Foundations of Private Equity
B8457-001

Professor Osie Van Horne
Spring 2021

About the Course:
Foundations of Private Equity SP21: This course is designed for institutional investors as well as aspiring investment professionals. The course will cover the history, prevailing trends and techniques used by private equity practitioners. The program delivers the latest concepts investors need to know to confidently evaluate investment opportunities in the private equity space and to build optimal investment processes.

Instructor:
Osei Van Horne is a founding member and Managing Director of the technology practice of Wells Fargo Strategic Capital, a ~$2 billion AUM growth and private equity investment vehicle. Van Horne sits on the Board of Directors of Mynd Management, Industrious and Sitetracker. Van Horne also sits on the investment committee of Wells Fargo’s Diverse Asset Manager Initiative, which directs approximately ~$4 billion of private client capital toward emerging managers across several asset classes. Prior to launching Wells Fargo’s technology growth equity practice, Van Horne had prior principal investment experience in the Merchant Banking Division at Goldman, Sachs & Co. During his tenure at Goldman Sachs, Van Horne executed equity and mezzanine debt transactions from a $1 billion AUM multi-strategy private equity fund targeting investments. Prior to joining Goldman Sachs, Van Horne was a mergers & acquisitions investment banker at Wells Fargo where he was responsible for executing transactions in business services and technology industries. Previous to this role, Van Horne worked in the United States Senate. Contact: ov2169@columbia.edu

Teacher’s Assistant
Todd Adams (MBA candidate 2021) has approximately 10 years of corporate finance experience. Prior to attending Columbia University Graduate School of Business, Adams was a Senior Associate for the Private Equity Services team at Alvarez & Marsal, a leading global professional services firm that provides advisory, business performance improvement and turnaround management services. Contact: TAdams21@gsb.columbia.edu

Course Information and Required Materials:
This course is offered over the Spring 2021 semesters (6 sessions of 3.0 hours each per semester). Each semester class is for 1.5 credits.

Unless the student has taken the exemption exam, this A term class is a prerequisite for the Spring 2021 B term PE2 class. The student must attain an acceptable grade in this class to be eligible for the PE2 class.

Students must have the following materials for this course:

1. Classroom Discussion Materials (Osei Van Horne © 2021) (the “Discussion Materials”) which form the basis for the lecture notes for the class sessions
2. Articles and research posted to CANVAS or distributed by the professor prior to the class sessions (collectively, the “Articles”)
3. Materials and assignments distributed by in-class speakers throughout the semester (“Practitioner Materials”)

Please note the following:
- The Discussion Materials and the Practitioner Materials will be available in Canvas
- Class sessions will not be recorded
- Active class participation is an important component of the course and will count for forty percent (40%) of the course grade
- Quiz will be a multiple-choice exam and will draw from the classroom and Discussion Materials and Practitioners Materials. The quiz will account for twenty percent 20% of the course grade
- The group project investment memorandum will be due on the last class. Each member of the team must present at least one of the six (6) sections of the memorandum (listed below). The group project shall account for forty percent (40%) of the course grade
**Group Project: Buyout Investment Memorandum** *(40% of Course Grade)*

- Select a company that you believe represents an attractive buyout candidate
  - Each group will have five (5) students
  - Group will select a public company with less than $10bn in total enterprise value
  - Identify a list of 3-5 private equity buyers that would view this buyout as an attractive target
  - Base case 5-year returns should produce the appropriate private equity returns
- Buyout case study shall have the following sections and should not exceed 50 pages (including appendices)
  1. Executive Summary (including transaction structure)
  2. Company Overview
  3. Summary of Investment Merits
  4. Summary of Investment Risks
  5. Historical Financials and Projected Case Summaries (create Management, Base, Downside cases)
     - Note: Please use Wall Street consensus forward estimates for the basis of your management case
  6. Valuation:
     - Comparable Company Analysis
     - Leveraged Buyout Analysis
     - Sensitivities Analysis

The Discussion Materials along with the associated Practitioner Materials are designed to be self-contained and to serve as lecture materials for the designated classes. Students are encouraged to check Canvas regularly for any updates and for the weekly Discussion Board posting which counts toward the student’s class participation grade.

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<thead>
<tr>
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<th>Weight</th>
<th>Notes</th>
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<tbody>
<tr>
<td>Class Participation</td>
<td>40%</td>
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<tr>
<td>Quiz</td>
<td>20%</td>
<td>20 question quiz</td>
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<tr>
<td>Group Project</td>
<td>40%</td>
<td>20-50-page buyout case study</td>
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**Course Objectives, Class Work and Class Topics:**

Students will be expected to complete each of the assigned readings prior to class and consequently, be in a position to participate meaningfully in class discussions. Class lectures will focus on the “nuts and bolts” of the private equity practice, while practitioner presentations and student discussions will focus on the practical and real-world issues associated with decision making in the context of private equity.

At the conclusion of this course students will understand the topic areas set forth below gained through class presentations and the opportunity to practice many of the quantitative and non-quantitative skills necessary for success in the private equity industry.

The class will be organized as follows:

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<thead>
<tr>
<th>Session</th>
<th>Topic</th>
<th>Guest Speaker (TBD)*</th>
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<tbody>
<tr>
<td>1</td>
<td>What is private equity?</td>
<td>TBD, Partner, Egon Zehnder</td>
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<td>2</td>
<td>How do private equity firms source deals?</td>
<td>William Gonzalez, Managing Director, Audax Private Equity</td>
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<tr>
<td>3</td>
<td>How are private equity and growth equity deals typically structured?</td>
<td>Lendell Thompson, Director Vista -and- Gerry Williams, Partner, DLA Piper</td>
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<td>4</td>
<td>How do private equity practitioners manage risk / return?</td>
<td>Ambar Boodhoo, Partner, Ernst &amp; Young</td>
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<td>5</td>
<td>How do private equity firms approach valuation?</td>
<td>Min Park, Director Wells Fargo Growth Equity</td>
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<tr>
<td>6</td>
<td>Quiz</td>
<td></td>
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<tr>
<td>6</td>
<td>Group Project</td>
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* Guest speaker subject to change
**Attendance and unexcused absences:**
This course will apply the core course standard regarding unexcused absences. Thus, unexcused absences equal to or greater than 33% of the number of class sessions (two classes) will result in a grade of no higher than P and unexcused absences equal to or greater than 50% of the number of class sessions (three classes) will result in a grade of F for the course. Excused absences will follow the guidelines established by the Office of Student Affairs, including religious observance, personal, medical, and family emergencies, military service, or court appearances.

**Readings:**
Reading assignments must be completed prior to class. Reading assignments are designed to support the case materials, which will form the basis of the class discussions. Class discussions constitute an integral part of the course and prior preparation of the assignments is essential. Class participation accounts for thirty percent (30%) of the grade in this course and will be evaluated through quality of contribution to class discussion.

**Review Materials:**
Students are encouraged to contact the professor with any questions or problems that may arise during the course. Students may set up an appointment at mutually convenient time.

**Course Schedule and Assignment Due Dates:**
The Course Schedule and Assignment Due Dates are posted to CANVAS. Please note that while the material covered in each class session is subject to change (due to the scheduling of presentations by outside private equity professionals), the assignment due dates are not.

**Integrity Code:**
Students are expected to abide by the Honor Code of Columbia Business School. Accordingly, when preparing solutions to Individual Assignments, Case Studies and the Class Final students are expected to present only original work. Thus, you must not rely on the work of students who have taken the course previously, students in other sections of the course, solutions posted on the internet, etc.

For the avoidance of doubt, reproduced below are the Individual and Group Work Guidelines as set forth in the Honor Code of Columbia Business available at: https://www8.gsb.columbia.edu/honor/definitions

**Class Norms and Expectations:**
**Class Attendance/Lateness:** It is expected that you will come to class on time and stay for the full period. In addition, please note that this course will apply the core course standard regarding unexcused absences. Thus, unexcused absences equal to or greater than 33% of the number of class sessions (4 classes) will result in a grade of no higher than P and unexcused absences equal to or greater than 50% of the number of class sessions (6 classes) will result in a grade of F for the course. Excused absences will follow the guidelines established by the Office of Student Affairs, including religious observance, personal, medical, and family emergencies, military service, or court appearances.

**Inclusion, Accommodation and Support for Students:**
At Columbia Business School, we believe that diversity strengthens any community or business model and brings it greater success. Columbia Business School is committed to providing all students with the equal opportunity to thrive in the classroom by providing a learning, living, and working environment free from discrimination, harassment, and bias on the basis of gender, sexual orientation, race, ethnicity, socioeconomic status, or ability. Columbia Business School will make reasonable accommodations for persons with documented disabilities. Students are encouraged to contact the Columbia University's Office of Disability Services for information about registration. Students seeking accommodation in the classroom may obtain information on the services offered by Columbia University’s Office of Disability Services online at www.health.columbia.edu/docs/services/ods/index.html or by contacting (212) 854-2388.

Columbia Business School is committed to maintaining a safe environment for students, staff, and faculty. Because of this commitment and because of federal and state regulations, we must advise you that if you tell any of your instructors about sexual harassment or gender-based misconduct involving a member of the campus community, your instructor is required to report this information to a Title IX Coordinator. They will treat this information as private but will need to follow up with you and possibly look into the matter.

Counseling and Psychological Services, the Office of the University Chaplain, and the Ombuds Office for Gender-Based Misconduct are confidential resources available for students, staff and faculty. “Gender-based misconduct” includes sexual assault, stalking, sexual harassment, dating violence, domestic violence, sexual exploitation, and gender-based harassment. For more information, see http://sexualrespect.columbia.edu/gender-based-misconduct-policy-students.