

Driving Targeted Outreach, Building Pent-up Demand

Situation Analysis: LHA's client was recognized as having one of the most successful IPOs of the year based on stock price valuation. Six months post IPO, the selling restriction for two large, long-term venture holders which accounted for approximately 30% of the stock was due to expire. Additionally, in the next six months, the client expected a decision on an important intellectual property (IP) lawsuit that would significantly impact growth. Management needed to develop a pipeline of potential long-term investors to cycle into the stock when the lock-up expired and to mitigate the impact of momentum investors attempting to build positions pending the IP lawsuit's resolution.

LHA's Solution: Working with the banking syndicates sell-side analysts, LHA implemented a strategic outreach program designed to achieve the management team's goals. After researching and educating management about the potential outcomes for both the lock-up expiration and the IP lawsuit's resolution, we defined the criteria for the optimal investors for each period. We then developed a nationwide list of target investors and worked with the sell-side analysts to prioritize the client's non-deal road shows. We also managed the investment bank-sponsored road shows, priming the sales team to add target investors to their account lists, and arranged our own road shows to complete the outreach effort.

Results: During the period, LHA was successful in maintaining the institutional investor ownership necessary to protect the stock, managing over 20 days of meetings and 13 days of conferences. Sell-side coverage increased to four analysts, and subsequently rose further. Today, the stock is 93% institutionally held.