



Introduction to

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May Half-Year Conference
Riga, 17-20 May 2017



Advising start-ups – a profitable business for law firms?

**May Half-Year Conference
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Florian Gunz Niedermann
Jan-Henning Martens
Rainer Kasper
Sjoerd Mol



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Profitability?!?



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Thesis 1

- Billable hourly rates for start-up services vary significantly depending on the stage





Thesis 1 (cont'd)

Categories of Services by Phase

- General services pre-seed
- Seed financing round
- General services post-seed
- Further financing rounds
- General services post-seed
- M&A / Exit





Thesis 2

- For early stage start-ups, discounts can be decreased / profitability be increased by various means/measures





Thesis 2 (cont'd)

- Templates / Standardization
- Efficient client handling
- Deferral of invoices until completion of financing round
- Smart billing policies / success fees
- Cherry-picking / not attracting the “wrong” start-ups
- Serial entrepreneurs as knowledgeable start-up clients
- Automated drafting?





Thesis 3

- Thesis 3A: Advising exclusively start-ups is hardly profitable, but taking equity can solve the problem
- Thesis 3B: Advising exclusively start-ups is hardly profitable, but brings you into the pole position for more attractive work (late stage financing rounds/M&A/IPO)





Thesis 4

- The non-billable part of advising start-up can indirectly contribute to your firm's profitability



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Thesis 4 (cont'd)

- Image / Advertising
- Hiring advantage to attract talents / retention of key employees
- Education of younger lawyers as to efficiency / client handling / how to do marketing
- Start-up desk as front runner with regard to template solutions / know how / new technologies and developments etc.





Thesis 5

- Start-up activities are - first of all - profitable for you (because it may shorten your way to partnership)



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Thank you !



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