $100</td>
<td>351</td>
<td>&lt;0.1</td>
<td>4.7</td>
<td>0.7</td>
<td>1.2</td>
<td>&lt;0.1</td>
<td>1.0</td>
<td>0.2</td>
<td>&lt;0.1</td>
<td>5.9</td>
<td>0.4</td>
<td>0.2</td>
<td>$46.2</td>
<td>$6.6</td>
<td>$9.2</td>
</tr>
<tr>
<td>100-250</td>
<td>86</td>
<td>0.1</td>
<td>5.0</td>
<td>1.2</td>
<td>7.0</td>
<td>&lt;0.1</td>
<td>1.2</td>
<td>0.4</td>
<td>&lt;0.1</td>
<td>0.2</td>
<td>&lt;0.1</td>
<td>1.0</td>
<td>2.7</td>
<td>50.9</td>
<td>11.8</td>
</tr>
<tr>
<td>251-500</td>
<td>50</td>
<td>0.2</td>
<td>12.5</td>
<td>1.6</td>
<td>12.8</td>
<td>2.2</td>
<td>0.1</td>
<td>1.0</td>
<td>&lt;0.1</td>
<td>0.3</td>
<td>&lt;0.1</td>
<td>0.1</td>
<td>14.0</td>
<td>0.7</td>
<td>103.2</td>
</tr>
<tr>
<td>501+</td>
<td>119</td>
<td>&lt;0.1</td>
<td>12.0</td>
<td>1.8</td>
<td>15.8</td>
<td>2.9</td>
<td>&lt;0.1</td>
<td>1.5</td>
<td>&lt;0.1</td>
<td>0.5</td>
<td>&lt;0.1</td>
<td>0.1</td>
<td>24.7</td>
<td>5.4</td>
<td>261.2</td>
</tr>
<tr>
<td>Grand total</td>
<td>606</td>
<td>&lt;0.1</td>
<td>12.5</td>
<td>1.1</td>
<td>15.8</td>
<td>1.8</td>
<td>&lt;0.1</td>
<td>1.5</td>
<td>&lt;0.1</td>
<td>0.3</td>
<td>&lt;0.1</td>
<td>0.1</td>
<td>24.7</td>
<td>0.7</td>
<td>261.2</td>
</tr>
</tbody>
</table>

* Miscellaneous includes blue sky, market listing, FINRA filing, and other miscellaneous fees as stated in company fillings.
** Excluding Alibaba and Facebook’s deals, the average percentage of gross proceeds to the underwriter is 4.5% for the $501 million+ revenue range.
*** Excluding Alibaba and Facebook’s deals, the average percentage of gross proceeds to the underwriter is 5.3% for all deals in this data set.

Offering costs by revenue, excluding underwriter discount

EGC versus non-EGC offering costs by revenue, including underwriter discount

Source: Dealogic, excluding outliers, for population and Capital IQ for annual revenues as of latest fiscal year prior to IPO.
It is undoubtedly difficult to forecast costs, particularly without performing a detailed IPO readiness assessment in order to fully understand the nuances and unique complexities companies face during the IPO process. While offering costs vary, a well-prepared company is better able to anticipate and mitigate the additional expenses and time commitments that could push the IPO process off course. Companies undertaking an IPO are continuing the trend of hiring advisors with IPO-specific expertise to help manage and project IPO costs.

In addition to hiring advisors with IPO-specific expertise, companies may be able to control costs in a number of ways. Companies may be able to minimize accounting and legal costs by ensuring the initial filing is complete, all areas of potential SEC focus have been thoroughly prepared for in advance of the initial filing, and comments made by the SEC are then responded to in a timely manner with complete and accurate information. Many companies incur additional expenses due to insufficient responses and an inability to respond to the SEC in a timely and satisfactory manner.

Figure 7 provides another perspective on the offering costs companies can expect to incur. Based on an analysis of over 600 IPOs between April 5, 2012, and December 31, 2014, the underwriter discount is consistently a considerable expense at any deal size, ranging from 52 percent to 84 percent of the total one-time costs of going public and increasing as a percentage of overall costs as deal size increases. One-time legal fees directly related to the process of organizing and incorporating the newly public entity also prove to be a significant expense, but decrease as a percentage of total cost as deal value increases.

**Figure 7: Proportion of one-time costs directly related to going public (based on total IPO proceeds)**

- **Less than $50 million**
  - Underwriter discount: <1%
  - Legal: <1%
  - Accounting: 2%
  - Printing: <1%
  - Miscellaneous: <1%
  - Market listing: <1%
  - Registration: <1%
  - FINRA filing: <1%
  - Blue sky: 6%
  - Total: 52%

- **$51-$100 million**
  - Underwriter discount: <1%
  - Legal: <1%
  - Accounting: 3%
  - Printing: <1%
  - Miscellaneous: <1%
  - Market listing: <1%
  - Registration: <1%
  - FINRA filing: <1%
  - Blue sky: 11%
  - Total: 64%

- **$101-$200 million**
  - Underwriter discount: <1%
  - Legal: <1%
  - Accounting: <1%
  - Printing: <1%
  - Miscellaneous: <1%
  - Market listing: <1%
  - Registration: <1%
  - FINRA filing: <1%
  - Blue sky: 13%
  - Total: 72%

- **$201-$300 million**
  - Underwriter discount: <1%
  - Legal: <1%
  - Accounting: 2%
  - Printing: <1%
  - Miscellaneous: <1%
  - Market listing: <1%
  - Registration: <1%
  - FINRA filing: <1%
  - Blue sky: 3%
  - Total: 76%

- **$301 million +**
  - Underwriter discount: <1%
  - Legal: <1%
  - Accounting: 1%
  - Printing: <1%
  - Miscellaneous: <1%
  - Market listing: <1%
  - Registration: <1%
  - FINRA filing: <1%
  - Blue sky: 4%
  - Total: 84%

Source: Dealogic, excluding outliers.
Incremental organizational costs incurred during the IPO process

The offering costs listed in Figure 7 exclude certain costs incurred during the going public process, such as restructuring costs incurred to create the legal and organizational structure needed to execute the IPO. These kinds of costs are referred to as incremental organizational costs. Typically, they are non-recurring costs incurred in the months, or even years, leading up to the IPO. They can include the costs of organizing the public company, creating the registrant, and preparing for the registration process. ASC 720-15-25-1 requires these start-up activity costs, including incremental organizational costs, to be expensed as incurred. If a company cannot clearly distinguish between amounts that relate solely to the equity offering and amounts that relate to other non-offering items, then it may be necessary for the fees to be expensed in their entirety.

The following questions may be helpful when considering the potential incremental organizational costs an entity could incur during the IPO process:

- Will we use a second accounting firm to advise and assist in the IPO process and/or to assist us in the development of internal control documentation?
- Will we utilize a third party to perform valuation services to help us support a cheap stock analysis?
- What level of legal, compensation, and human resources consulting costs will we incur to create new employee benefit plans and equity-based compensation awards?
- Will we incur auditor fees related to the audit and review of financial statements to be included in our registration statement?
- Do we expect to utilize legal counsel related to the organization and incorporation of our new entity, including the drafting of bylaws and other agreements?
- Do we expect to incur IT costs or implement new systems and new reporting processes related to becoming a public company?

These incremental organizational costs vary widely and are typically based on the complexity of the transaction, the level of external support needed, and the level of the company’s readiness.

Analyzing historical experience around incremental organizational costs is difficult because these costs are not required to be reported separately in registration statements. However, if these costs are significant, some companies choose to provide separate disclosures and discuss the impact of these costs on their operations within their financial statement footnotes and/or Management’s Discussion and Analysis.
The process of undertaking an initial public offering is rigorous, time-consuming, and expensive. Many companies, having spent months exhausting their human and financial resources, view the completion of an IPO as the finish line. In reality, this is just the beginning of their new life as a public company.

As a result, in addition to the costs associated with going public—the offering and incremental organizational costs—there are significant expenses related to the being public process. Most private companies do not have the infrastructure to operate in a public environment, and to satisfy this new level of regulatory and reporting rigor, many companies will incur a series of one-time and incremental ongoing costs associated with being a public company.

Our recent survey indicated that 41 percent of the participating CFOs thought the costs of managing a public firm were more than they had anticipated before the IPO. Of the respondents whose companies registered as EGCs, 41 percent of respondents also said the costs of being public exceeded their expectations, with only 7 percent of these respondents saying costs significantly exceeded expectations. Similarly, 40 percent of the respondents whose companies did not file as EGCs said these costs exceeded their expectations, with none of these respondents saying the costs significantly exceeded expectations. This indicates that there is no significant difference between companies that filed as EGCs and those that did not when it comes to the anticipated costs of being a public company. It is worth noting that the costs of being public, rather than going public, were better anticipated.

Figure 8 shows PwC’s IPO readiness framework. These are the areas and functions that private companies typically need to enhance, or create from scratch, as they get ready to operate as a public company. PwC uses this as a framework during an IPO readiness assessment to evaluate the ability of a company to operate as a public company.

Figure 8: IPO Readiness Framework

- Accounting, reporting, and financial effectiveness
- Enterprise risk management
- Corporate strategy and development
- Financial planning and analysis
- Governance and leadership
- Internal controls & internal audit
- Legal
- Media and investor relations
- Tax
- Executive compensation and HR
- Engage with investment banks
- Wealth management planning
- Technology
- Project management, change management and communications

A comprehensive IPO readiness assessment requires a thorough evaluation of all areas of the organization.
Building and maintaining a public company

As companies actively manage their being public process, many choose to enhance or upgrade various areas of their business and incur significant incremental costs. The sections that follow discuss various reasons why companies may find that enhancements are necessary and the functional areas that are often involved.

Accounting, reporting, and financial effectiveness

Once effective, public companies are required to comply with a host of financial reporting and other requirements. The most significant change for many companies is the need to close and report publicly their financial results on a rigorous timeline. This is a process the company will need to be fully prepared to meet; the inability to meet these requirements can shake investor confidence and potentially prohibit the company from completing capital market transactions while out of compliance. For most private companies, these are changes that take some time to implement and cannot be fixed overnight. As such, the company should ensure it can comply with these requirements from the start.

Preparing for life as a public company should happen in parallel with the process the company undertakes for its IPO. The company should take stock of its processes and infrastructure so it can make any necessary changes as part of the IPO process. Key questions to ask include:

- Do we currently have a repeatable monthly and quarterly close process? Do we have the ability to close our books accurately each quarter, and to review and report the results to the public in accordance with SEC guidelines?
- Does our finance department have expertise in SEC accounting and reporting requirements to allow us to comply with regulations we did not need to consider as a private company?
- Does our financial planning and analysis function have the ability to accurately forecast our results to allow for more effective interaction with the investing community and to assist in analysis of the current period results for reporting purposes?
- Does our board of directors and audit committee have the requisite experience?
- Have we established an ethics and compliance process and communicated it throughout the organization?
- Are all of our processes and controls adequately documented and tested, and do we have a plan to comply with Sarbanes-Oxley and JOBS Act requirements?
- Does our technology infrastructure adequately support our compliance efforts?

As a result of these considerations, there are a number of different types of costs that are incurred, both one-time and incremental ongoing costs, such as internal staffing, external resources, corporate governance, Sarbanes-Oxley, audit fees, and director and officer insurance. Historically, the costs incurred to implement the processes and controls required by Sarbanes-Oxley are higher during the first year of implementation than in subsequent years after the processes and controls are more established. Based on our recent survey, half of the respondents said they spent between $100,000 and $500,000 during the year they went public to implement the processes and controls required by Sarbanes-Oxley. Only 9 percent of survey respondents, which were primarily larger and more complex organizations, indicated that these costs exceeded $500,000.

While EGCs can elect to avail themselves of the Section 404(b) deferral provisions of the JOBS Act, under which a company’s auditors will not have to attest on internal control over financial reporting for a period of up to five years or as long as the company remains an EGC, CEOs and CFOs of EGCs still have to certify to the quality of the company’s internal control environment and to the financial statements in future periodic reports. Further, the costs to a company of a surprise disclosure of a material weakness in their internal control over financial reporting can be devastating to a company’s valuation and credibility in the market. As a result, we recommend both EGCs and non-EGCs thoroughly evaluate their internal control over
financial reporting prior to their initial filing with the SEC, and, if possible, identify and disclose any material weaknesses as early in the process as possible.

Internal staffing considerations

Public company reporting requirements often require an organization to add and retain employees who possess skill sets a private company does not typically have. For example, 78 percent of recently public firms participating in PwC’s survey hired between one and five new staff members, specifically to increase their SEC reporting capabilities.

Additional staff requirements account for a significant portion of the cost differential between public and private companies. Accounting, legal, financial planning and analysis, and internal audit and compliance are also departments within public companies that often have to hire staff to acquire new capabilities, according to PwC’s recent survey (see Figure 9). Other areas where newly public companies may need to hire people include investor relations, human resources, technology, taxation, and treasury and risk management.

While the actual costs incurred are highly dependent on the size and complexity of the company and the expertise of its existing personnel, it is clear that the costs of these additional hires can add up quickly. According to PwC’s survey, 22 percent of respondents spent more to address internal staffing needs since going public than they anticipated prior to the IPO.

Figure 9: Functional areas where newly public companies need to add staff

![Functional areas where newly public companies need to add staff](image)

Source: PwC/Oxford Economics 2014 Survey

Considering an IPO?
More than three-quarters (78 percent) of recently public firms hired between one and five new staff members, specifically to increase their SEC reporting capabilities.

Why do public companies need to hire additional staff? The sections below highlight the reasons why staff needs to be hired in each area to comply with SEC and other regulations and requirements. In practice, however, many private companies considering an IPO do not plan or budget for these types of costs.

SEC financial reporting
In order to ensure the company completes all required filings with the SEC on time and that the financial information included in such filings is in compliance with the SEC’s rules and regulations, a newly public company will need to develop an SEC financial reporting team. A typical SEC financial reporting team includes a director of SEC financial reporting and additional personnel commensurate with the size and complexity of the company and its financial reporting objectives.

In addition to adding an SEC financial reporting team, the company’s existing accounting and financial reporting team may need to hire additional personnel to handle the incremental annual and quarterly reporting requirements along with the compressed time to complete such tasks.

Taxation
As a public company, there will be more emphasis on the company’s income tax provision and the company’s tax planning strategies; therefore, it is common to increase the size of the taxation team. A typical taxation team includes a tax director, one or more tax managers, and additional personnel commensurate with the size and complexity of the company.

The taxation group is typically responsible for ensuring compliance with all federal, state, and international tax requirements, as well as compliance with indirect taxes including sales/use taxes, property taxes, and value-added taxes. In addition to these tax compliance responsibilities, the taxation group will be subject to shorter quarter and year-end close cycles, specific interim reporting rules that govern the quarterly tax provision preparation process, and more robust disclosure requirements for year-end reporting.

As a public company, the overall tax planning function will become increasingly important. Effective tax planning is essential as it will drive enhancements in shareholder value through management of the company’s effective tax rate and the related impact on earnings per share (EPS).

Internal audit
NYSE listed companies are required to establish an Internal Audit (IA) function as part of becoming a public company. While companies that list on the NASDAQ do not have the same requirement, we believe it is best practice to establish an IA function as well as develop an appropriate internal control environment.

The typical IA function is structured as an independent assurance and consulting department that can have varied responsibilities, which may include assessing the company’s internal controls and their ability to support the achievement of defined strategic objectives, mitigate key risks, ensure compliance with internal policies, and support financial reporting requirements. This usually includes assisting management in performing tests and procedures designed to verify the company’s compliance with Section 404 of the Sarbanes-Oxley Act, as well as providing comfort to the CEO and CFO when they sign the 302 certification attesting to the accuracy of financial information and operating results published in periodic reports.

Given the cost and time needed to hire the company’s IA resources, many companies will look to engage external resources to help support their IA function rather than hiring additional staff. These external resources can work in tandem with the company’s existing IA resources through a co-sourcing arrangement, or if the company does not have any IA resources, the company may consider a fully outsourced IA function. The cost to engage external resources could be higher than the cost to hire IA resources internally, but this option has several advantages. Utilizing external resources allows the company to scale up or down rapidly without having to hire or dismiss internal resources. Also, external resources may include topical specialists who can provide significant value to the IA function and can be leveraged to transfer additional knowledge to the internal resources.

Financial planning and analysis (budgeting and forecasting)
Budgeting and forecasting is critical for a successful IPO and for the ongoing life of a public company. It is paramount that the company has a well-functioning Financial Planning and Analysis (FP&A) team to be responsible
The accelerated financial reporting requirements and increased investor relations demands of newly public companies reinforce the need for a strong technology environment.

for developing realistic budgets and forecasts. Research analysts rely on this information, and a public company’s ability to meet its own earnings estimates and “The Street’s” estimates can have a significant impact on its stock performance. If the company does not meet these estimates or if they exceed the estimates, it is also the FP&A team’s responsibility to articulate why such variances have occurred.

**Treasury and financial risk management**
A dedicated treasury and financial risk management group is also a requisite for a public company. Often, newly public companies struggle to adequately manage their liquidity, foreign currency exposure, and derivatives used to hedge interest rates and other risks to their business. An experienced treasury and financial risk management function can mitigate the growing pains that come with being a newly public company.

**Human resources**
Many companies struggle with the increased human resource-related demands of being a public company and, therefore, will likely need to increase their human resources function. The human resources group is typically responsible for items such as ensuring competitive salary ranges for employees as compared to other public companies, establishing compensation policies for executives, and creating new stock-based compensation and benefit plans.

**Technology support**
Companies must also consider the need to increase the number of members in their technology function as a result of becoming a public company. Specifically, companies must ensure that their systems and processes are documented and tested to comply with Sarbanes-Oxley requirements and that their technology infrastructure adequately supports compliance efforts. The accelerated financial reporting requirements and increased investor relations demands of newly public companies reinforce the need for a strong technology environment.

**Board of directors**
Public companies can also expect to pay director fees to independent members of its board of directors and fees to recruiting firms to identify these independent directors. While pay practices vary by industry and size of company, organizations generally provide packages that consist of annual retainers, additional retainers for committee or board chairman roles, and retainers for committee service. Additionally, these independent directors often receive sign-on equity grants in addition to annual equity grants. Directors and Officers (D&O) insurance is an added cost as well.

**Internal staff assessment**
In conjunction with the more specialized resources needed by a public company, more personnel across all functions of the organization may be needed to satisfy the incremental reporting and analysis requirements that come with public reporting. These additional burdens require that a company considering going public reassess its current position-specific roles and responsibilities to ensure that its staffing going forward will be adequate, both in terms of quantity and quality (skill sets and experience levels).
Engaging external resources
In addition to the significant costs required to permanently hire people with skill sets not typically found within a private company, many companies will need to engage external resources to provide technical expertise. Typical roles companies seek external advisory services for include:

- Company securities counsel
- Accounting advisors
- Compensation advisors
- Investor relations

Company securities counsel
During a company’s IPO process, an experienced securities counsel will provide leverage for legal advice to the company in its dealings with the underwriters and the SEC. Generally, these securities attorneys will be retained to provide ongoing services to the newly public entity, assisting them in compliance with regulatory requirements and advising the company regarding securities-related litigation. Average costs per hour charged by securities counsel can vary significantly based on the complexity of the work they are engaged to perform (i.e., transaction-based engagements may result in a significantly higher rate compared to routine Form 10-K and 10-Q filings).

Financial reporting advisors
Although companies historically sought advice on financial reporting topics from their auditors, in the post Sarbanes-Oxley era, many companies opt to obtain transaction support and other advisory services from a second accounting firm that is likely not restricted by SEC independence rules. For a company going through the IPO process, a financial reporting advisor can be beneficial by providing insight on best practices as management goes through the SEC reporting process for the first time. In addition, a financial reporting advisor can be particularly valuable in the months immediately following an IPO. A knowledgeable financial reporting advisor can advise the company as it:

- Implements the new financial reporting protocols necessary for it to meet public company reporting requirements, along with receiving ongoing technical advice on these requirements
- Adopts new accounting, reporting, and disclosure standards (or, for EGCs under the JOBS Act, advise on the choice to adopt or defer the adoption of new accounting standards)
- Trains accounting and finance staff
- Evaluates Section 404 of Sarbanes-Oxley (Note: the JOBS Act defers the requirement for auditor attestation of Section 404(b) while the company is an EGC, but the internal control management reporting requirements of Section 404(a) would remain intact)

Compensation advisors
Companies may benefit from the services of compensation advisors both before and after their IPO. Prior to the IPO, compensation advisors will assist private companies in establishing new annual cash incentive plans aligning pay-outs with public company performance metrics. Post IPO, compensation advisors can assist the compensation committee with governance efforts.

Investor relations
Investor relations is an internal or external group of advisors devoted to building relationships with shareholders, investors, and Wall Street analysts. The investor relations team handles inquiries and provides relevant financial information about the company to these parties. In many instances, a newly public company will opt to outsource all or a portion of its investor relations to a firm that specializes in such matters. A successful investor relations function is proactive and provides “one voice” to the investment community by helping to integrate finance, marketing, public relations or financial media, and securities law compliance to enable effective communication between a company, the financial community, and other stakeholders. Its goal is to better position the company in the marketplace.
Meeting compliance and regulatory requirements

Corporate governance

Both the NYSE and NASDAQ have defined and published corporate governance listing standards that need to be addressed in connection with an IPO. These listing standards address matters such as board composition, structure and process—including nomination of directors, compensation practices, and similar matters—and are responsive, in part, to the Sarbanes-Oxley and Dodd-Frank Acts. The standards, however, go beyond the provisions of the Sarbanes-Oxley Act and address matters such as the establishment of a code of business conduct and ethics for employees and directors, the establishment of an IA function for companies listed on the NYSE, and approval of related-party transactions for companies quoted on the NASDAQ.

A private company will be required to evaluate its governance structure, especially its committee charters and composition, to ensure it complies with the requirements of its chosen exchange. Companies should prepare for the time and costs required to create, implement, and maintain stricter corporate governance policies and retain high-quality members to serve on the company’s committees.

Sarbanes-Oxley compliance

Many companies will engage outside advisors to help establish a “right-sized” Sarbanes-Oxley program. Our experience in helping clients with SOX readiness projects, preparing for IPOs, and optimizing current SOX frameworks has revealed several common stumbling blocks:

- Duplicative and/or operational controls identified as key controls, increasing testing time
- Entity-level controls not effectively leveraged to minimize transaction testing
- Low-risk controls tested in the same manner as high-risk controls
- Predominant use of manual controls over financial reporting, rather than automated application controls
- Companies not taking full advantage of the opportunity to streamline and/or enhance their business processes while implementing their SOX framework

Companies can often reduce the number of internal controls to maintain and test by mapping them to what is material in their financial statements and also identifying where their greatest risks are in the SOX framework.

The Sarbanes-Oxley Act requires that management’s evaluation leverage a common internal control framework, of which the most widely used is the Committee of Sponsoring Organizations (COSO) Internal Control — Integrated Framework. This framework was recently updated in 2013 to articulate expectations of an internal control environment through not only the existing five components (control environment, risk assessment, control activities, information and communication, monitoring activities), but 17 principles within those components that are expected to be present and functioning in order to be considered an effective system of controls.

Figure 10: Average audit fees in 2012, 2013 and 2014 for US public companies by revenue categorization

<table>
<thead>
<tr>
<th>Revenue group</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1 - $100M</td>
<td>$208,376</td>
<td>$231,485</td>
<td>$226,173</td>
</tr>
<tr>
<td>$100M - $500M</td>
<td>732,465</td>
<td>782,302</td>
<td>837,849</td>
</tr>
<tr>
<td>$500M - $1B</td>
<td>1,241,073</td>
<td>1,340,482</td>
<td>1,445,067</td>
</tr>
<tr>
<td>$1B - $10B</td>
<td>2,921,778</td>
<td>3,037,967</td>
<td>3,241,745</td>
</tr>
<tr>
<td>&gt; $10B</td>
<td>12,083,191</td>
<td>12,476,504</td>
<td>12,545,416</td>
</tr>
</tbody>
</table>

* Dataset excludes inactive filers, subsidiaries, trusts/funds, NAICS 5255s, blank checks, non-U.S., shell companies, and de-registered entities (with the exception of 2014 FORTUNE 1000® companies)

** Dataset includes companies with fee data for all three years (2012-2014) and most recent FY revenues > 0

Source: Audit Analytics
Most (94 percent) CFOs pointed to an increased administrative burden as a direct effect of the costs of being public.

**Audit fees**

Public companies generally experience higher recurring audit fees than private companies, partly to satisfy additional regulatory requirements, including that of the Public Company Accounting Oversight Board (PCAOB) and SEC. An audit for a private company is conducted under American Institute of Certified Public Accountants (AICPA) auditing standards generally accepted in the United States, whereas a public company auditor must follow the guidelines of the PCAOB, which may require additional testing and documentation. For a public company, auditors are also required to perform additional procedures related to SEC filing documentation like completing reviews of the interim financial statements. When an auditor issues an opinion on a public company’s financial statements, it faces additional risk, which also tends to increase audit fees.

**Anticipating challenges**

In addition to anticipating the expense that goes into taking a firm public and the ongoing costs of managing that public firm, financial managers may be unprepared for the related challenges that can occur post-IPO as a result of these costs. As shown in Figure 11, most (94 percent) CFOs participating in PwC’s survey of recently public firms pointed to an increased administrative burden as a direct effect of the costs of being public. Greater budgeting challenges, directly linked to the extra costs of being public, were also cited by 38 percent of the participating CFOs. Similarly, about 16 percent of the surveyed CFOs felt that the extra costs of operating as a public company forced a more cautious, short-term view than had been held pre-IPO. Once companies lose their EGC status, however, their management costs could increase due to additional disclosure and compliance requirements that impact non-EGC companies.
“We expect these rules and regulations to increase our legal and financial compliance costs and lead to a diversion of management time and attention from revenue generating activities. We estimate that we will incur approximately $1.5 to $2.0 million in incremental costs per year associated with being a publicly traded company, although it is possible that our actual incremental costs will be higher than we currently estimate. The increased costs will increase our net loss. For example, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance and we may be required to incur substantial costs to maintain the sufficient coverage. We cannot predict or estimate the amount or timing of additional costs we may incur to respond to these requirements. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers.”

**TetraLogic Pharmaceuticals Corp.**

“As a public company with shares listed on a U.S. exchange, we will need to comply with an extensive body of regulations that did not apply to us previously, including provisions of the Sarbanes-Oxley Act, regulations of the SEC and requirements of the NYSE. We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly, particularly after we are no longer an emerging growth company.”

**Stonegate Mortgage Co.**

“We expect that the additional reporting and other obligations imposed on us by these rules and regulations will increase our legal and financial compliance costs and the costs of our related legal, accounting and administrative activities by approximately $2 million per year. These increased costs will require us to divert a significant amount of money that we could otherwise use to expand our business and achieve our strategic objectives. Advocacy efforts by stockholders and third parties may also prompt additional changes in governance and reporting requirements, which could further increase our costs.”

**Habit Restaurants Inc.**

**Disclosing “being public” costs**

Unlike costs that are directly attributable to the IPO, which companies are required to disclose, there is no requirement to disclose the additional costs associated with being a public company. In fact, while many new issuers include the likelihood of additional spending as a public company in their risk factors section, there is no uniform and consistent methodology used to estimate the costs of being a public company. The level of disclosure and cost estimates vary based on size and other factors, and may include cost estimates for legal, financial reporting, finance, investor relations, and audit-related fees. The following excerpts demonstrate the variety of ways recently public companies disclose incremental organizational costs in their registration statements, with particular attention to how companies filing as EGCs are anticipating and disclosing the increase in ongoing costs once they no longer qualify as an EGC.
Minimizing surprises

The costs of an IPO can take many forms, from the time and expense incurred by outside accounting, legal, and advisory specialists to those related to engaging additional internal resources. These costs can quickly mount, but are necessary in order to comply with SEC-mandated regulations and JOBS Act provisions. Even with some of the reduced disclosure requirements allowed under the JOBS Act, this generally does not result in lower costs of going public and being a public company. If a company fails to factor these costs into the IPO equation, it can dramatically alter once-promising projections and negatively affect a company’s valuation.

As capital markets become more crowded, the need for companies to be ready to operate in an increasingly regulated environment continues to become more important. Achieving a successful IPO requires connecting many pieces of a complex puzzle, some of which are outside of the control of company management and its stakeholders. An IPO readiness assessment, in particular, can be invaluable to holistically identify and plan for the extensive mix of direct costs associated with the IPO process and the ongoing costs that are integral to operating and maintaining a public company. Knowing these costs will increase the efficiency of the IPO and, ultimately, help stakeholders, employees, executives, and new shareholders avoid surprises and make the most of the new public company’s valuation.

The number of companies participating in a readiness assessment continues to grow, an effort that puts those companies in the best position to fully understand the costs of going public. In addition to a readiness assessment, savvy companies rely on project management at each stage of the IPO process.

Perform a thorough IPO readiness assessment

As companies prepare for an IPO, an IPO readiness assessment can help identify potential big-picture issues, better cope with the challenges related to the additional costs of both going and being public, and possibly prevent embarrassing “deal-killer” surprises late in the process. The right amount of preparation also helps companies reduce costs as they establish a timetable and work plan based on the offering’s strategic objectives, specific business issues, and the actual work that needs to be performed.

The IPO readiness assessment also identifies potential gaps within new processes, areas needing internal controls, and positions requiring enhanced technical accounting skills to operate as a publicly traded company. It will also help prepare for questions that will be asked by lawyers, bankers, auditors, and the SEC, as well as assist in preparing a budget of costs. Through this readiness assessment, potentially troublesome issues can often be identified early, likely resulting in time and cost savings throughout the IPO process.

Support the effort with effective project management

Like any large transformational process, success depends on execution. In order to effectively execute an IPO, spending time on project management before the going public process begins is essential. Successful IPOs use strong project management principles to support the IPO leader, build the IPO plan, maintain task lists, monitor progress, project delivery dates, identify gating issues, and keep the overall process and decision making on track. Early identification of gating issues, in particular, can be critical to a successful launch. Failing to address the need to include a separate set of financial statements in the registration statement for a recent acquisition or the taxation effects of the post-IPO capital structure can derail the IPO process. Sound project management also acknowledges the increased work load on existing personnel. This burden can be alleviated by hiring external resources to execute the day to day tasks or to perform specialized functions. Additionally, as companies progress through the IPO process, it can be difficult to maintain an awareness of other company initiatives that could have a significant impact on the IPO.

It is increasingly important in today’s economic environment to be ready when the IPO window opens. An independent advisor can reduce surprises, improve efficiency, and reduce time to market. This provides more time to focus on other crucial business decisions that will enhance market confidence in the company’s management and brand equity. Leveraging the technical depth and diverse IPO experience of the right advisor can put a company in the best position for successful going public and being public transformations.
“US Capital Markets Watch quarterly”

“Executing a successful IPO
For companies serious about going public—the time to prepare is now”

“Equity sans frontières’ Trends in cross-border IPOs and an outlook for the future”

“Going public? Five governance factors to focus on”

“Fortified for success Building your company’s risk, controls and compliance ecosystem for the IPO and beyond”

“Roadmap for an IPO A guide to going public”

“How non-GAAP measures can impact your IPO”

“Which Market? A guide for companies considering an initial equity listing in New York, London or Hong Kong”

“US Capital Markets Watch weekly”

“2014 US Capital Markets Watch Analysis and trends”

“2014 US Capital Markets Watch Analysis and trends”

“Equity sans fontières’ Trends in cross-border IPOs and an outlook for the future”

“Going public? Five governance factors to focus on”

“Fortified for success Building your company’s risk, controls and compliance ecosystem for the IPO and beyond”

“Roadmap for an IPO A guide to going public”

“How non-GAAP measures can impact your IPO”

“Which Market? A guide for companies considering an initial equity listing in New York, London or Hong Kong”

“US Capital Markets Watch weekly”

“2014 US Capital Markets Watch Analysis and trends”
Contact us

For a deeper discussion about capital markets offerings, please contact one of our practice leaders or your local Deals partner/managing director:

Henri Leveque
Partner, Capital Markets and Accounting Advisory Services Leader
PwC’s Deals Practice
(678) 419 3100
h.a.leveque@pwc.com

Neil Dhar
Partner, Capital Markets Leader
PwC’s Deals Practice
(646) 471 3700
neil.dhar@pwc.com

Mike Gould
Partner, Public Offerings Leader
PwC’s Deals Practice
(312) 298 3397
mike.gould@pwc.com

David Ethridge
Managing Director, Capital Markets
PwC’s Deals Practice
(212) 845 0739
david.a.ethridge@pwc.com

Howard Friedman
Partner, Capital Markets
PwC’s Deals Practice
(646) 471 5853
howard.m.friedman@pwc.com

Tracy Herrmann
Partner, Capital Markets
PwC’s Deals Practice
(713) 356 6583
tracy.w.herrmann@pwc.com

David Ethridge
Managing Director, Capital Markets
PwC’s Deals Practice
(212) 845 0739
david.a.ethridge@pwc.com

Howard Friedman
Partner, Capital Markets
PwC’s Deals Practice
(646) 471 5853
howard.m.friedman@pwc.com

Tracy Herrmann
Partner, Capital Markets
PwC’s Deals Practice
(713) 356 6583
tracy.w.herrmann@pwc.com

Author:

Derek Thomson
Director, Capital Markets
PwC’s Deals Practice
(646) 471 2041
derek.thomson@pwc.com

We would like to extend our thanks to everyone who contributed to PwC’s Deals practice Cost of IPO publication. In particular, we would like to thank Emily Kirsch and Tiffany Loer for their important contributions.

Jason Natt
Partner, Capital Markets
PwC’s Deals Practice
(305) 381 7651
jason.r.natt@pwc.com

Michael Niland
Partner, Capital Markets
PwC’s Deals Practice
(678) 419 3586
michael.p.niland@pwc.com

Michael Poirier
Partner, Capital Markets
PwC’s Deals Practice
(617) 530 5573
michael.d.poirier@pwc.com

Jason Waldie
Partner, Capital Markets
PwC’s Deals Practice
(214) 754 7642
jason.waldie@pwc.com

Marshall Yellin
Managing Director, Capital Markets
PwC’s Deals Practice
(703) 918 3439
marshall.yellin@pwc.com

Robert Young
Partner, Capital Markets
PwC’s Deals Practice
(267) 330 3301
robert.k.young@pwc.com

Bruce McAdams
Managing Director, Capital Markets
PwC’s Deals Practice
(213) 356 6549
bruce.meadams@pwc.com

© 2016 PricewaterhouseCoopers LLP, a Delaware limited liability partnership. All rights reserved. PwC refers to the United States member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details. This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors. PwC United States helps organisations and individuals create the value they’re looking for. We’re a member of the PwC network of firms in 157 countries with more than 195,000 people who are committed to delivering quality in assurance, tax and advisory services. Find out more and tell us what matters to you by visiting us at www.pwc.com/US