

# Successful Exits Require More Than A Great Product

Threaded Conference – Connecting Engineering AI Startups  
To The Enterprise Digital Thread

April 13, 2026

Ralph J. Verrilli

Next Stage Advisors

<https://www.next-stage-advisors.com/>

[rverrilli@next-stage-advisors.com](mailto:rverrilli@next-stage-advisors.com)

---

# Verrilli Summary

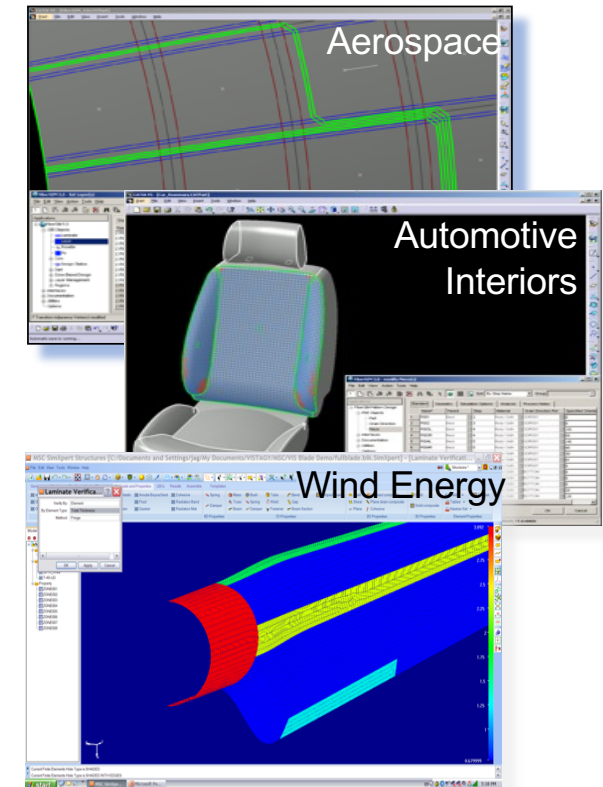


- **Bachelor's Degree and Master's Degree in Mechanical Engineering**
  - Research in Artificial Intelligence Applied to Mechanical Design
  - Undergraduate Specialization in Manufacturing
- **Software Development, Sales and Operating Experience**
  - Co-founded and grew VISTAGY from 2 to 120+ employees worldwide
  - Sold company to Siemens Automation after capital-efficient growth
  - COO – Operations in seven countries
- **Managing Partner at Next Stage Advisors**
  - Consulting and M&A advisory firm dedicated to the engineering and manufacturing software and IIoT markets
  - Managing Director with [Madison Park Group](#)
  - Managing Director with [Ascentage Advisors](#)
- **Started and Led Madison Park Group's Manufacturing & Engineering Software and IIoT M&A Practice**
  - Advise on sell-side transactions and capital-raising processes
- **Board Member/Active Advisor**
  - Paperless Parts                      - Wyebot                                      - Datanomix
  - Company Ventures                      - Blue Cloud Ventures

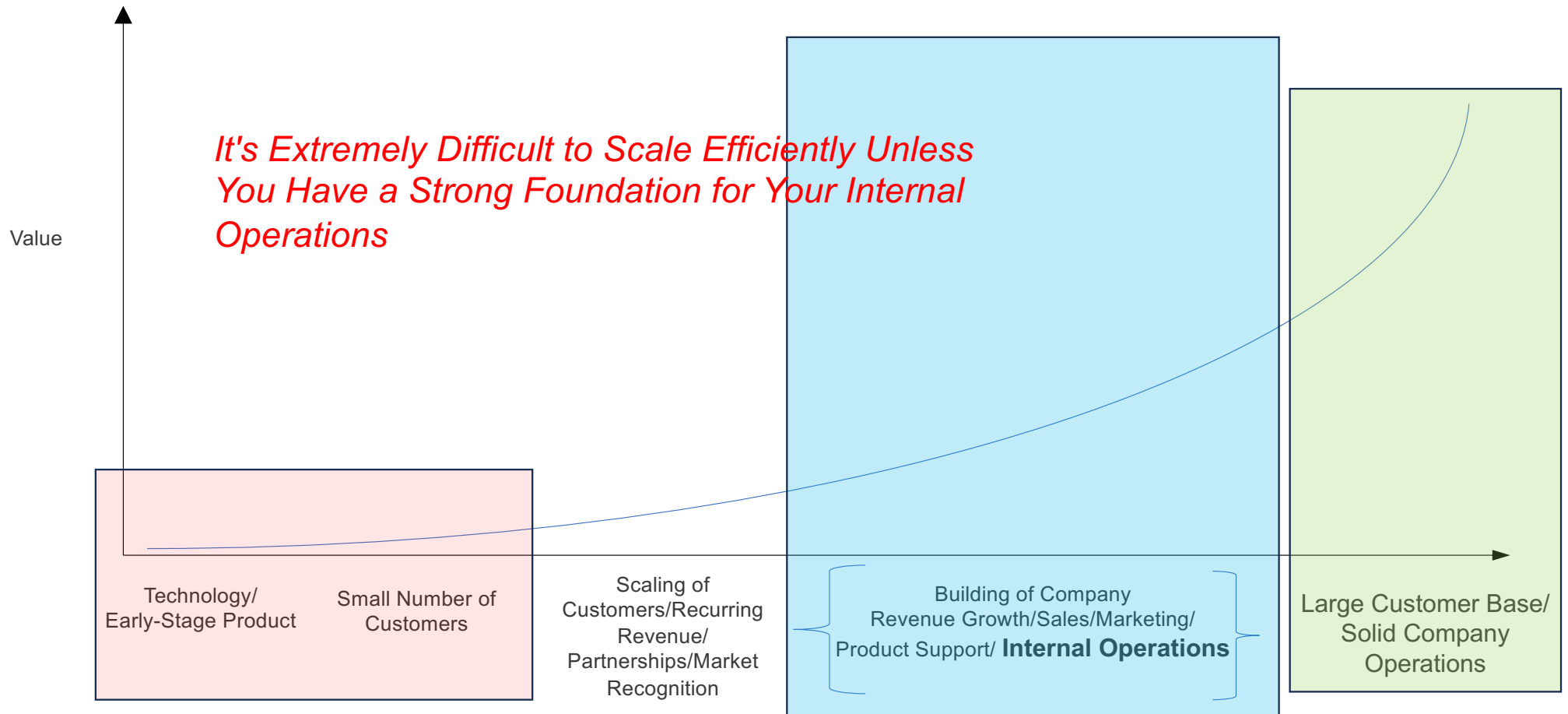
Select Transaction History

<p>PE-Backed</p> <p>Strategic Sale</p>	<p>Founding Team</p> <p>Strategic Sale</p>	<p>Founding Team</p> <p>Recapitalization</p>
<p>Founding Team</p> <p>Strategic Sale</p>	<p>Founding Team</p> <p>Strategic Sale</p>	<p>VC-Backed</p> <p>Sale to</p>
<p>PE-Backed</p> <p>Financial Sale</p>	<p>PE-Backed</p> <p>Debt Placement</p>	<p>Founder-Owned</p> <p>Financial Sale</p>

- **Specialized Engineering, Manufacturing and Simulation Software**
  - Product was embedded in the three major CAD/PLM systems
  - Focused on aerospace, automotive and wind energy markets
  - Deep Domain and Process Knowledge
- **Focused on Unique, Highly Specialized Product Offerings**
  - Composites, Automotive interiors, Aerospace assembly
- **Grew from 2 to 120+ employees worldwide**
  - Operations in seven different countries
  - 300+ customers across the world
- **Broad Partnerships and Integrations Across the Design->Manufacturing Workflow**
  - Mission critical, under the radar
- **No Outside Investors**
- **Acquired by Siemens**
  - 6+x revenue
  - Significant interest from all CAD/PLM Partners



# Acquisition Value



# Efficient Scaling

---

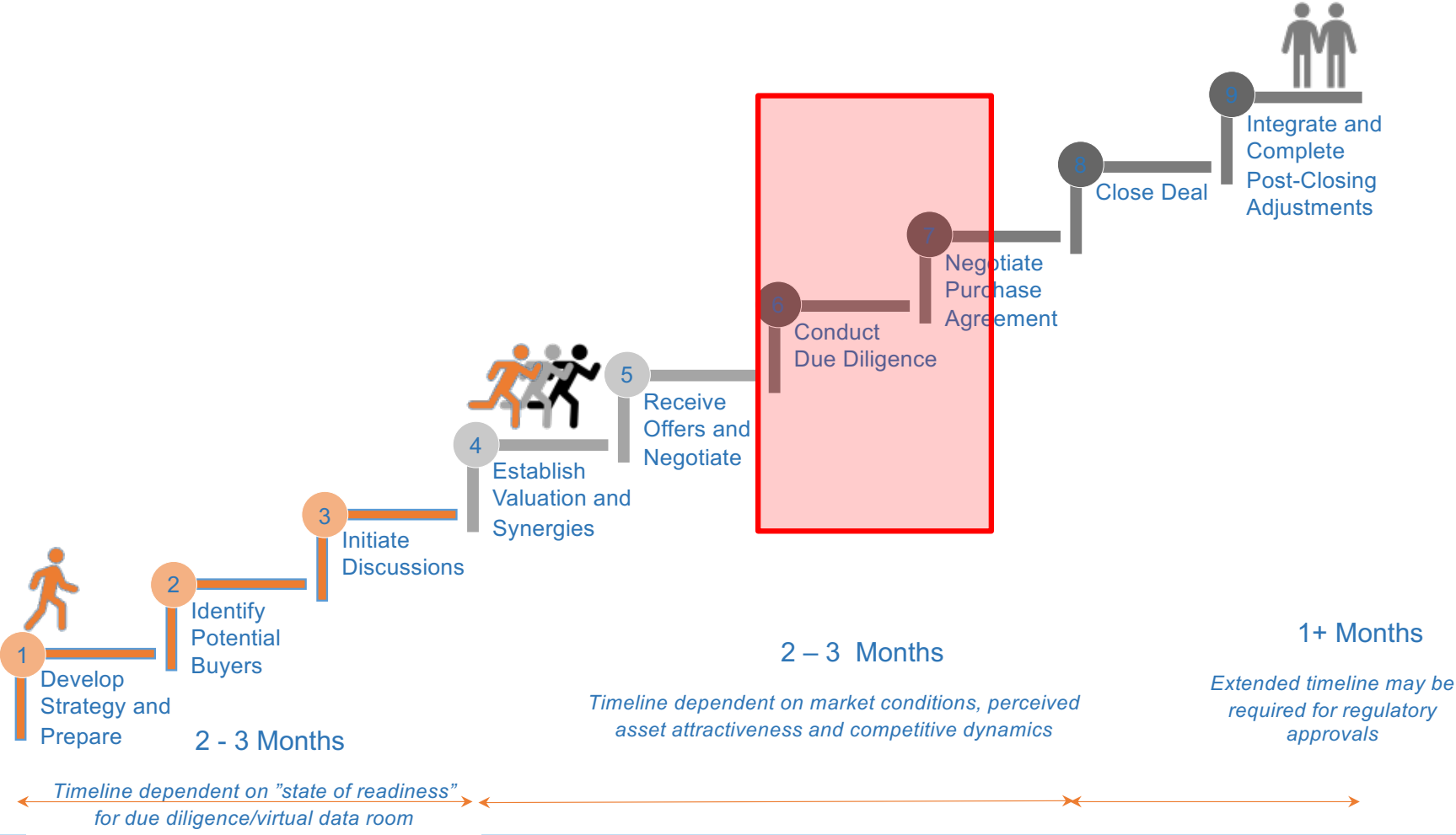
- Most Decisions Have a Long Tail
  - “Then what?”
- How Does A Decision Affect Other Parts of the Operation
  - Alignment on overall Company success
- Executive Team Needs a 360 Degree View of the Company
  - Not to manage but to make sure decisions are in the best interest of the Company
  - One person that always has the broader long-term success of the Company in mind
    - Usually, it's not the CEO
- Growth Without Chaos Goes A Very Long Way
  - Growth At All Costs Is a Stupid Idea



**It's a Machine**  
**All the Parts Need to Work Together**

---

# Typical Acquisition Timeline



# Investors/Capitalization Table

---

- Why / Do You Need Capital
    - Financial models provide ballpark estimates of cash need
  - Early-stage Fundraising Is Incredibly Difficult
    - True venture investing is rare
    - Early-stage investors want to invest in broad, fast-growing markets
    - Want to de-risk (de-risk) as much as possible
  - All Money Is The Same, All Investors Are Not
    - Investors that know our space and have realistic expectations
    - Are they really engrained in the ecosystem?
    - If they are asking too much about long-term revenue projections, they are not the right investor
  - Providing/Selling Equity Has Many Side Effects And Has a Long-tail
    - Many small investors are difficult to manage, unrealistic expectations
    - Institutional investors provide capital but also need to be managed
    - Stock option grants are great but be ready for - “what is the company value?”, “how much do I own?”, “when will we exit?”
-

- What KPI's Are Important To Your Business & Investors – in the Long Term
    - Usual SaaS – Revenue, Retention, Client Acquisition Cost (CAC), Churn, etc.
  - Key Financial Metrics That Are Most Important Early On
    - Monthly/Annual Expenses
    - Total Revenue
    - Available Cash
  - Audited Financials
    - Most acquirers are now requiring a Quality of Earnings (QoE) Report
  - State Sales Tax
  - Working To Minimize Taxes Often Leads To Buyer Pause and/or a Retrade
    - Makes it difficult for buyer to truly assess growth and profitability
    - Often requires a proforma without “questionable items”
  - Cash-flow Is More Important Than Your Mother
-

# Partnerships

---

- Partners Are Your Most Likely Acquirer
  - Partnerships Must Be of Real Value To Both Parties
    - Almost Every Company is Willing To Be a Partner
    - The smaller party always invests and works harder than the larger party
  - Be Very Careful With Partnership Agreements, especially with investment
    - Ownership of IP
    - Assignability
    - Notice of Inbound Interest
    - Right of First Refusal
-

# Due Diligence By Acquirer

---

- Preparing For Due Diligence Starts Day One
    - Corporate documents
    - Legal contracts – partners, employees, Master Services Agreements (MSA), etc.
    - Financial reporting
    - Client contracts and invoices
  - Corporate Guidelines and Policies
    - One off arrangements and agreements are cause for acquirers to pause
  - Track Sales and Expense Details At A Granular Level
    - It's much easier to roll up than it is to deconstruct
  - You're Working To Become a Big Software Company – Behave Like One
  - After Due Diligence The Offer Price Never Goes Up
-

*It May Be The Right Decision Now, But How Will  
It Affect The Future*

*It's Never Too Early to Address Company  
Infrastructure and Operations*

---