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My Day Job

THE GULFSTREAM GROUP IS FOCUSED ON UNDERPERFORMING TECHNOLOGY COMPANIES

The GulfStream Group leads the renewal of underperforming technology firms that have the potential to become leaders in their markets. GulfStream targets companies in the U.S. from pre-revenue to \$10 million revenue and that have had a prior institutional round of investment.

My Background

Dr. Kaufman is a successful business leader with CEO, COO and director experience in technology-based manufacturing and service firms. He has founded three companies, been President of five, a director of twelve and has conducted successful turnarounds.

Selected Strategic Partnerships

Architect: Sionex with General Dynamics
Sionex with United Technologies
Sionex with Thermo Electron
Sionex with Draper Laboratories
Polaroid with Spire Corporation

Principal: Tropix with Fujirebio (Japanese clinical lab company)

Director: MicroOptical with Essilor (French eyewear company)
OTSI with 2 Japanese storage companies

CEO View of Strategic Partnerships: Benefits

Funding:

- Help in raising more money (legitimacy by association- OutOfOffice/BA partnership)
- Direct source of funding (Multi-million up front licensing deal- Tropix/Fujirebio)
- Direct source of equity funding (Sionex/Dow)
- Indirect funding (NRE towards product development- Sionex/GD, Thermo)

CEO View of Strategic Partnerships: Benefits

Benefits for Growth:

- Market Penetration (Sionex/GD)
- Accelerated product development (Sionex/ Varian, Thermo, Tropix/Fujirebio)
- Operational help mfg (Sionex/GD)
- Product development (Sionex/Dow)
- Marketing help (PR Sionex/Thermo)
- Help in understanding and defending IP position

CEO View of Strategic Partnerships: Risks

Risks:

- Overwhelming hugs (Essilor developing markets for MicroOptical)
- Goals are rarely congruent and can lead to an early breakup (Polaroid and Spire)
- Mess up ability to close new institutional investment rounds
- Scare off other potential partners (Sionex/Dow)
- Mess up your exit strategy if it is an acquisition by another company

Special Concerns with International Partnerships

- Different cultures
 - Negotiating styles and legal agreements- Tropix/Fujirebio
 - Different ways to solve problems
 - Considering Chinese partner- what about IP? How do you solve disputes?
- Distance
 - Communication drops exponentially with distance
 - Frequent trips take time and money
- Language Differences- misunderstandings? Japanese “yes” does not mean yes.

Special Rules with International Partnerships

You will need expert help:

- Export Laws- restrict certain kinds of information exchange between US and certain foreign country firms
- Import/export laws, paperwork
- Taxes- how do you deal with VATs?
- Currency exchange
- How do you resolve disputes?
 - If you use third party arbitration, where does it take place, your home or theirs?
 - What if you need legal help?

DOs & DON'Ts

Dos:

- Have a very good reason to develop a strategic partnership and remember it again and again
- Understand why a potential partner is interested in your company
- Think of a small company/big company partnership as a marriage that can end in a divorce

Don'ts:

- Promise a partner more than you can deliver
- Ignore a partnership once it is under way
- Ignore problems

Summary From CEO Viewpoint

Strategic partnerships, when they work, can provide you with significant competitive advantages and can add significant value through faster growth

Strategic partnerships, when they don't work, can be an impediment to your success. In extreme cases, a bad strategic partnership can lead to the failure of an enterprise

Thank You: email LAKaufman@LAKaufman.com