Crowe

What's the right choice for your business?

IPO
(initial public offering)

VS

SPAC
(special purpose aquisition company)

	IPO	SPAC
STRUCTURE	**PUBLIC OFFERING** New equity shares are listed on an exchange for the public to buy and sell.	**REVERSE MERGER** SPAC raises capital through a separate IPO to facilitate the search for a merger candidate, which typically is a private operating company; after SPAC merger, private company becomes public.
TARGET VALUATION	**DELAYED PRICE DISCOVERY** IPO valuation can be volatile and take time to determine.	**ACCELERATED PRICE DISCOVERY** Target valuation is less volatile and known sooner in the process.
TIMING	**NOT DEFINED** Timing can last from a few months to multiple years, depending on market conditions and organizational readiness.	**DEFINED** SPAC life cycle is typically 18 to 24 months. If merger timing is delayed or merger candidate is not viewed favorably, SPAC investors can redeem their original investment, and merger might not occur.
MARKETING	**ROADSHOWS** Underwriters test the waters to generate investor interest.	**NO ROADSHOWS** Marketability is determined by shareholder vote.
COST	**HIGH UPFRONT, ABSORBED LATER** Initial underwriter and roadshow costs are absorbed by the offering proceeds.	**LOW UPFRONT, INDIRECT LATER** There are little to no underwriting and roadshow costs; sponsor's promotion is a real but indirect cost.
REPORTING	**VARIES BY CIRCUMSTANCES** Financial reporting obligations and available accommodations differ based on specific circumstances and profile of the registrant.	**VARIES BY CIRCUMSTANCES** There are different legal reporting obligations and sometimes fewer financial reporting accommodations in registration.

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