

UNIVERSITY OF PENNSYLVANIA
The Wharton School
FNCE 283/783 - Strategic Equity

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REVISED – December 17, 2019

Course Objectives

The course combines lectures and cases and will go through actual situations where companies need to strategically use equity. We will address different phases of a company's life cycle including:

- A private venture-backed company looking to raise private equity capital;
- Private companies considering going public;
- Public companies looking to raise additional equity capital;
- Public companies looking at strategic alternatives including carve-outs, spins, and split-offs;
- Public companies managing through financial crisis, whether market-driven or self-imposed; and
- Public companies making significant acquisitions

Through these cases, from the decision-maker's perspective, we will explore the different paths that can be taken and consider issues such as investor activism, governance and regulatory and valuation impact. The cases span industry sectors and include both U.S. and global companies. To give you a sense of the diversity of the companies covered, this is the group of companies we covered in this course this past term:



Ideally, the course is designed for those that are looking at careers in corporate finance, investment banking, and private equity/venture capital, as well as those that may be looking to start their own ventures.

If the markets are cooperative during the term, we expect to discuss “live” deals in the market during the classes.

To broaden the discussion, we have two guest speakers this term – Glenn Schiffman, EVP & CFO of IAC, and Chris Turner, COO of Warburg Pincus. In addition to leverage our time together, we have posted videos of previous guest lecturers including Wharton alums Will Danoff (Portfolio Manager of Fidelity Contrafund, the largest actively managed equity mutual fund in the world); venture capital panelists Sarah Guo (Partner, Greylock Partners), Trevor Oelschig (Partner, General Catalyst Partners), Arif Janmohamed (Partner, Lightspeed Venture Partners), Neil Occhiogrosso (Partner, Costonoa Ventures), Rama Sekhar (Partner, Norwest Venture Partners), and Jason Stoffer (Partner, Maveron Partners); crowdfunding entrepreneur Slava Rubin (Founder, Indiegogo, one of the largest crowdfunding sites); Rob Katz (CEO of Vail Resorts); as well as CEO of a company that went public last year (Greg Schott, CEO of MuleSoft, a \$3 billion market cap enterprise software company). A few of these videos we will ask you to watch to further focus our discussions. If this is the case, we will discuss in class, as well as post an announcement, to help you prepare for class.

Prerequisites

Corporate Finance.

Grading

The course grading will have three components: 1) two case assignments (will each count as 20% of your grade for the term); 2) class engagement (30%), including as much as 20% for quizzes (dates TBD); and 3) final group project (30% of the term grade). Students will prepare to discuss all cases, but only the two will be handed in.

The two group case assignments will be assigned during class, and will be **due at 8 am on the day they are due**. Due dates for each group assignment are boxed on the calendar on the class-by-class syllabus. All group assignments, as well as the final group project, will be graded on both overall quality, as well as relative quality to the other groups’ submissions.

As the course is case-driven, class engagement is important. While class attendance is a factor, quality, not quantity, of participation and contribution to class discussion will be valued. Engagement will also be measured by the quizzes. In addition to two “At Home” quizzes, there will be a few quizzes given during class which will cover materials assigned and covered.

The final group project will be assigned halfway through the term, and will culminate with a final group presentation during the last week of the course. This timing will provide that we have covered the content that you will cover in your presentation, as well as give you adequate time to prepare. **All group members will be expected to attend and participate in the final presentation.** Depending on the class size, we may have to schedule some final presentations outside of normal class time the final week. If there is an emergency and you are unable to attend your group presentation slot, a mutually agreeable time will need to be determined for both your team and us; so please make every effort to make your

group presentationslot.

It is important to note that all assignments and projects will be based on content that we will have already covered in the course. That having been said, if there are questions on content throughout the term, please reach out to us as soon as possible. So, don't wait until the end, as we expect the knowledge gained will be cumulative; so, if you have questions early in the term, it likely won't get easier as the term progresses.

Course Materials/Canvas site

While there is no dedicated text for the course, there is a combination of cases, teaching notes, and other materials that we use through the term. As a result, we rely heavily on the Canvas site to post material. Unfortunately, there are a few structural limitations on Canvas that may make it difficult to navigate (i.e., cases that are published/copyright protected that need to be purchased such as HBS cases need to be on Study.net; while cases we have developed that haven't been published can't utilize Study.net but can be posted elsewhere.

Because of this, in the syllabus, we try to identify where the cases are located to ease navigation. In the syllabus, cases are identified in **Bold** if they are posted in the **Study.net** section of Canvas; while cases/materials identified in *Italics* will be posted in a section called "Documents for Class" posted in the **Files** section.

There also may be something topical (e.g. a recent deal) that happens in the market during the term. If that is the case, we will send an email via Canvas.

Given our reliance on Canvas for this course, we would suggest getting the Canvas app (if you don't already have it) for your mobile devices to stay current with developments.

Additionally, we have posted lots of additional material on the Canvas site such as prospectuses, research reports, and background materials on topics including Activism, Private Equity and Venture Capital. These are posted as an "FYI" for those that are interested, unless we explicitly state that you should focus on a specific document for class and we will post that in "Documents for Class."

The following is an illustrative screenshot from last Spring's Canvas site:

2019A (Spring 2019)

Home

Announcements

Assignments

Files

Study.Net Materials

Discussions

Grades

People

Pages

Syllabus

Class Recordings

Quizzes

Modules

Virtual Meetings

FNCE 283/783 > Files

Search for files

0 items selected

▼ FNCE 283/783 - Spring 2019

- ▶ Background Readings
- ▶ Documents for Class
- ▶ Final Project Materials
- ▶ IPO Process Materials
- ▶ Notes
- ▶ Prospectuses
- ▶ Research - IPO Initiations
- ▶ Syllabus
- ▶ unfiled

Name ▲

- Background Readings
- Documents for Class
- Final Project Materials
- IPO Process Materials
- Notes
- Prospectuses
- Research - IPO Initiations
- Syllabus

Attendance and other Course Etiquette

You will be expected to attend each class, except for the last week. The last week will only be for the final group presentation, and you will only be expected to attend for your group's presentation slot. These specific slot times will be determined later in the term. If you are unable to attend class, please give us advance notice to get it excused (unless in the case of illness/family emergency). Quizzes, given in class, will not be made up unless the absence from class was excused.

Cases and readings will be assigned for each class. Please be prepared to actively participate in each class, and be professional and courteous to your classmates.

Office Hours & Contact Information

We will be posting weekly office hours for us as well as our TAs. If those times don't suit your schedule, please email one of us to arrange a convenient time to connect:

David Erickson at davider@wharton.upenn.edu

David Musto at musto@wharton.upenn.edu

Our TAs for this term:

Wyatt Brothers at wyattb@wharton.upenn.edu

Chip Lebovitz at clebovit@wharton.upenn.edu

Class-by-class Tentative Syllabus:

CLASS	TOPICS
1 – Tuesday, March 17	<ul style="list-style-type: none">• Course Introduction & Canvas Overview• Discuss Endeca (A) case
2 – Thursday, March 19	<ul style="list-style-type: none">• Private Market and Going Public Discussion• Going Public (or Not) Decision “vignettes:” <i>Neuberger Berman, Vineyard Vines, SoulCycle, Harry’s, & Spotify</i>
3 – Tuesday, March 24	<ul style="list-style-type: none">• Discuss IPO Process• Review <i>Notes on IPO Analysis</i>• Discuss <i>MuleSoft</i> video• Discuss Quintiles IPO case
4 – Thursday, March 26	<ul style="list-style-type: none">• At Home Quiz is Due• Discuss Square IPO and JetBlue IPO case
5 – Tuesday, March 31	<ul style="list-style-type: none">• First Group Case Assignment is Due• Discuss Alibaba case• International Markets Lecture
6 – Thursday, April 2	<ul style="list-style-type: none">• Financing Decisions Lecture• Review <i>Note on Raising Equity and Equity-linked Capital</i> with focus on <i>Tilray and Whiting Oil</i> “vignettes”• Discuss Jet Blue Financing case
7– Tuesday, April 7	<ul style="list-style-type: none">• Strategic Alternatives Lecture• Review <i>Note on Strategic Alternatives</i>• Discuss EMC-VMware case
8 – Thursday, April 9	<ul style="list-style-type: none">• Strategic Alternatives Guest Lecture (Special time: 4:30 pm – Room TBD)• Guest Lecturer: Glenn Schiffman, Executive Vice President & CFO, IAC
9 – Tuesday, April 14	<ul style="list-style-type: none">• Second Group Case Assignment is Due• Impact of Financial Crises Lecture• Discuss Alcoa and Netflix case
10 – Thursday, April 16	<ul style="list-style-type: none">• Private Equity Guest Lecture (1:30 pm Class Only)• Guest Lecturer: Chris Turner, COO, Warburg Pincus

11 – Tuesday, April 21	<ul style="list-style-type: none"> • Activism Lecture • Discuss Elliott – Goes After Riverbed case • Discuss Pershing Square – JCP case •
12 – Thursday, April 23	<ul style="list-style-type: none"> • M&A At Home Quiz is Due • Acquisition Financing Lecture • Discuss Electrolux-GE Appliance case • Discuss <i>Amazon – Whole Foods & PillPack acquisition</i>
14 – Tuesday, April 28	<ul style="list-style-type: none"> • Final Presentations
15 – Thursday, April 30	<ul style="list-style-type: none"> • Final Presentations