

# Operational Readiness Before Filing for an Initial Public Offering (IPO)

A Spotlight on Assessing, Identifying, and Remediating Risks  
Before Filing for an IPO to Minimize Required Disclosures

# Are You Ready for an Open Dialogue with Your Future Shareholders?

An Initial Public Offering (IPO) is the formal process of selling your shares on a stock exchange for the first time to raise capital. Before you can sell your shares, you need to establish their price by assessing interest and demand through an investor roadshow. For the roadshow to be successful in developing strong interest among your potential investors, it is critical to ensure optimal readiness for addressing any questions from potential investors about your business prospects, growth expectations and inherent risks.



## READINESS

Readiness should be conducted one to two years before your target IPO filing date to identify risks providing sufficient time to remediate key weaknesses in preparation for regulatory disclosures and investor roadshow presentations. Operational readiness involves assessing your operations, governance, regulatory compliance, partnerships, and cybersecurity.



## COUNTDOWN

A typical timeline for an IPO in the US spans from 9 to 12 months and involves registration filing and review with the US Securities and Exchange Commission (SEC), setting the price and shares allocation, as well as preparing financial statements and disclosures.



## ROADSHOW

The roadshow is a series of presentations for potential investors to build an interest in your IPO. Direct engagement with investors is an opportunity to build trust and confidence in your business prospects.



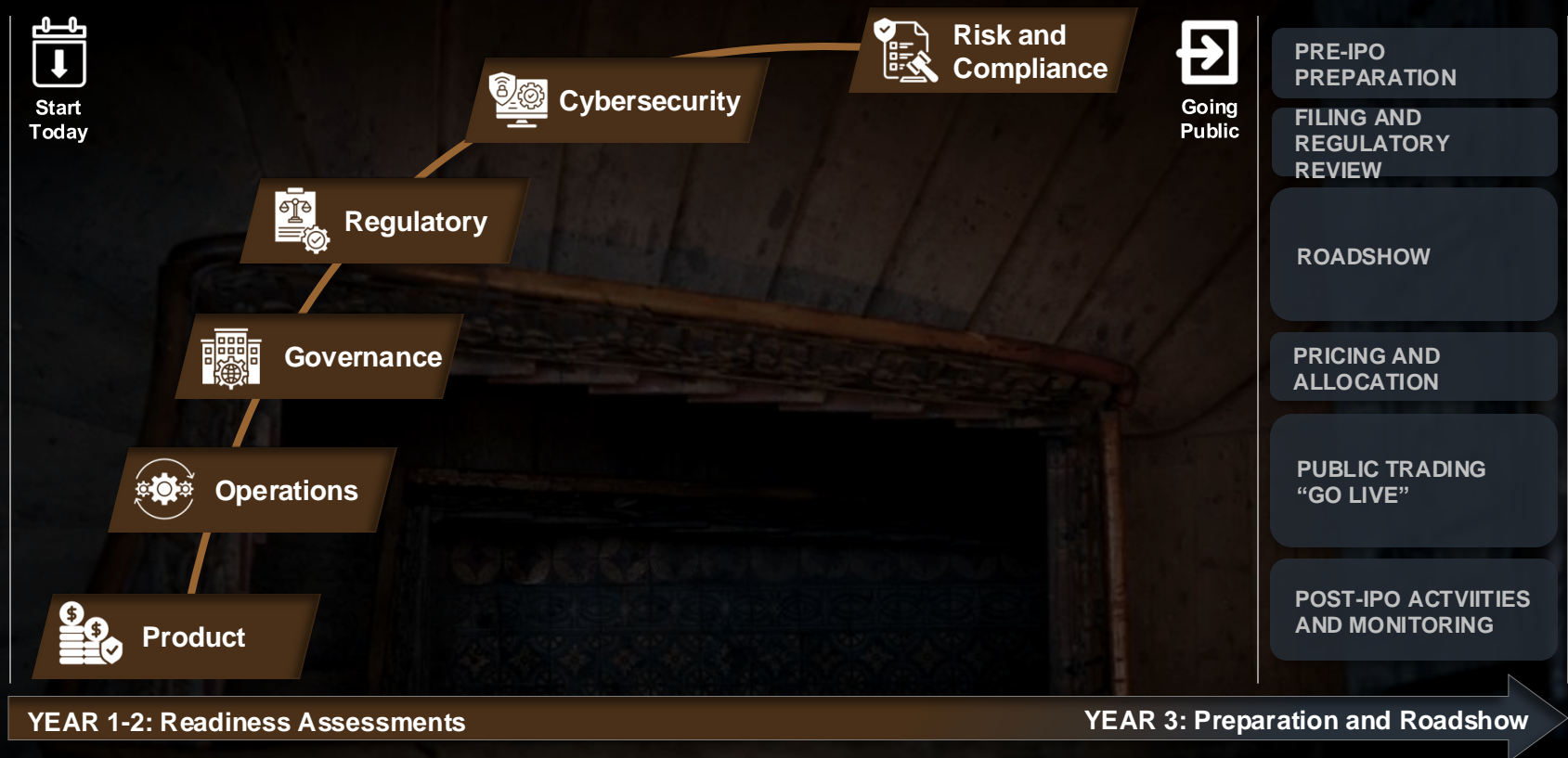
# Ownership Due Diligence

Pre-IPO due diligence is critical to ensure a smooth transition to public ownership and build investor confidence. Governance, board of directors, and stakeholders play key roles in the process. Strong governance structures support transparent and ethical operations, which are vital for minimizing potential risks and meeting regulatory requirements. A competent and experienced board of directors provides oversight and strategic guidance to navigate IPO complexities and post-IPO realities. Involving your stakeholders in the due diligence process fosters trust and alignment with long-term goals.



# Readiness Assessments

Getting ready to file for an IPO may take from 9 to 12 months as you prepare to transition to public ownership and meet your new regulatory requirements, such as compliance with the Sarbanes-Oxley Act 2002 (SOX), which governs accuracy and reliability of corporate disclosures to prevent corporate fraud and protect investors. The following are steps to ensure you are ready for the IPO filing, roadshows, and post-IPO growth:



# Readiness Components

Before diving into the IPO process, readiness to operate efficiently, maintain ongoing regulatory compliance, and satisfy investor expectations should be assessed across six key areas as identified below. The assessments will optimize the IPO process and increase the probability of success post IPO.



## Product

Includes preparing you to be well positioned with operational capacity and that your company can demonstrate the potential to go public. The continuous innovation in products, services, or business models can also help with your competitive advantage.



## Regulatory

Several regulatory requirements are strictly enforced to ensure transparency and compliance. SEC and SOX compliance typically involve financial statements that must be filed accurately and certification from your CEO or CFO on the accuracy of such statements.



## Operations

Optimization to improve your business processes and reduce costs—but the important piece is to have processes and procedures in place as control measures. Internal controls keep the integrity of financial reporting and compliance according to standards of regulatory agencies.



## Cybersecurity

Cybersecurity governance must be in place to protect sensitive information and prevent leak of data. Information security should be able to support the growth and increased transactions. Oftentimes, cybersecurity risk assessments are overlooked and not performed.



## Governance

Developing a strong board composition with independent directors and appropriate committees that aligns with your operating model. Governance policies ensure there is transparency and accountability.



## Risk and Compliance

Regular risk assessments are executed to detect and mitigate potential risks, especially moving from independent risk assessments to an enterprise-wide approach. Internal audits must be a practice to continuously review and improve processes.



# Ready, Set, Go Public

The questions below will help kickstart your IPO readiness assessment:



## Product

- What is the breakdown of revenue across all products?
- What indicators do you use to track performance and growth?
- What are the obstacles to continue to scale domestically? Internationally?
- Do any products rely on partnerships to be offered in any market?
- Do you have a clear product roadmap? How far into the future?



## Operations

- Do you have a business continuity plan in place? Tested?
- Do you have a reliable IT infrastructure and systems? Is it aging out?
- Do you have efficient customer journey? Documented processes?
- How are employees trained on regulatory or partner-based requirements?
- Do you have a gap assessment of end-to-end operations?



## Corporate Governance

- Do you have an independent and effective board of directors?
- Do your directors have direct experience in the products offered and markets served?
- Can you demonstrate a culture of compliance?
- Are your committees structured and functioning?
- Are your corporate governance policies, procedures, and minutes well-documented?



## Risk Management

- Do you have a comprehensive risk management framework in place?
- Are your risk management policies reviewed and approved by board of directors?
- Are you compliant with regulatory risk management requirements?
- Have you conducted a thorough enterprise-wide risk assessment?
- Does your board review the risk assessments and allocate budget for remediation?



## Cybersecurity

- Have you conducted an enterprise-wide cybersecurity risk assessment?
- Do you have a cybersecurity strategy and policy in place?
- Are your systems and networks adequately protected against cyber threats?
- Do you have an incident response plan in place?
- Have you conducted regular cybersecurity audits and vulnerability assessments?



# Discover what Stratis Advisory can do for you



## **Pre-IPO Readiness Assessment**

Risk factors must be taken into consideration in anticipation of filing for an IPO. Readiness assessments should include operations, governance, regulatory compliance, partnerships, and cybersecurity. Stratis can execute enterprise-wide assessments with enough time for you to remediate significant issues, get the board buy-in and budget, and deliver a clean company for your IPO.



## **Partnership / Licensing Valuation Strategy**

As you seek to maximize your equity valuation upside you must also consider the risks that discount prospective upside in the eyes of your investors. Stratis can optimize your regulatory strategy across partnerships and licensing options to align with your target long-term outcomes and increase investor confidence.



## **Regulatory Compliance Advisory**

As a financial services-enabled platform preparing for an IPO, regulatory compliance is an ongoing function pre-and-post IPO. Compliance relies extensively on the success of your underlying operational processes. From reportable sanctions to cyber incidents, Stratis can help you identify enterprise-wide gaps in your organization leading up to and through your IPO to mitigate disclosable activity and protect your valuation.



