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School of Economic Sciences and Business Conference papers

2018

Valuation issues with early equity finance

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ICME 2018

INTERNATIONAL CONFERENCE ON MARKETING AND ENTREPRENEUSHIP, NEAPOLIS UNIVERSITY PAFOS

7 - 8 December 2018

CONFERENCE PROCEEDINGS

Valuation issues with early equity finance

Vasilis Polimenis, Professor, Neapolis University Pafos

The need to finance startups generates the effect of equity dilution. By dilution we mean the decrease in founders' ownership of the startup due to the company issuing new equity. An important issue with early equity financing is that a larger number of total shares outstanding has a dilutive effect on the ownership and control of existing shareholders. A critical parameter that determines the magnitude of dilution is the value at which new investors agree to participate, the so called pre-money valuation. As early valuations usually happen with little or no credible financial performance history data, the upshot is a conservative low valuation which aims to protect investors. Unfortunately, if not done properly, such investor protection comes at a substantial cost and control loss to the entrepreneur. One method that to some extent mitigates the risk of such an early low valuation is to finance by convertible bonds. Convertible debt is a hybrid security between common stock and plain vanilla debt, that investors buy with the intention to convert the debt to equity at some later date. The key benefits to consider is that convertible debt financing often avoids some of the difficult valuation issues, and that debt is senior to equity in the event of liquidation. In reality though, for early startups with little or no liquidation value this is not particularly valuable.

AGENDA

1st International Conference on Marketing and Entrepreneurship – ICME 2018

7, 8 December 2018. Neapolis University, Pafos

Coordinator: Dr. Andreas Masouras

Meeting called by	ICME 2018
Attendees:	open
Please read:	Instructions
Rooms:	Seminar room & G5

Friday, 7th December 2018

10.30 – 11.00	Keynote speakers **Prof. Pantelis Sklias** | Rector, Neapolis University **Prof. Constantinos Athanasopoulos**, Neapolis University | Η Προώθηση Δημοσιότητας των Στελεχών Επιχειρήσεων: Ουτοπία ή αναγκαιότητα; **Prof. Angelos Tsaklagkanos**, Neapolis University | Η Τεχνολογική Διάσταση της Καινοτομίας	Seminar Room
11.00 – 12.00	Session 1 **Mr. Kokou George**, Industry Liaison Office, Cyprus University of Technology | Innovation as a	Seminar Room

powerful tool for Problem Solving: The key role of Universities

Mr. Harry Ph. Sophocleous, Strategico Consulting Group | Voting Consuming Behaviour, Political communication campaigns and Ideological Clarity - a parallel review of academic/empirical evidence

Prof. Anastasia Reppa, Neapolis University | Επιχειρηματική Εκπαίδευση στα Σχολεία

Prof. Polimenis Vassilis, Aristotle University of Thessaloniki / Neapolis University | StartUps financing

12.00 – 12.30 Coffee break

12.30 – 13.15

Session 2

Seminar Room

Dr. Sotiroula Liasidou, Cyprus University of Technology | Promoting the European member states online: A critical discourse analysis (CDA) of the official tourism websites

Prof. Sofia Anastasiadou, University of Western Macedonia & **Ms. Zafeiria E. Papadaki**, International Hellenic University | Consumers' perceptions toward E-Service Quality, Perceived Value, Purchase and Loyalty Intentions

Dr. Thomas Fotiadis & Prof. Sofia Anastasiadou, University of Western Macedonia | Contemporary advanced statistical methods for the science of marketing: Implicative Statistical Analysis vs Principal Components Analysis

Dr. Thomas Fotiadis & Prof. Sofia Anastasiadou, University of Western Macedonia | Contemporary advanced statistical methods for the science of marketing: Principal Components Analysis vs Analysee Factorielle des Correspondances

13.15 – 14.15 Lunch

14.15 – 15.15 Session 3 Seminar Room

Dr. Artemis Savvidou, Neapolis University | Παγκοσμιοποίηση και Ανταγωνισμός. Ρυθμίσεις υπερεθνικού και εθνικού επιπέδου και ιδίως ποινικής υφής

Mr. Anastasiadis Lazaros, University of Crete& **Mr. Christoforidis Christos**, Neapolis University | Evaluating citizens' actual perceptions and expectations and assessing e-Service Quality Gap in Public Sector related to e-Government Services

Dr. Giossi Styliani, University of Macedonia, **Prof. Sofia Anastasiadou**, University of Western Macedonia, **Mr. Gamanis Achilleas and Mr. Gamanis G. George** | Tracing the concept of

entrepreneurship and the role of an entrepreneur:
A critical review

Dr. Christos Papademetriou & Ms. Charalampous Constantia, Neapolis University|
Entrepreneurship and Innovation in Education:
The model of the Inclusive Leader

Saturday, 8th December 2018

Session 4

11.00 – 12.00, Room: G5

Mr. Ioannis Komodromos, Neapolis University | New Generation of Consumers in the Tourism Industry: secondary research

Mr. Petros Philippou, Brand Strategist | Marketing Redefined

Workshop / Discussion / Συζήτηση.