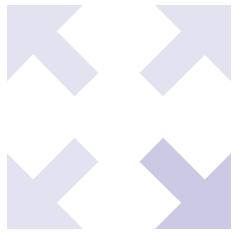




# SO, YOU SOLD YOUR STARTUP?

YOUR STARTUP IS SUCCESSFULLY UP AND RUNNING.  
IS NOW THE TIME TO SELL?  
THE VOICE OF EXPERIENCE SPEAKS.



**Having learned the basics of starting a business in NUvention: Web, a flagship interdisciplinary course in Northwestern's Farley Center for Entrepreneurship and Innovation, three alumni entrepreneurs share their experiences in selling a startup and offer their takes on what's needed, where to focus your energies, and how to make room for yourself while in the throes of negotiation.**



## JONATHAN FRIEDMAN (MS '14)

Cofounder of TradeUp.io, an online learning platform

Sold to Apollo Education Group in May 2014

**Northwestern beginnings** Jonathan Friedman originally planned to become a lawyer, but after meeting Daniel Daks ('13) on his first day as a first-year student, the two began working together on projects, like building a website for ranking debate teams. Separately, each took NUvention: Web, a course which puts together interdisciplinary teams and charges them with building and launching web-based businesses. Friedman joined Daks's team after the course, and the two planned to take the team's idea—online continuing education for accounting professionals—and develop it into a startup.

**Growth and scale** The two applied for and were accepted into the Dreamit Ventures startup accelerator program. But when another team member who originated the idea for accounting education dropped out of the group, Friedman and Daks knew they had to pitch something else to the Dreamit investors. They landed on the idea of making education more effective, with a less traditional structure. TradeUp.io was born.

### "THE EXPERIENCE STRUCTURED THE WAY I THINK ABOUT BUILDING TEAMS AND MOTIVATING PEOPLE."

**Deciding to sell** As they built and refined their education platform, Friedman and Daks had no plans to sell. When the Apollo Education Group, which runs the University of Phoenix among other companies, offered funding in 2014, Friedman and Daks accepted. Over the course of the next six months, however, Apollo executives decided that instead of investing, they wanted to buy TradeUp. The two partners joined Apollo, and Friedman moved into the role of senior software engineer.

**Life after the sale** Selling the company meant Friedman's career course changed once again, from cofounder of a startup to middle management at a large company. For the first time ever, he had a budget, managed a group of employees, and worked with outside consultants. "It was an incredible learning experience for me," he says. "The experience structured the way I think about building teams and motivating people."

**Northwestern advantage** Having exposure to working in interdisciplinary groups through NUvention helped Friedman get to where he is today, he says. Now he comes back to advise NUvention teams.

**Lessons learned** Friedman stayed with Apollo for little more than a year, then became an independent consultant. Now he works as a lead developer at a finance company. He's happy in his current position, though he doesn't rule out another entrepreneurial run. He advises young entrepreneurs not to think about selling their company. "If your goal is to sell, you're focusing on the end and not the idea or product that will position you to sell it. And if you have to sell, you're screwed. You want to be in a position where you don't want to sell."



# NIKHIL SETHI ('10)



**CEO of Adaply, which helps advertisers purchase and optimize ad campaigns across digital platforms**

**Sold to Accenture in December 2018**

"ENGINEERING IS REALLY ABOUT HOW TO SOLVE PROBLEMS. LOGICAL REASONING SKILLS AND PROGRAMS LIKE NUVENTION, WHERE YOU CAN APPLY THAT MINDSET TO SOMETHING PRACTICAL, ARE A WINNING COMBINATION OF INGREDIENTS."

**Northwestern beginnings** Adaply began in 2010 as part of NUvention: Web at Northwestern Engineering. At the time, Nikhil Sethi had just returned from an internship at HBO, where he got a glimpse of the challenges big companies face in marketing.

"I realized that it was this huge space with so many complex pieces," Sethi recalls, "and that I could apply an engineering mindset to solve those problems." The result was a service that allowed businesses to buy ads on multiple social network ad platforms simultaneously.

Sethi says the McCormick School of Engineering's curriculum and culture helped set the stage to take the leap as an entrepreneur. "I was an electrical engineering major, and I'll be the first to say that I haven't used that curriculum practically," he says.

"But engineering is really about how to solve problems. Logical reasoning skills and programs like NUvention, where you can apply that mindset to something practical, are a winning combination of ingredients."

**Growth and scale** By 2011, the company had raised \$2 million and had 25 employees in its Manhattan office. As social media platforms grew and multiplied, businesses and brands increased their investments in social media advertising to reach more consumers. Adaply continued to grow, eventually expanding to 150 employees in the United States and western Europe, and counted among its customers some of the most recognizable brands in the world, including Ford and Sprint.

**Deciding to sell** Because Adaply had become a leader in social advertising, it was continually courted by other companies looking to purchase not only the platform but also the relationships Adaply had formed. When approached by Accenture, a global management consulting firm, Sethi found that the two companies' visions were aligned. "We want to take the technology we built and the customers who were important to us and take everything to the next level, to a global scale, to every major company out there."

Structuring the deal took a year, and Sethi insisted that it be positive for the Adaply family, as well. "Everybody is coming with us," he says. "Everybody is going to get a chance to take their career to the next level."

So, when the deal was finished, how did Sethi celebrate? "I had a nice dinner with my fiancée, and then we went back to work," he says. "The company is now like a rocket ship that's an inch off the ground. The engines are running, and we know we can go much higher, but we've just barely begun."

**Northwestern advantage** Northwestern Engineering provided contacts and access to mentors who helped shape the business, including Michael Marasco, director of the Farley Center. Sethi is now part of the NUvention: Web advisory board, where he stays in touch with the engineering community. "The engineering school brings together a group of like-minded people who have the kind of passion that's required to do something big," he says.

**Lessons learned** The yearlong process of selling the business was more involved and intense than Sethi expected. "Be prepared for a roller coaster," he says. "Nothing happens as seamlessly as one would think." He also noted that entrepreneurs should already understand that, because to become successful, they will need the tenacity and grit to get up and try again after things don't go as planned.

"Companies are looking for a management team that can run a business under constant pressure," he says. "Being able to keep your eye on the ball while running your business is key for these kinds of things to happen."

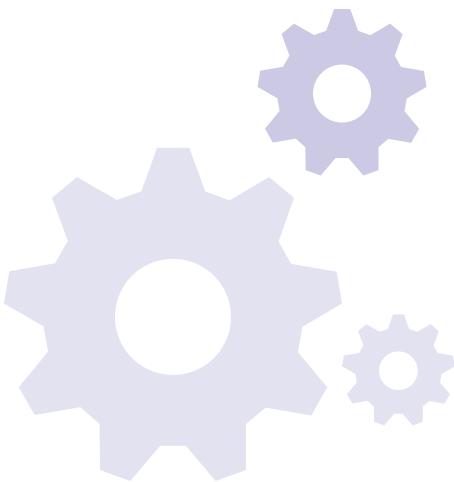
Ultimately, he says, companies don't buy companies—people connect with people, and companies acquire the knowledge and the relationships people have. He advises young entrepreneurs to "just get to know people, even if those people don't directly impact their business today. Those relationships can go a long way."

Along the way, entrepreneurs should remember to focus on self-care. Sethi does this by turning off his phone and walking his dogs. "It can be easy to forget to take care of yourself," he says. "Find the small moments and relationships that make you happy. That will help fill up your tank and push you through to the next stage of the deal."



# NICK RENOLD ('11)

"THE FARLEY CENTER FOR ENTREPRENEURSHIP AND INNOVATION WAS A SPRINGBOARD THAT ALLOWED ME TO GET THE BACKGROUND AND EXPERIENCE I NEEDED TO WORK IN STARTUPS. THEIR GUIDANCE WAS QUITE VALUABLE."



**Former COO of Titan Aerospace, which built unmanned aerial vehicles**

**Sold to Google in April 2014**

**Northwestern beginnings** Nick Renold took NUvention: Web his senior year, and after graduation, he and his teammates created the startup Waddle, which offered an iPhone app that enabled groups to create private social albums. When the company folded a year and a half later, Renold met another alumnus who was working at Titan Aerospace, a startup that designed and built solar-powered unmanned aerial vehicles. Renold joined the company as its seventh employee.

**Growth and scale** As Titan Aerospace developed more in-depth technology and went through several rounds of funding, Renold became chief operating officer. Located in New Mexico, the company had lots of space to test its drones, and the small group of employees aimed to develop drones that could fly at 65,000 feet for several years without landing. "When you're in a small company and everyone is focused and working hard together, it's very exhilarating," he says. "It's one of the most fun experiences you can have."

**Deciding to sell** As the company grew, its leadership began exploring both investment and an acquisition. Ultimately, Google purchased the company in 2014. Renold found that having a good lawyer was key. "Good legal counsel will help guide you through negotiations and due diligence," he says, adding that once the sale went through, "It was really fun to tell all our family members and friends."

**Life after the sale** Titan Aerospace became part of Google X, and Renold became a technical program manager with the company. "Going from a startup to a bigger company takes a lot of flexibility," he says. "Processes change, growth rates change, and you become part of a much larger entity." Google X ultimately shut down the project in 2017, and Renold now works on Project Wing, Google's drone delivery initiative.

**Northwestern advantage** "The Farley Center for Entrepreneurship and Innovation was a springboard that allowed me to get the background and experience I needed to work in startups," Renold says. Farley Center director Michael Marasco and adjunct lecturer Todd Warren provided key mentorship and a sounding board when Renold had questions. "Their guidance was quite valuable," he says.

**Lessons learned** Renold encourages young engineers to try to build their own startups, even if they ultimately fail. "Your first startup isn't going to succeed," he says. "You have to fail, and try again."

EMILY AYSHFORD