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Successful Bolt-ons to Boost Portfolio Company Growth

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Today's presenters



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Agenda

- The new normal in Middle Market Private Equity
- Rise of Bolt-on's Strategy
- Considerations: Mergers & Acquisitions
- Best Practices
- Advantages of outsourcing and scalable infrastructure
- Conclusion

The *new normal* in Middle Market Private Equity

- Pitchbook's Annual 2017 Breakdown (data/stats)
- Increase on add-on investments.
- Shortage of Deal Flow

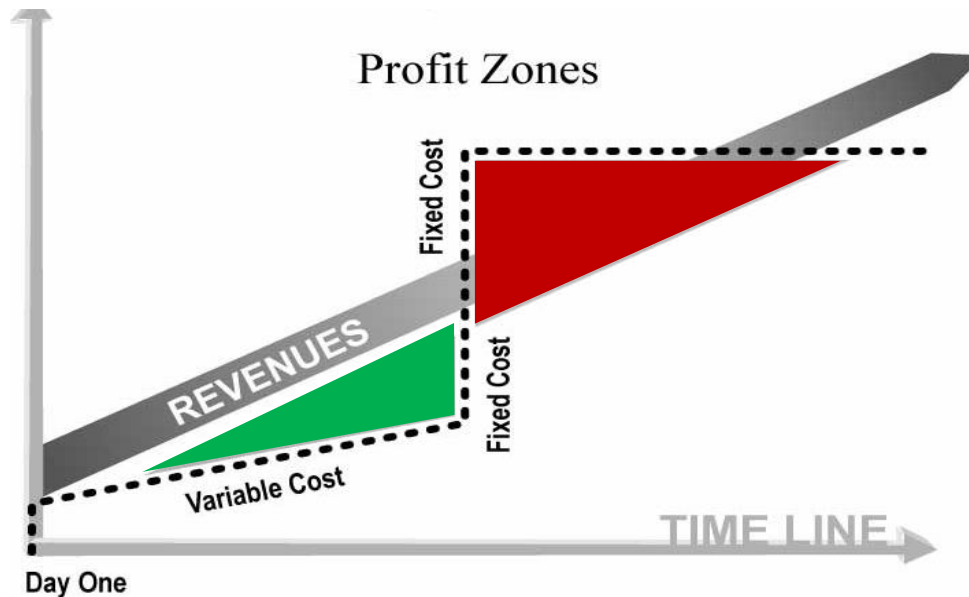
The Rise of Bolt-on Strategies

- Buyers competing for a lower volume of deals
- Declining sales multiples
- Fewer Middle Market companies to acquire



Scalable Infrastructure

- Power of Outsourcing
- Eliminates cost of building infrastructure



“We actually made a decision to outsource our entire accounting, entire hr function and our entire IT functions. Which, I think, to alot of people it might sound rather extreme. But it has allowed us to flex up and down when we need too. We found that outsourcing these functions, has allowed us to expand up and down and focus on things that drive revenue for us.”

-Jason Brown, Partner, Victory Park Capital , Inc.

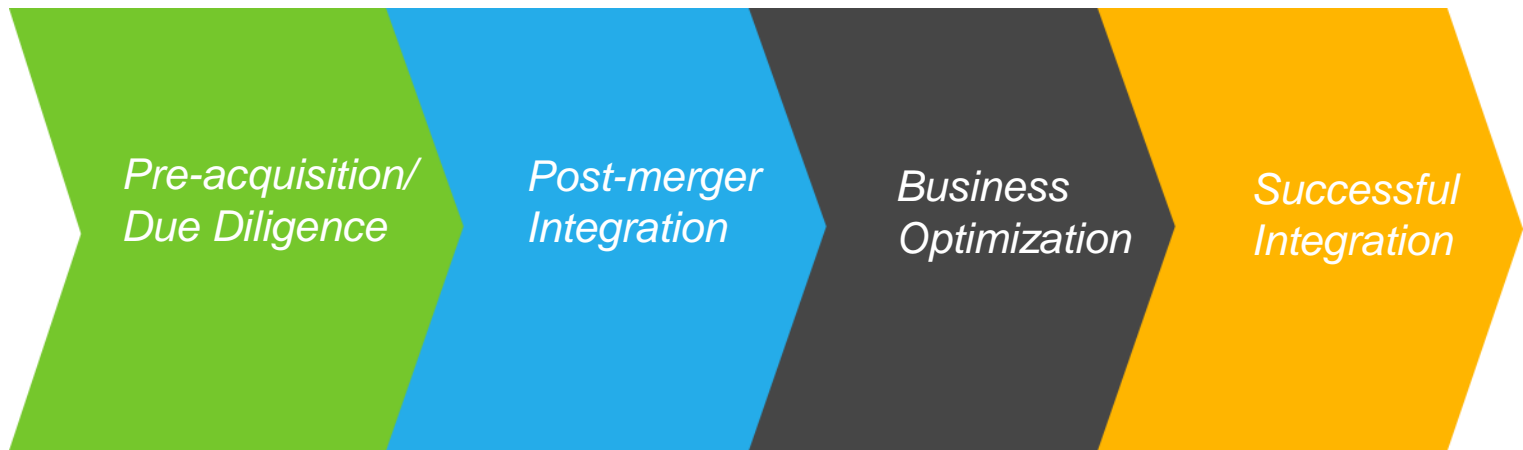
What role do Integration services play?

- What does the HR mean to your business?
- Culture
- Role of Human Capital
- Infrastructure Integration



Case Study: Stone Calibre

- Consistent benefits management, payroll & HR administrative resources across portfolio
- Compliance and risk mitigation
- Smooth integration of acquisitions



Considerations: Mergers & Acquisitions

- Combining and integrating people, processes and systems
- Risk that bolt-on's will distract management from customers, day-to-day business
- Deploy specialized resources *as needed* to augment the portfolio company executive team



Specialized resources for increased bandwidth

- Whether in HR, Marketing, legal, or finance when you outsource and allow experts to focus on their specialty.
- The better you (the portfolio companies) can focus on making better decisions over the business competencies that are critical to your business' success.



Best Practices

Integration:

- Define roles and responsibilities
- Define reporting process

Model:

- Model employee cost
- Model human resources infrastructure
- Asses cost, compliance, and risk management





Questions?

Advantages of outsourcing and scalable infrastructure

- Sell at higher multiple
- Value to buyer of not having to pay for infrastructure
- Value to buyer of risk management (legal, financial and human resources compliance)
- Readiness for buyer due diligence



Conclusion

- Shortage of deal flow
- Advantages of outsourcing
- Capability to carry out bolt-on strategy is essential—if you encounter deal flow shortage
- Evaluation and integration of bolt-on's can be a structured process that is repeatable and improves over time

Thank you for joining us!

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consultant, visit
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866-814-6817.*