



Industry Chat: Private Equity and Venture Capital

September 2016

Todd Carson

Senior Associate Director

MBA Career Management

Agenda

- Working with MBACM
- Private Equity and Venture Capital
 - Introductory Overview
 - Trends
 - Functions, Roles, and Internships
 - Company Relationships
- The Job Search
 - Recruiting and Summer Outreach
 - Is Private Equity or Venture Capital for you?
 - Career Pathways
 - Recruiting Strategy and Timeline
- Hiring Data
 - Offers, Compensation and Sponsorship
- Private Equity and Venture Capital at Wharton
 - Research Center / Course Work / Professional Clubs
 - Events and Resources
- Q & A

MBA Career Management: Advising from experience

Todd Carson

Career Advisor, Private Equity & Venture Capital

Pre-Wharton CV



- Private Equity: Pension Corporation LLP (London, UK)
 - Member of investment team responsible for management of \$1bn portfolio of private operating company assets
 - PC funded with \$2.5bn total capital from JP Morgan, JC Flowers, Swiss Re and others
- Investment Banking: Goldman Sachs (London, New York)
 - EMEA TMT Advisory: worked on advisory mandates for several mega funds including Blackstone, TPG, Carlyle, and Providence Equity
 - Prior experience in European High Yield Capital Markets and Fixed Income Operations





Success Story: PE full time offer with no PE experience

Jeff

BACKGROUND

- **Undergraduate**
Colgate
 - Philosophy & Religion
 - Varsity football
- **Pre-MBA Experience**
 - PepsiCo - Strategy and M&A, Brand Management
 - McKinsey (CPG focus)

RECRUITING STRATEGY

- **At Wharton**
100% Core courses
PE/VC Club, VP Education
Rugby captain, SBDC
- **Highly-Targeted Approach**
Focused on Consumer funds
Enterprising from Day 1; did not wait for FRP or job board posts
- **Network, Network, Network**
Proactively leveraged alumni;
Built relationships; not “I want a job”

MISSION ACCOMPLISHED

- VMG Partners – Summer**
Contacting 12 Consumer funds led to success at 3.
Accepted offer at SF-based fund: owns Kind Bars, Pirate’s Booty, Pretzel Crisps, Pour La Victoire, Mighty Leaf tea
- Wingate Partners - Full-time**
Found Jeff through Wharton Resume book; Generalist fund liked Strategy & Operating background.
Chose for long-term career path, culture and fit

MBACM: How Can We Help?

**Provide Access
to Top Private
Equity Firms**

WARBURG PINCUS

Apax
PARTNERS

THE CARLYLE GROUP

The Blackstone Group¹

- **The Problem:** In prior years, Wharton students struggled to gain traction with top tier PE firms and alumnae relationships were lacking.
- **The Solution:** MBACM implemented aggressive outreach strategy meeting with top firms to achieve key objectives:
 - i. Market Wharton MBA talent and source placement opportunities
 - ii. Increase share of pre-MBA Associates of top firms accepting admission to Wharton
 - iii. placing them back at top firms post MBA to help increase Wharton MBA hiring
- **Result:**
 - Over a three year period, increased PE offers from Top 40¹ firms to 25% of all offers up from <10% (150%+ increase)
 - 57% of these Top 40 PE firm hires came from candidates whose prior private equity experience was outside the Top 40
 - 143% increase in student applications/ acceptances from Top 40 firms – this momentum has been maintained ever since

¹By capital raised during prior 10 years.

MBACM Private Equity and Venture Capital Team

TODD CARSON SENIOR ASSOCIATE DIRECTOR

Career Advice

- Self-assessment & decision making
- Networking
- Industry Insight
- Resumes, Cover Letter & Interview Prep

Corporate Relationships

- Develop employer outreach strategy with RRM

Programming

- Develop programs for students interested in PE/VC Careers

AMANDA RIVERA RECRUITING RELATIONSHIP MANAGER

Corporate Relationships

- Strategize best recruiting approach for variety of employers
- Co-manage employer relationships with Career Advisor
- Manage recruiting events

Student Support

- Assist students with logistics of on-campus interview process, job board postings, etc.



Collaborate with professional clubs and research centers, including PE-VC Club, Wharton Private Equity Association, and others

Industry Overview

Introductory Overview: What is the 'buy-side'?

PE/VC firms invest in companies/assets to make a return



Venture Capital vs. Private Equity

	Private Equity	Venture Capital
Target Companies	<ul style="list-style-type: none"> Established operational entities Cash flow positive/ 'leverage-able' 	<ul style="list-style-type: none"> Start-up entities Conceptual/pre-revenue
Metrics	<ul style="list-style-type: none"> Cash flow 	<ul style="list-style-type: none"> Users/click-thru's/idea-driven
Industries	<ul style="list-style-type: none"> Stable cash-flow businesses; (subscriber base, industrial, non-cyclical) 	<ul style="list-style-type: none"> High growth industries (internet, biotech, cleantech)
Skills needed	<ul style="list-style-type: none"> Broad business knowledge Strong analytical skills Related industry/operational experience Transactional experience 	<ul style="list-style-type: none"> Operational experience > financial wizardry Start-up 'Founder' knowledge coveted/required Functional (sales, marketing, product, technical) expertise

Alternative Investments - Summary

	Venture Capital	Growth Equity	Lower Mid-Market	Mid-Market	Mega Funds/LBOs ¹
Fund sizes (AUM)	\$50M-\$1B	\$250M-\$1B+	\$100M-\$500M	\$500M-\$2B	\$3B+
Investment Targets	Start-ups Sector focus	Small cap Sector focus	Small cap Sector focus	Established entities Sector focus	Mature companies
Locations	Regional	Regional	Regional	Continental	Global
Investment types	Equity	Equity	Equity/Debt	Equity/Debt	Equity/Debt
Investment teams	Small teams by sector	Small teams by sector	Small generalist teams	Sizable teams with generalist or sector focus	Broad teams Sector/ operational expertise

¹In addition to dedicated private equity funds, may house other businesses including operational consultancies, hedge funds, and real estate funds.

Stakeholders and Other Entities

Limited Partners

- Investors (Institutional to private wealth)
- Pay management fee to PE firm (0-2% of AUM) + performance fees (20% of returns above benchmark)

General Partners

- Managers of PE firm; typically based offshore
- Deploy capital and make investment decisions
- Receive management fees and share of profit (carry)
- Board seat holders

PE Firm Staff

- Typically act as advisor to the GP
- Composed of Investment Professionals and other staff (CFO, HR or operations professionals)
- Receive portion of carry as well as cash compensation

Portfolio Company

- PE firm investments
- Company management operates under oversight of GP

Advisors

- Investment bankers, financiers (relationship banks), lawyers, consultants (market/operational), accountants (tax/structuring)

Fund Life Cycle – A long term process



Recent Trends

Private Equity	Venture Capital
<p>Positives</p> <ul style="list-style-type: none">• Capital raised and buyout exit values near all time highs; proliferation of different strategies provides many opportunities• Maturing Secondaries market providing more liquidity options <p>Challenges</p> <ul style="list-style-type: none">• Fundraising hurdles for all but the best brands with top quartile track records• Proliferation of funds/competition has made deal sourcing more challenging than ever	<p>Positives</p> <ul style="list-style-type: none">• 2016YTD \$47Bn raised (\$55Bn 1999, \$105Bn 2000)*• Valuations normalizing but still almost 200 'unicorns' globally <p>Challenges</p> <ul style="list-style-type: none">• Down rounds more prevalent (76 2016YTD vs. 36 in 2015)• Total fundraising on track to be down 25% yoy

- Taxation of carried interest
- Minimal headcount growth at Principal level

*CB Insights, Washington Post, National Venture Capital Association.

Roles in Private Equity and Venture Capital

Investment Professional

- Vice-President/Senior Associate: identify relevant assets for investment; manage assets to exit
- Analytical ability, investment acumen, deal experience, judgment, leadership skill

Operating Professional

- Roles at portfolio companies
- Business development, business plan implementation, restructuring

Investor Relations

- Help market the fund to prospective investors
- Frequently former investment professionals
- In-depth understanding of fund strategy, returns

Representative outreach list: Summer 2016

3i Group	Barclays Capital	Goldman Sachs PIA	Lake Capital	Goldman Sachs PIA
Abraaj Capital Limited	Battery Ventures	GP Investments	Lee Equity Partners	Providence Equity Partners
Accel-KKR	BC Partners	GTCR	Lindsay Goldberg	Ripplewood Holdings
Actis	Bessemer Venture Partners	HarbourVest	Lovell Minnick Partners	The Riverside Company
Activa Capital	Blackstone	Harvest Partners	Madison Dearborn Partners	Sequoia Capital
Advent International Corporation	Bunker Hill Capital	Helios Investments	Morgan Stanley	Silver Lake
Alta Communications	Canada Pension Plan	HIG Capital	Mubadala Development Company	Starwood Capital Group
Apax Partners	Cressey & Co	Highland Capital Partners	Norwest Venture Partners	TH Lee Partners
Apollo Management	First Reserve	Hudson Clean Energy	Novitas Capital	TA Associates
Bain Capital & Bain Capital Ventures	General Atlantic Partners	KKR	Oaktree Capital Management	TPG
Bamboo Finance	Global Environment Fund	Kleiner Perkins, Caulfield & Byers	Permira	Warburg Pincus

International – Placement Success Globally



Key Take-Aways from Summer Outreach

Wharton remains part of the 3 focus schools for the mega funds (rarely look beyond these 3). Mega funds looking for 0-2 full hires in North America across these 3 schools

Desire for more diversity of experience in staff (women <15% of avg. headcount)

VC's concerned about valuation/when market will normalize, and resultant impact on future opportunities to enter industry

'Understand what you're trying to break into. Pursue [private equity/venture capital] for the right, personal reasons, not because you feel compelled to do so because of what you've heard. If compensation is the sole motivation, a career in bulge bracket i-banking or consulting can be as or more lucrative in the long term than that at a (smaller PE or VC) firm, as just one example'

If you don't land a PE/VC job post-MBA, it doesn't rule it out as a possibility for the rest of your career



Private Equity | Internship Offers 2016

3i Corporation
Abraaj Capital
Actis
Advanced Finance & Investment Group
Advent International
AGC Equity Partners
Alchemy Special Opportunities LLP
Antin Infrastructure Partners
Apollo
Audax
Baring Private Equity Asia Limited

Black Rhino Development Group
BlackRock Kelso Capital
Blue River Partners
CPPIB
CDH Investments
Clearlake Capital
Clearwater Capital
Coller Capital
CVC
Equity International
Everstone Capital
Frazier Healthcare Partners

Hawk Capital Partners
Injaro Investments
Kingsley Capital Partners
KKR
Latin American Partners
LeBaronBrown Industries
L-GAM Advisors
LLR
Monomoy Capital
Navis Capital Partners
New Capital Partners
Orion Energy Partners
Principia Management Group

Renewable Resources Group
Riverside Company
Schulze Global Investments
Serafin Group Family Office
Temasek
Tengram Capital Partners
Thompson Street Capital Partners
TPG Capital
Vestar
Warburg Pincus



Venture Capital | Internship Offers in 2016

&Beyond

Andreessen Horowitz

Banyan Capital

Cathay Innovation

EchoVC

Genacast Ventures

Golden Seeds

Greycroft Partners

GSVlabs

Ignia Partners LLC

Milestone Venture Partners

Mucker Capital

Oak HC/FT

Oxeon Holdings

Presidio Partners

Rittenhouse Ventures

RSE Ventures

SoftBank Capital

SR One

Touchdown Ventures

TVM Capital

Venrock Associates

Sample Internship: Private Equity

About Warburg Pincus:

Warburg Pincus is a global leader in the industry it helped create: Private Equity. With over 40 years experience, the firm has invested more than \$35 billion in over 600 companies in 30 countries around the world. Warburg Pincus currently invests out of a \$15 billion fund raised in 2008. Warburg Pincus takes a long-term perspective and invests in public and private companies at all stages of development. More information on the firm and its investments is available at www.warburgpincus.com

Internship Opportunities:

Warburg Pincus is offering internship opportunities in the firm's London office during summer 2010 in each of the following investing teams: 1) Technology, Media & Telecoms (TMT), 2) Central & Eastern Europe (CEE), 3) Healthcare, 4) Energy and 5) Consumer/Industrial. Working alongside the firm's investment professionals, the role will give an individual interested in private equity an excellent opportunity to experience all aspects of private equity investing and working with portfolio companies.

Requirements:

All candidates should have a well-developed analytical skill set, probably gained at either a **major strategy consulting firm, investment bank or private equity/investment firm.**

TMT Team

Prior experience in Europe and exposure to the TMT or business services sectors are an advantage.

CEE Team

Prior experience in the Central & Eastern European region and exposure to the consumer/retail sector are an advantage. Applicable language skills would be beneficial.

Healthcare

Prior experience in Europe and exposure to the healthcare sector are required.

Energy

Prior experience in Energy or Natural Resources is required.

Consumer/Industrial

Prior experience in Europe and fluency in French, Italian, Spanish or Portuguese are required. Internship will last 10 weeks so applicants should have required availability.

Sample Internship: Venture Capital

Battery Ventures Summer Intern Application

Who says VC firms don't hire interns? This summer, Battery Ventures is looking for an all-star intern to help build a variety of web monitoring tools. We've had seven IPOs in the past nine months, and need your help to continue building on this success. You will work out of our Silicon Valley office and spend 20% of your time shadowing members of the investment team and the remaining 80% leading a major internal initiative for how our firm interprets web and mobile data.

This is a very technical role and you need to be an awesome developer/hacker. We aren't picky about which programming languages you prefer, but you must be comfortable writing code to extract data from a multitude of APIs. Once extracted, you will need to develop an appropriate storage methodology as well as a light-weight user interface to help us analyze the data in perpetuity.

It goes without saying that you need to be smart, detail-oriented, and hard-working, but you also need to be clever and funny.

This is a paid opportunity, and to apply, please fill out this form.

For more information about Battery Ventures, visit www.battery.com.

* Required

What's your full legal name? *

What name do you preferred to be called? *

What's your email address? *

What's your Twitter handle?

Link to your LinkedIn profile?

Link to your blog or other personal website?

In 200 words or less, please describe your programming experience. *

In 140 characters or less, please explain why you want this job. *

Optional bonus points: make a viddy to tell us more about you and paste the link here.

Note: Viddy is a Battery portfolio company. Check them out in the app store or Viddy.com

What PE/VC Firms Seek...

ANALYTICAL SKILLS

- Financial modeling and analysis
- Strategic research and analysis
- Creativity and problem solving
- Transaction/deal execution skills and experience
- Accounting skills

BUSINESS JUDGEMENT

- Commercial mindset
- Entrepreneurial
- Action-oriented & solution-driven
- Strong communication skills
- Professionalism

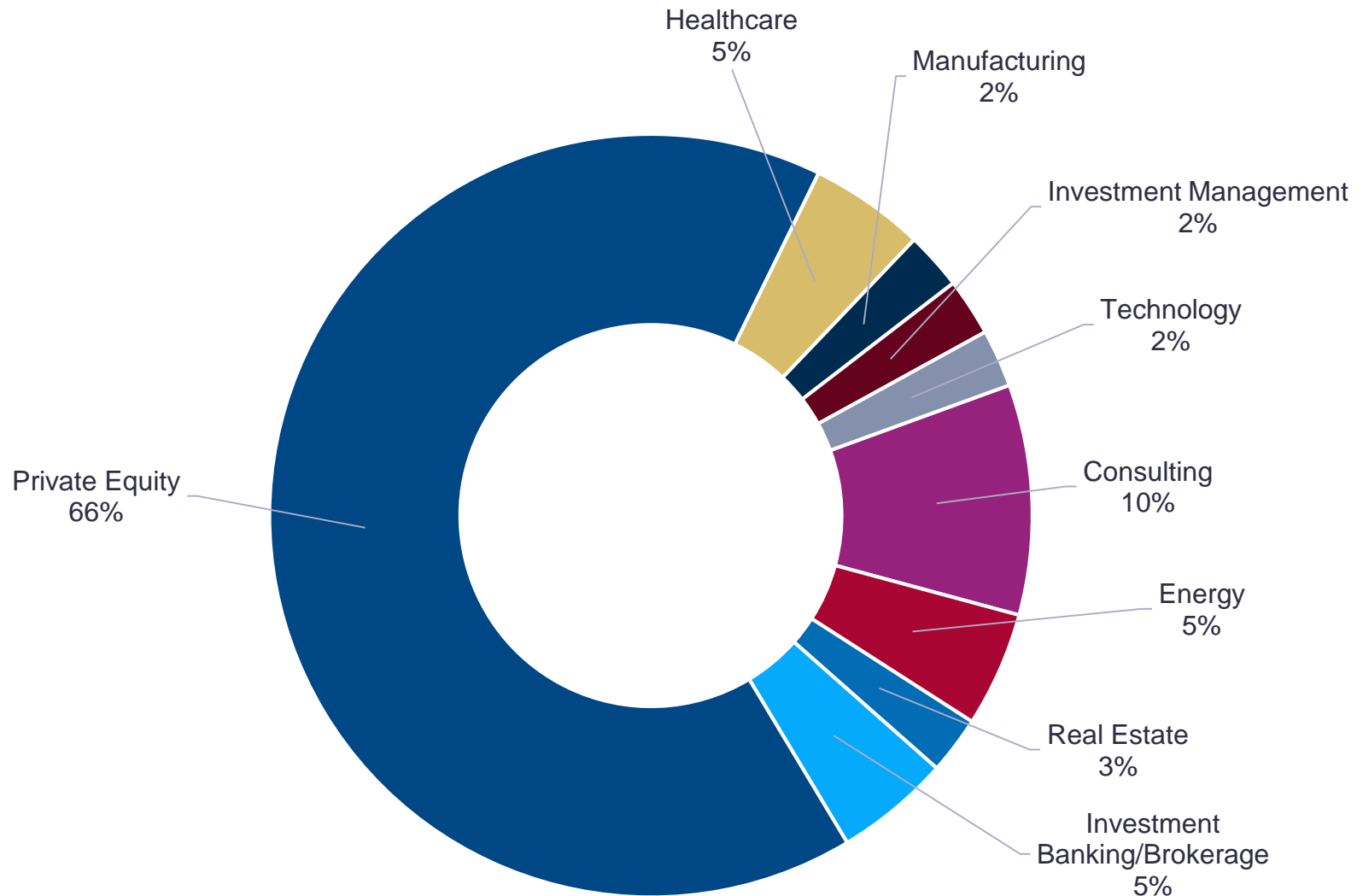
INTERPERSONAL SKILLS

- Teamwork and leadership
- Negotiating/Influencing
- Listening and questioning
- Trust building and integrity
- Working with many stakeholders
- Self awareness and willingness to incorporate feedback

Overall

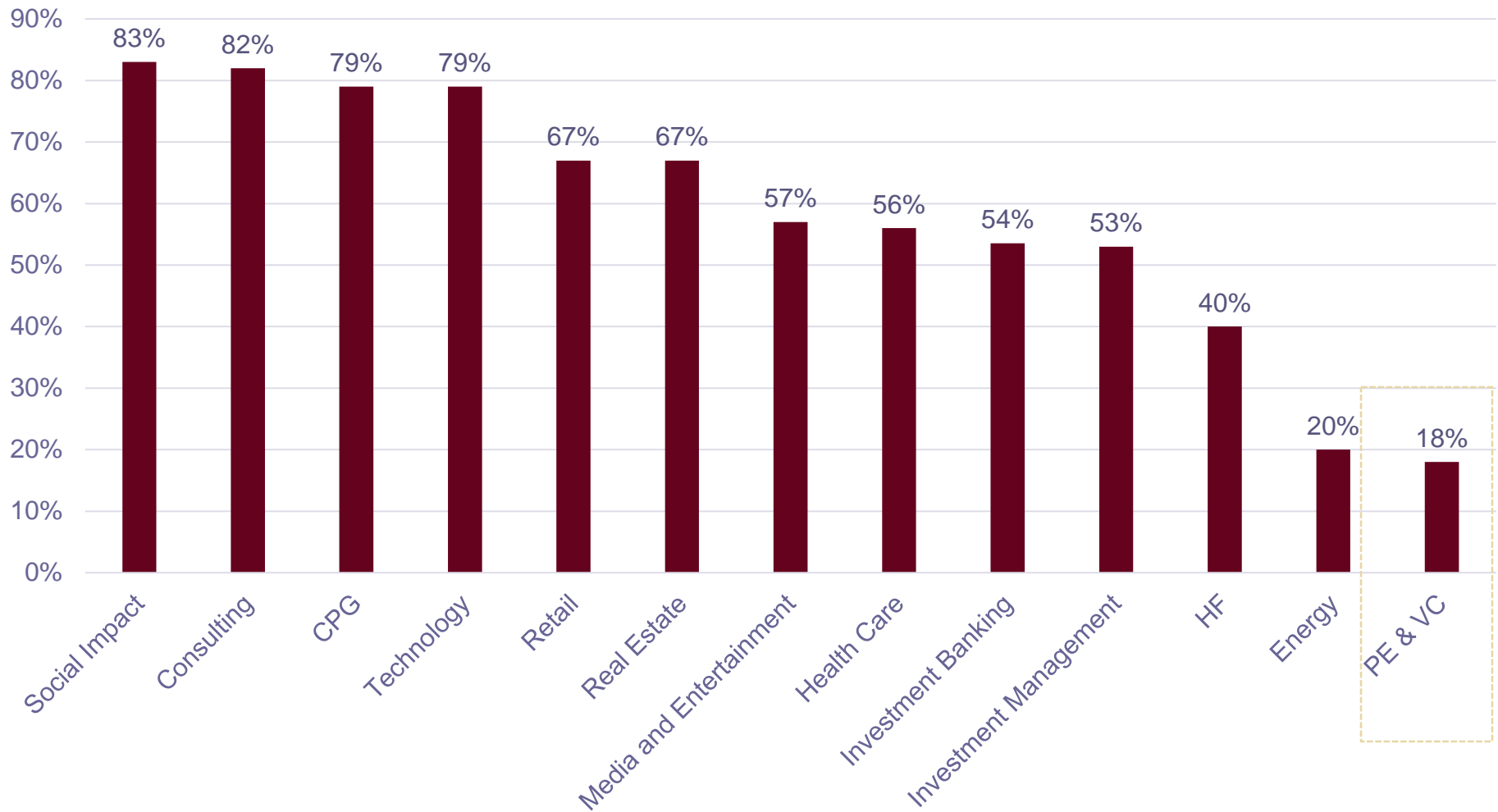
- Sector specific knowledge/insight
- Increasing focus on legal skillset
- Strong grasp of financing markets
- Ability to network
- Dedication and detail-oriented
- High achiever
- Political ability
- Passion for investing

Pre-MBA Experience: Private Equity



Career Switching

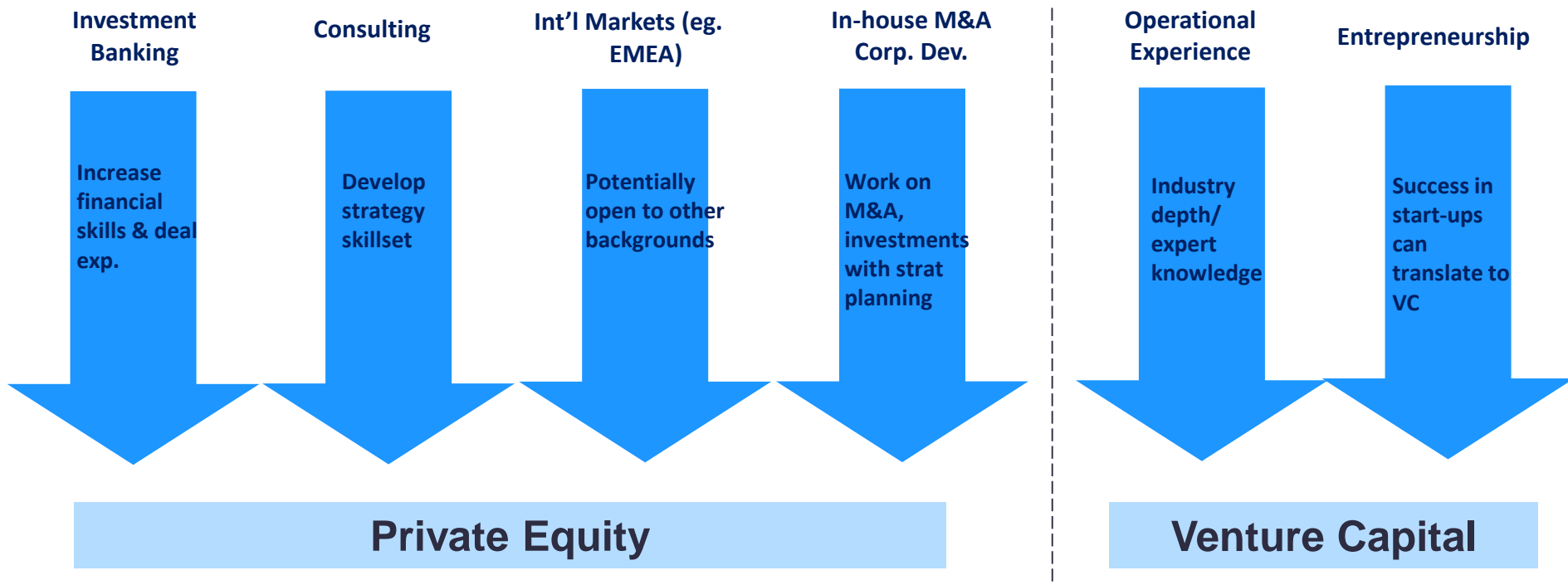
% FT Accepted Offers – Reported “Industry Change”



Career Pathways: The long-term game

If probability of PE/VC search success is low, what are the options?

Typical Long Term Routes to PE/VC



Career Pathways: **Fin. Services** → **PE**



Jason Pike
Principal at Charlesbank Capital Partners
Boston, Massachusetts | Venture Capital & Private Equity

2nd

Previous Eos Partners, Citigroup, Agility Recovery Solutions
Education University of Pennsylvania - The Wharton School

Connect Send InMail

500+ connections



•03-05: Wharton MBA

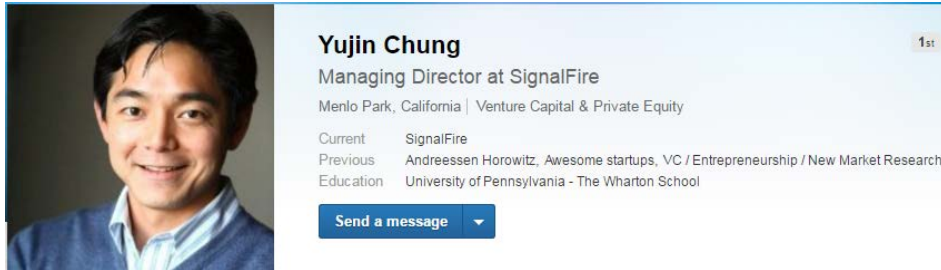
•'05-08: Sr Vice President



•'08-12: Principal



Case Study: Consultant → VC



ANDREESSEN HOROWITZ

•99-04: Cornell BS, MEng (Electrical)

•'04-06: Consultant 

•'06-08: Business Dev. 

•'08-10: Wharton MBA  (for the summer)

–Spring Semester Associate  (lasted until grad)

–Brand Ambassador  tokbox(1st semester of 2nd year)

–'09-10: Individual research studies for top VC's

Solid 'business foundation'

Building experience & credibility

The Job Search

Recruiting in PE/VC is an Enterprise Search

MATURE-'LIKE'

- Fund types: Mega Funds
- Typical hire: pre-MBA profile
 - 2 years of bulge bracket i-banking
 - Followed by 2 years PE at a fund of similar size/type
- Process is more predictable (albeit more selective)

ENTERPRISE

- Fund Types: Mid & Lower Market, VC
- Typical hire: pre-MBA profile
 - Varied; '2+2', i-banking or consulting only, corporate development
 - More open to considering non-PE backgrounds (consulting/i-banking)
- Strong placement track record of Wharton talent



PE/VC as a career – is it for you?

Opportunities

- **Skill Development**
 - Financial and strategic analysis
 - High level strategic opportunities
 - Management of cross functional teams
 - Industry depth and breadth
- **Relationships/People**
 - Deal directly with senior management
 - Network with ‘top layer’ of finance industry
 - Dynamic and motivated peers
- **Career Path**
 - Flat structures; unlimited responsibility
 - Subject to performance, relatively quick route to equity
- **Other**
 - Variety of industry exposure and varying roles
 - Driving landmark, company defining events
 - Compensation at/near highest levels of any industry
 - Prestige

Challenges

- **Skill Development**
 - Steep learning curve
 - Challenging interview hurdles
 - Narrow focus - can spend all your time on one portfolio company
- **Relationships/People**
 - Multiple stake holders with multiple agendas
 - Political savvy required
- **Career Path**
 - Independent development of personal franchise is critical to success
 - Progression can be hindered without nurturing supportive key senior relationships
- **Other**
 - Competition for jobs
 - Low tolerance for underperformance; high performance thresholds
 - Lifestyle: long hours required when executing; significant travel including long term postings at portfolio companies possible

Private Equity – myth vs. reality

Myth	Reality
<ul style="list-style-type: none">• Salaries are over \$500k cash in year one• Working for a mega fund is the only way to get into PE• PE offers a good lifestyle (and provides more free time and money than investment banking)• Because of the Wharton MBA, PE shops will actively recruit me• Not converting my internship to full time is a problem	<ul style="list-style-type: none">• Compensation is strong, but only a few mega funds pay near that level initially (\$150k median salary 2015); compensation correlated to fund size• Mega funds typically hire those that have come from mega funds - there are scores of other firms which offer compelling opportunities• Lifestyle at mega funds is similar to bulge-bracket banking; deal execution requires the same effort regardless of the size• Funds are looking for experience. Employees must add value from day one (few offer training programs)• Approx. 1/3 of PE/VC internships convert to full time offers



Tips for Recruiting in PE/VC

'Soft skills' that differentiate in Interviews

Margins in interview processes are razor thin – intangibles make the difference as all candidates are competitive

Cultural/fit is essential – 'nowhere to hide'

- Research/targeting pays dividends

Presence & Confidence

- Gravitas; dynamic personality

Quality of track record (eg. i-banking transaction history)

Reputation

- Would colleagues describe you as a superstar? References are important
- Where were you quartile'd in your Analyst class?

Maturity

- Can you present to the LP base?

PE/VC Recruiting Timeline

August – November (explore your interests, motivators and skills)

Self-Assessment

August – January (research and identify target industries, functions and geographies. Create a job search plan. SSF application)

Research & Strategy

October – February (engage in conversations to build relationships, gather information and identify potential opportunities)

Networking

August – October (create a document that reflects your passion, experience and skill set)

Resume Development

November – April (create a document that complements your resume and reflects your interest and qualifications for specific jobs)

Cover Letter Development

January – May (prepare for and engage in conversations about your interest and qualifications for specific jobs)

Interviewing

February – May (intern offers spike in March; evaluate job offer(s) and manage employer relationships)

Offer Management

May – July (prepare for internship)

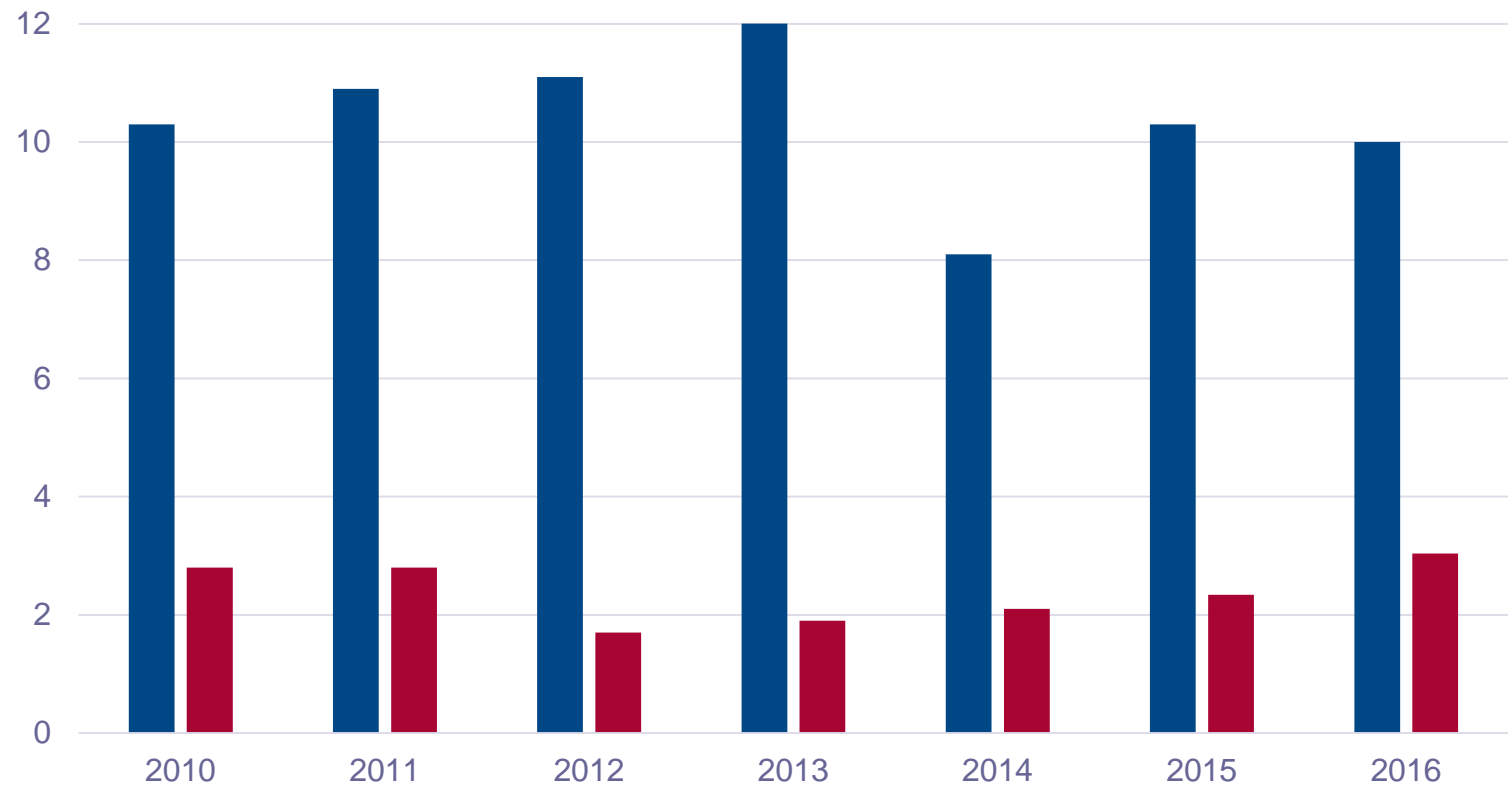
Transition to Work

Hiring Data

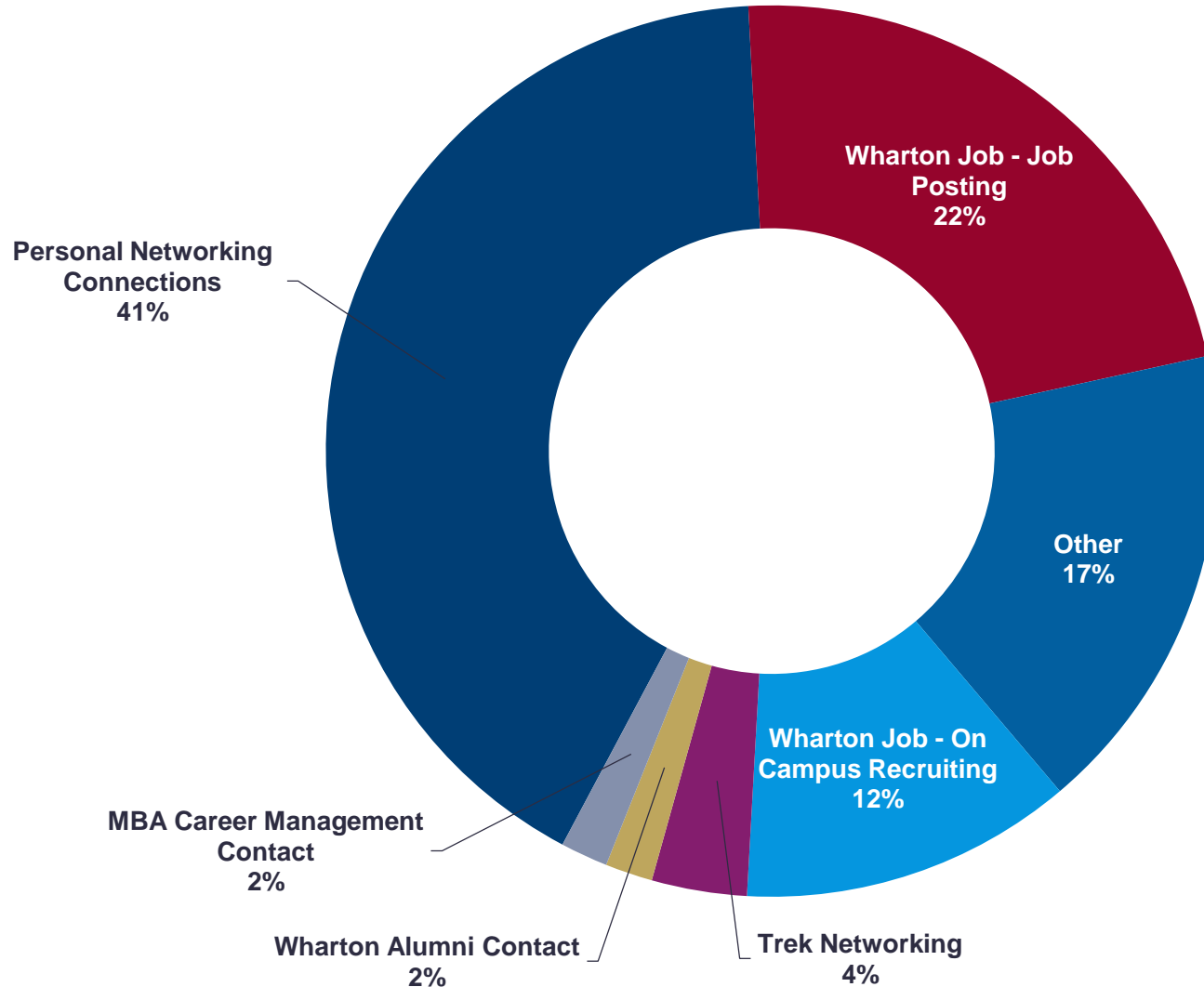


Accepted PE & VC Internship Offers

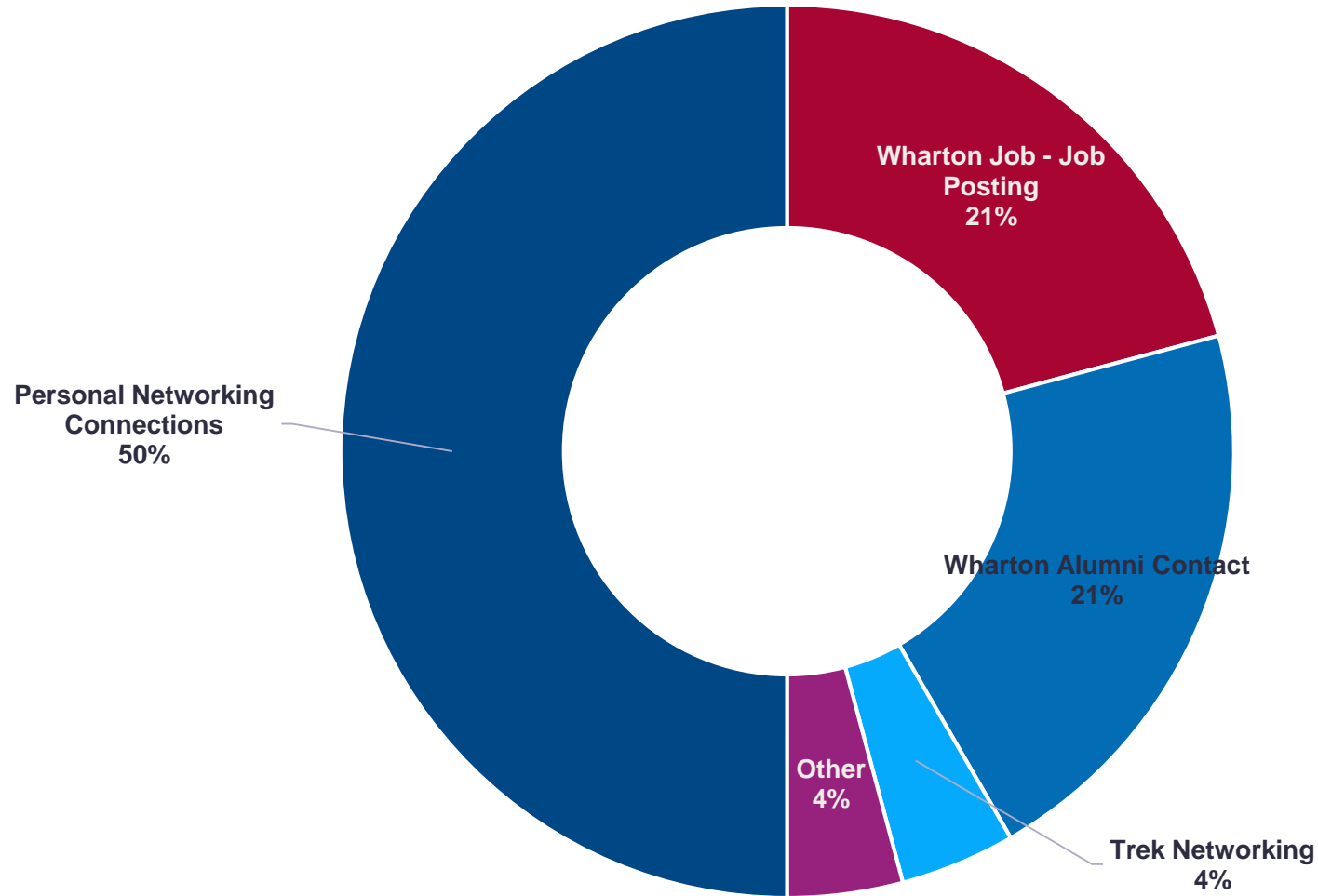
% of all accepted offers



Source of PE Internship Offers: Class of 2017

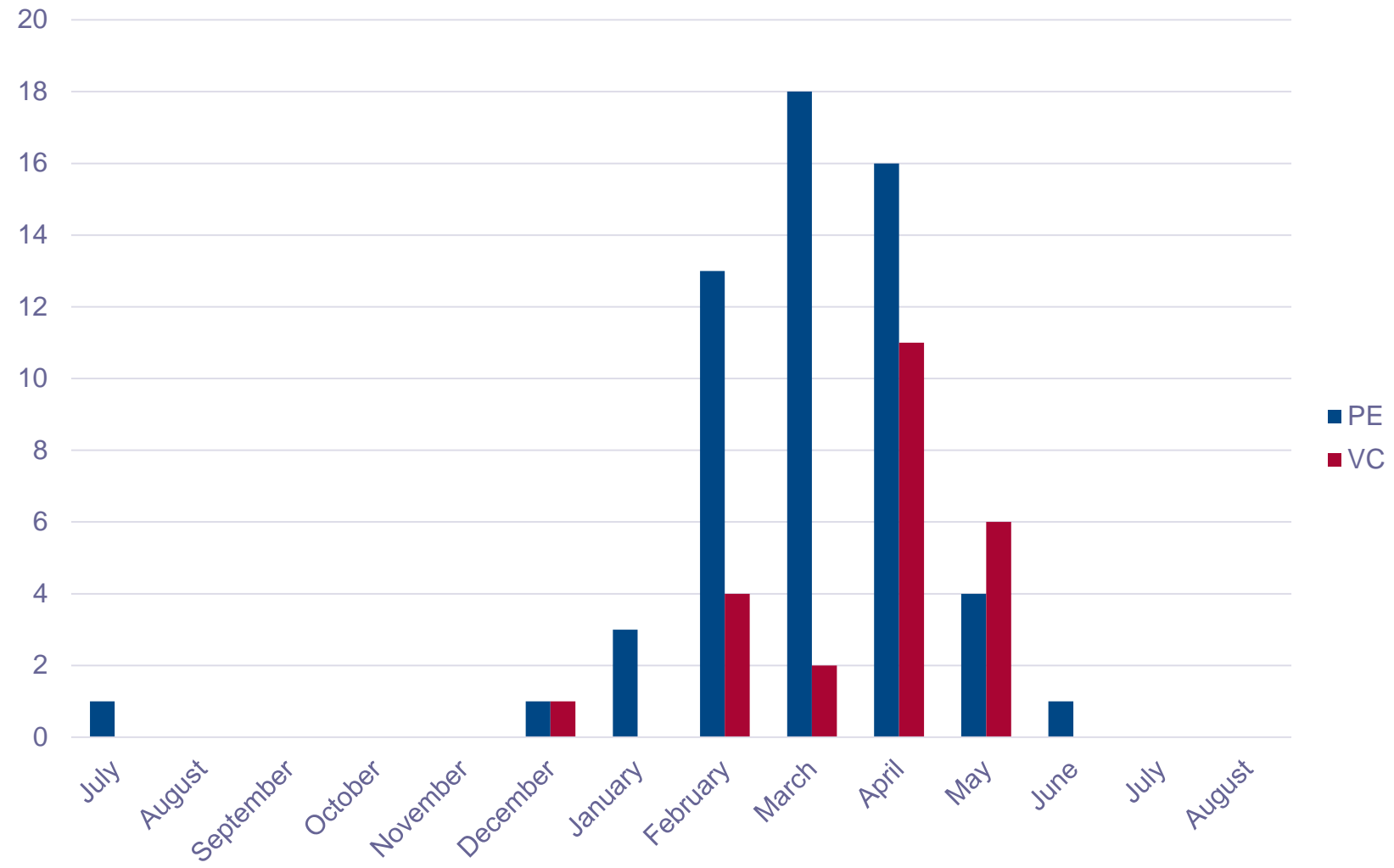


Source of VC Internship Offers: Class of 2017



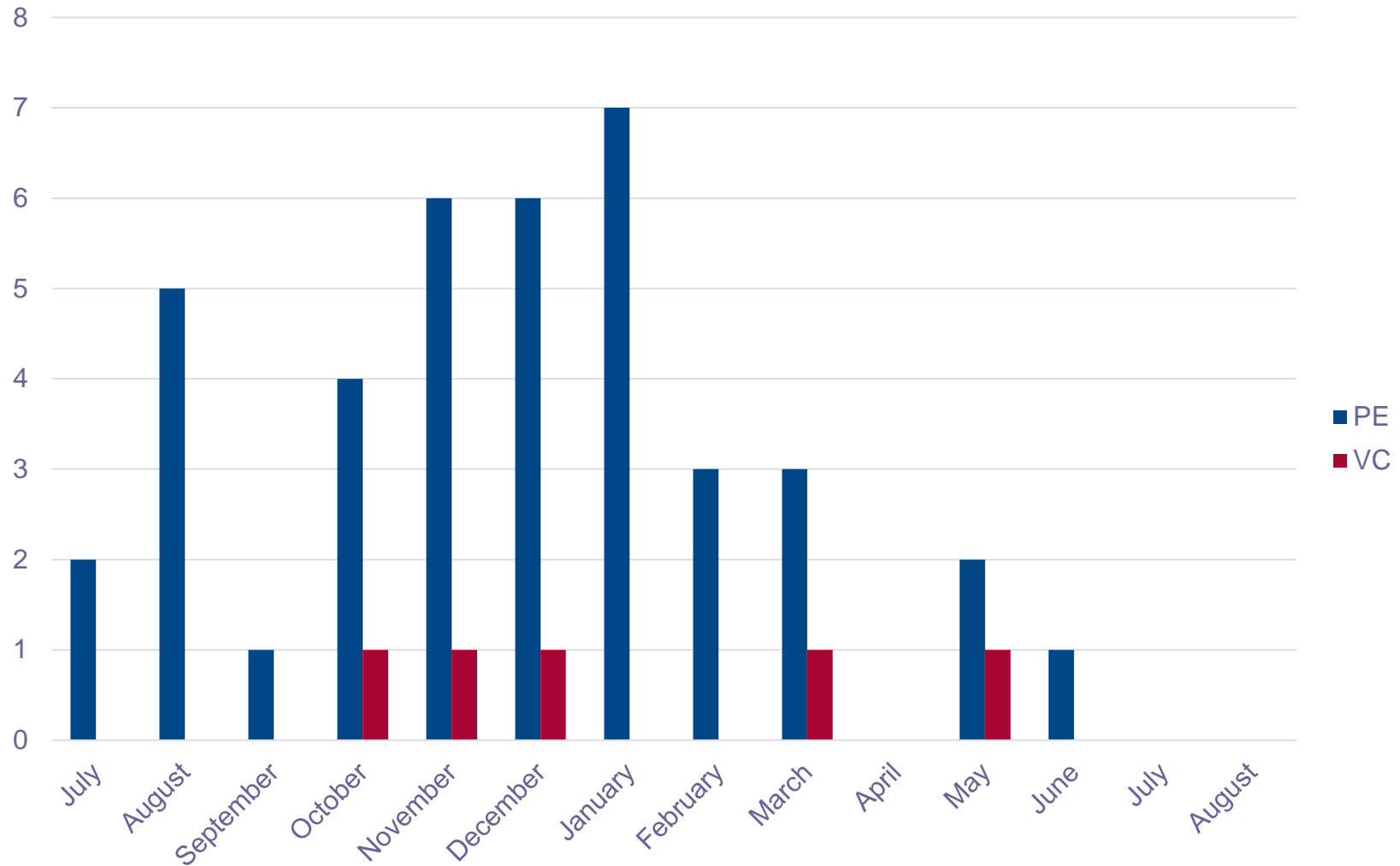


Timing of PE & VC Internship Offers: WG17





Timing of PE and VC Full-Time Offers: WG16





Internship Salary Breakdown: Class of 2017

	PE	VC
Number Accepted	45	20
Number Accepted (with salary data)	43	16
Monthly Salary Range	\$1,700-\$16,667	\$1,500-\$9,600
25% Monthly Salary	\$6,500	\$3,467
Median Monthly Salary	\$8,000	\$5,200
75% Monthly Salary	\$10,8300	\$7,500



Full-Time Salary Breakdown: Class of 2016

	PE	VC
Annual Salary Range	\$120,000-\$250,000	\$125,000-\$170,000
25% Annual Salary	\$140,000	\$125,000
Median Annual Salary	\$150,000	\$145,000
75% Annual Salary	\$175,000	\$170,000
Number with Sign-On Bonus	9	0
Median Sign-On Bonus	\$25,000	NA



Firms Sponsoring Visas: 2016

Full Time	Internship
<u>PE</u> CDPQ SCF Partners Warburg Pincus Welsh Carson Anderson & Stowe	<u>PE</u> Clearlake Capital KKR Latin American Partners Orion Energy Partners Warburg Pincus <u>VC</u> &Beyond Cathay Innovation Genacast Ventures Golden Seeds Greycroft Partners Mucker Capital SoftBank Capital Venrock Associates

Private Equity and Venture Capital at Wharton



Wharton PE/VC Club

CAREER TREKS

- ~20 treks both domestic/international
- Take place during holidays
- VC treks to Bay Area, Boston
- Leadership Opportunities
- 'Build your own'

WORKSHOPS

- Training The Street Financial Modeling
- Interview Prep Sessions
- Day in the Life Panels
- Networking Events
- 'Speaker a week'

PE CONFERENCE

- Largest of any MBA program
- Held in early February
- Impressive roster of keynote speakers (eg. Stephen Schwarzman, David Rubenstein, Carl Thomas, Howard Marks, David Blitzer)



Fast Facts:

- Provide our 800+ members with resources to learn more about the PE/VC industry
- Build relationships with industry professionals
- Secure attractive career opportunities for our members
- Establish Wharton as a pre-eminent brand in the investment community

Next Steps and Resources

- MBACM
 - One-on-One Advising (*begins 9/12*), office hours every week
 - MBACM Student Website
 - Career Workshops
- PE/VC Club
 - Club kick-off Sept 14 at Union League
- CareerPath
 - Complete your profile and set email preferences
 - Create saved job searches
- Wharton Community
 - Begin networking with your classmates

Read emails from MBACM for important information on upcoming events and deadlines

Contact Information

Wharton MBA Career Management

50 McNeil Building, 3718 Locust Walk, 215-898-4383

Website: <http://mbacareers.wharton.upenn.edu/student>

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Questions?