

Five Benefits of Holding a Virtual Annual Meeting

MIIA HILTUNEN

 **votech**
Digitalize your AGM

 **votech**
Digitalize your AGM

 **votech**
Digitalize your AGM

INTRO

FIVE BENEFITS OF HOLDING A VIRTUAL ANNUAL MEETING

It's February 2023 and we are finally living in a post pandemic world. Much has changed, or has it? People are eager to get back to the old way of doing things. But why go backwards when you can go forwards?

If you are the CEO, CFO or COO of your company and it's your responsibility to organise your company's Annual General Meeting (AGM), otherwise known as an Annual Meeting, then this white paper is for you.

This white paper will discuss the five main benefits as to why YOU as a business leader should convince your board that your company's next Annual Meeting should be held virtually. There is just no reason to hold them in a physical location, when your business can clearly benefit from giving your shareholders the freedom to join in remotely, from the location of their convenience.

The main benefits that will be discussed are:

- **Two-fold financial benefit**
 - **Raise a larger financial round:** reach and commit more of your shareholders to invest in your company when you offer the opportunity to join in remotely.
 - **Save money** when you don't need to rent an on-site space to hold the meeting, plus refreshments, plus travel costs.
- **Practice Sustainable business** and forgo the unnecessary travel.
- **Save time!** Perhaps the biggest benefit for any business.
- **Better corporate governance**, your AGM is guaranteed to be legal, withstanding a later audit.

TWO-FOLD FINANCIAL BENEFIT

FIVE BENEFITS OF HOLDING A VIRTUAL ANNUAL MEETING

Raise with more ease

Is your company planning on raising a new financial round in the next 18 months? Raising capital is one of the main tasks of upper management of growth companies, and it's a continuous job. The fastest and easiest way to do that is via your current investors. The more investors that are aware of your company's development, new products and funding rounds the easier it will be for YOU to close your funding round.

The answer to how to do so lies below.

Organize a virtual extraordinary Annual Meeting, or if the item is already on your agenda in your upcoming AGM, make sure that it is a hybrid AGM.

A very quick recap of the term, a **hybrid AGM** is when you hold your annual meeting in a physical location and stream it, so that those who can't attend physically can join in remotely via a device with an internet connection. Video conferencing software such as MS Teams or Zoom is used usually, but e-voting software should be also available if the need arises for shareholders to vote on any given issue.

The AGM is your forum to get your shareholders excited about your company's growth and plans for expansion. The truth is, many crowdfunded companies who have hundreds, if not thousands of investors, probably do so around the world, and it's in your best interest to have them present at the AGM.

So what makes for an even more successful funding round?

TWO-FOLD FINANCIAL BENEFIT

FIVE BENEFITS OF HOLDING A VIRTUAL ANNUAL MEETING

The more shareholders you have present at your AGM, the easier it is to achieve your investment goal for your next funding round. As they say with marketing, it's always easier to get your current clients to buy from you again, rather than prospecting cold leads, same goes for your investors.

If they have invested in your company once, they are likely to do so again. Why not offer a modern way to participate in the decision making of your company, by giving them the flexibility of joining the AGM from anywhere in the world, on any device? Stats show that by holding virtual events have a [20% increase in attendance, and productivity increases 27 percent.](#)

Let's say you have a company with 1200 shareholders with the majority spread around the world. From our estimates 10% are active, so you have 120 attending the on-site AGM, and that doubles with a hybrid AGM. If you expect 20% of them to reinvest in the company, the addition of 120 active shareholders means an addition of 24 investors, which with an average investment of €20 000 can bring in an additional investment of €480 000.

For a smaller company, with only 100 shareholders, having 20 more shareholders attending the AGM remotely, and 5 of them investing 20K€, the extra capital raised is 100 000€.

Let's take the example of Finnish crowdfunded company [Oceanvolt](#). They make electric propulsion systems for sailboats.

On January 5, 2023, they closed a funding round of €1.5 million. According to Oceanvolt's CFO Jussi Tuuri, a lot of their investors reinvested, and in general there is a lot of interest in the company. Tuuri also mentioned that back in 2020 when they held a traditional AGM, out of their 530 shareholders, only around 30 attended the AGM. In 2021, 150 shareholders participated in their first hybrid AGM. While the number of shareholders has grown from 2020 (they also had more shareholders), we can see an increase in attendance when offering the opportunity to participate remotely. When asked what the biggest benefit for Oceanvolt is in holding hybrid AGMs, Tuuri's response was:

TWO-FOLD FINANCIAL BENEFIT

FIVE BENEFITS OF HOLDING A VIRTUAL ANNUAL MEETING

“As many as possible shareholders can participate, hear how we are doing and be part of the decision making. This is also good investor relations, in that we give everyone the opportunity, compared to holding an onsite AGM where people from abroad while not make the trip to attend. Now the only obstacles are time differences, but you can’t service the world reasonably at the same time, so it’s just a matter of choosing a time zone where the majority of our shareholders are located.”

Oceanvolt had slightly over 1000 shareholders before their Jan 5th round closed, with 25% from overseas. And it’s no surprise that many of their investors are invested in the company, and many invested again. This type of open dialogue between the company and shareholders leads to better corporate governance, more on that in the last section.



Image courtesy of Oceanvolt.

To conclude part one of our two-fold financial benefit, why not make the most of your opportunity, should you be needing to raise a round. Look no further than your current investors. Open the dialogue, organise a well-planned interactive virtual AGM, and excite your shareholders about what’s new in your company.

TWO-FOLD FINANCIAL BENEFIT

FIVE BENEFITS OF HOLDING A VIRTUAL ANNUAL MEETING



Save money

All businesses want to save money.

This is a no brainer, and you can do so by eliminating costs for a meeting space, catering, work force, and travel costs for the board and owners of the company. It might seem like a few little things, but even for a young growth company with a lot of shareholders, meeting spaces can cost you a lot of money, as well as refreshments for 100 to 200 shareholders.

A shareholder meeting at a [hotel in Helsinki](#) can cost you €7,100 for 100 people. What if you need to hold more than one AGM a year? For a crowdfunded company that money can be put to better use. In choosing to hold a virtual AGM you are drastically cutting down the costs, something your largest shareholders will appreciate.

So regardless of the amount, your job as a CEO, COO or CFO especially is to cut costs. For companies on a tight budget this is an excellent expense you can eliminate. Use the money for something more important as we all know the list of things to invest in is limitless.

In addition to catering being an expense, it ends up as waste.