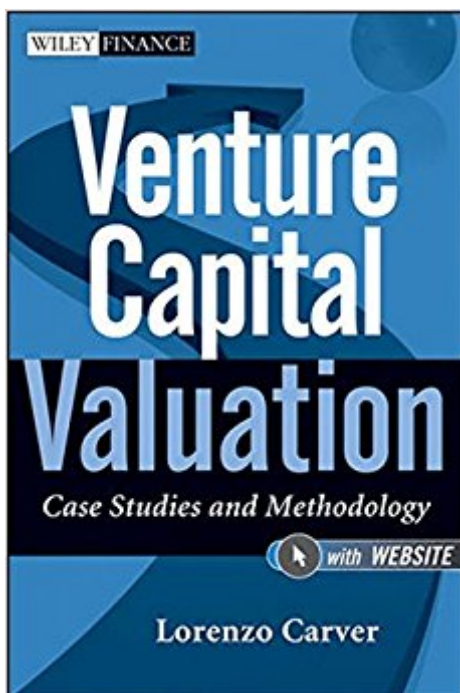


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# Venture Capital Valuation, + Website: Case Studies And Methodology



## Synopsis

Real-world case studies clarify valuation principles to help readers maximize returns. When founders, VCs, angels, attorneys, CFOs, CEOs, and employees don't understand the true meanings of "value" and "valuation," they end up losing money—lots of money. *Venture Capital Valuation* is for anyone involved in a venture capital- or angel-backed private company who wants to get the most out of their investments by controlling one of the few things they can when dealing with high-velocity, risky investments: their understanding of valuation. Lorenzo Carver, author and developer of the #1 selling, award-winning small-business valuation solution software, shares his decades of experience simplifying the high-growth company valuation process for clients in every business sector. Anchored by scores of high-profile examples, *Venture Capital Valuation* deftly illustrates how stakeholders in a given startup or high-growth company could have improved their outcomes by having better information about valuation. Helping readers answer such vital valuation questions as "What's this company worth?" "Is this a fair valuation?" and "Are we leaving too much money on the table?" *Venture Capital Valuation* dissects the valuation profiles of some of today's leading corporations, including: Facebook, Twitter, LinkedIn, Microsoft, Yahoo!, Kayak.com, Zogenix. Plus, interviews with venture-backed company valuation experts Jeff Faust, Josh Cashman, and Joe Orlando. A companion website allows readers to access and download additional material mentioned throughout the text. Don't wait until it's too late. Learn how "value" changes rights to cash flow at every stage of a company's evolution with *Venture Capital Valuation*.

## Book Information

Hardcover: 288 pages

Publisher: Wiley; 1 edition (December 27, 2011)

Language: English

ISBN-10: 0470908289

ISBN-13: 978-0470908280

Product Dimensions: 5.8 x 1.1 x 8.9 inches

Shipping Weight: 1 pounds (View shipping rates and policies)

Average Customer Review: 4.3 out of 5 stars 5 customer reviews

Best Sellers Rank: #146,001 in Books (See Top 100 in Books) #30 in Books > Business & Money > Finance > Corporate Finance > Valuation #50 in Books > Business & Money > Finance > Corporate Finance > Venture Capital #506 in Books > Textbooks > Business & Finance > Accounting

## Customer Reviews

Imagine selling \$2 million "worth" of Google stock and only receiving \$50 in return? This scenario happens every day for venture-backed companies. Failure to quickly understand high-growth company valuation can cost trillions of dollars. Yet very few leaders involved in a venture-backed company have a definitive understanding of how valuation techniques are being applied to their financial statements and the decision-making process. Featuring extensive case studies of high-profile corporations, including Facebook, Twitter, and Microsoft, *Venture Capital Valuation* provides the knowledge and techniques necessary to understand and value high-growth companies. Sharing his twenty-year track record helping thousands of investors, practitioners, and entrepreneurs measure and realize high-growth venture, author Lorenzo Carver draws on real-world cases from investors, founders, and advisors to illustrate how each corporation was impacted by valuations. By putting these techniques into a context and framework, *Venture Capital Valuation* simplifies them so that anyone founding, running, and investing in these innovative companies can apply them immediately. Featuring a companion website where readers can access and download additional case study material, as well as different valuation materials mentioned throughout the text, *Venture Capital Valuation* explores:

- Why what you don't know about valuation will cost you money
- How VCs, angels, founders, and employees give up investment cash flow every day
- Facebook at \$80 billion valuation versus Enron at \$80 billion valuation
- Deal terms, waterfalls, and the pre-money myth
- Whether venture-backed companies should even consider a discounted cash flow (DCF) model
- Separating enterprise value from the allocation of that value
- Valuing total equity
- Using Future Value (FV) and Present Value (PV) to value future cash flows today
- Why applying the typical DCF model to a venture-backed company hardly ever works
- "Enterprise Value" + "Allocation Methods" = Value Destruction
- Undervaluing companies and overvaluing employee options
- Why you should D.O.W.T. (doubt) venture capital returns
- 409A valuation professionals discussing topic 820 (FAS 157) with VC CFOs

An invaluable resource for anyone who wants to make the most out of their investments, *Venture Capital Valuation* shows business appraisers and venture capitalists how to maximize their returns and avoid losing money—before the damage becomes irreparable.

Lorenzo Carver, MS, MBA, CVA, CPA, is CEO of Liquid Scenarios, a technology-based financial business intelligence solution company that provides services to investors, practitioners, entrepreneurs, and academics on how to measure and realize high-growth venture value. Carver has a twenty-year track record of helping thousands of clients understand how to measure and

realize high-growth venture value. He is the author and developer of BallPark Business Valuation, the #1 selling, award-winning small-business valuation solution software covered by Bloomberg Businessweek, Entrepreneur, CPA Software News, The Kim Komando Show, and business journals worldwide.

I've read this book twice in the past year - excellent reference work that goes into the details of how to value a company and why valuations are often misunderstood or plain wrong. If in negotiations with a VC or when raising financing, this book is an absolute must. I'm an entrepreneur who has been "through the war" and this book has been extremely helpful for me. Being able to master the principles in this book will ensure that you are prepared to negotiate or position for better value. One of the greatest values of the book was to read of the pitfalls (of which I've been part) that could easily be avoided by simple means - things that would have saved me \$\$ millions.

Absolutely focused on highly specialized valuation techniques (Black Scholes, Real Options). If it your first approach to the subject you better start with a more introductory alternative book. This book is centered in discussing not the main concepts of valuation but the technicalities that make some methodologies better than other.

This book offers real case illustrations including Microsoft and Facebook. Excellent reference book, don't have to read it from cover to cover if time is limited, go through the examples and illustrations.

Helpful as a quick reference guide. Easy to search. Good indexing and easy to read. I purchased the Kindle version.

Good exmaples, good explanation. if you want to know the real practice in the VC valuation, this is the book you should read.

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