

# Acquisition Opportunity

## Managed IT Services & IP Telephony Provider SMB Southeast MI, US

2016 Revenue: \$2.8 MM

2016 EBITDA: \$546 K

- **Recurring Revenue Business Model Focus:** steadily increasing company's revenues generated from managed services contracts with enhanced sales resource and focus.
- **Diversified Customer Base:** With over 275 clients, no single customer represents more than 7% of annual revenue, and the top 5 customers represented 25% of sales in 2016. Their customer base is also well diversified across several industries.
- **Growth in Revenues and in Profitability:** The Company has achieved a 16% compound sales growth from 2014 - 2016 while steadily increasing EBITDA margins from 11% to over 19% over the same period.

### Recast Historical and Pro Forma Statement of Income<sup>(a)</sup>

For the Fiscal Years Ended December 31

(\$000)

	Historical			Est. 2017	Projected				
	2014	2015	2016		2018	2019	2020	2021	2022
Sales	2,093	2,680	2,815	3,400	4,100	4,900	5,900	7,100	8,500
% Growth	--	28.1%	5.0%	20.8%	20.6%	19.5%	20.4%	20.3%	19.7%
EBIT	225	383	546	710	896	1,109	1,377	1,699	2,077
% of Sales	10.8%	14.3%	19.4%	20.9%	21.9%	22.6%	23.3%	23.9%	24.4%
EBITDA	225	383	546	710	896	1,109	1,377	1,699	2,077
% of Sales	10.8%	14.3%	19.4%	20.9%	21.9%	22.6%	23.3%	23.9%	24.4%

Client # 60838 X



In Partnership With



MidMarketCapital, Inc.

Dave Kauppi

Phone (630) 325-0123

Fax (630) 230-3052

[davekauppi@midmarkcap.com](mailto:davekauppi@midmarkcap.com)

Doug Smith

[dsmith@generational.com](mailto:dsmith@generational.com)

The Company offers data, voice, and interconnect services as well as managed services, premise and cloud phone systems, and cloud services. The Company provides IT Support such as technical helpdesk support, computer support, and consulting to small and medium-sized businesses. Company's Managed Service Plan ensures proactive care, round-the-clock maintenance, and live (24x7x365) help desk support. In 2016, revenue was derived from hardware and software sales (41%), recurring revenue (service agreements and circuit commissions) (40%), and break/fix and ad hoc services (18%).

Company differentiates itself from the competition on many fronts including: a proprietary process for evaluating and solving technology needs; a comprehensive approach based on years of experience with and a market-leading position in both data and voice technologies; and a full suite of services ranging from infrastructure to cloud services, which is unparalleled in the Company's market segment.

DISCLAIMER: All information contained in this document has been provided by the subject company to Generational Equity and while believed to be correct has not been verified. Accordingly, Generational Equity makes no representations or warranties as to the accuracy and truthfulness of such information. The recipient hereof acknowledges that Generational Equity shall not be liable for any loss or injury suffered by said recipient in any way connected to the delivery by Generational Equity of this document. At all times Generational Equity and its affiliate network members is an agent for the seller and not for the buyer. **Generational Equity's fees are paid by the seller.**

## Non-Disclosure Agreement

This Confidentiality and Non-Disclosure Agreement ("NDA") sets forth the terms and conditions under which Generational Equity, LLC ("GE"), its authorized agents, representatives and affiliates, including but not limited to Generational Capital Markets, Inc. ("GCM"), (hereafter "GE/GCM") is or may be providing information to you, as a potential buyer ("Potential Buyer"), and any authorized employees, officers, agents, advisors including accountants, attorneys, and financing sources ("Representatives") regarding the following client ("Client"):

### #60838 X – Managed IT & IP Telephony Services Provider

1. Potential Buyer acknowledges the disclosure of any non-public information concerning Client ("Confidential Information") will cause Client irreparable harm and significant injury. Confidential Information includes Client's identity, location, type of business, the fact Client is considering a sale of its assets or ownership interests, and any other confidential information, including, but not limited to, any written reports, data, records, financial data, intellectual property, or any other proprietary or privileged information. Confidential Information under this NDA shall not include the following:

- A) Information that is or becomes public other than as a result of acts by Potential Buyer;
- B) Information that is already known by Potential Buyer at the time of any disclosure under this NDA;
- C) Information that is independently obtained by Potential Buyer from a third party having no confidentiality obligation to Client;
- D) Information that is independently developed by Potential Buyer without use of any Confidential Information under this NDA; and
- E) Information that Potential Buyer is obligated to disclose pursuant to any law, regulation, court order or any other related legal process.

2. Confidential Information is being provided solely in connection with Potential Buyer's consideration of the acquisition of Client. Potential Buyer understands that no representations or warranties are being made as to the completeness or accuracy of any Confidential Information. No portion of the Confidential Information shall be disclosed to any third party except those Representatives associated with Potential Buyer whose knowledge of the Confidential Information is required for Potential Buyer to evaluate Client as a potential acquisition. Representatives of Potential Buyer that receive Confidential Information shall assume the same obligations as Potential Buyer under this NDA. Potential Buyer hereby assumes full responsibility to ensure the compliance of any Representatives of Potential Buyer for any breach of the terms of this NDA. Potential Buyer agrees to indemnify and hold harmless Client and GE/GCM from any and all losses or damages caused by the misuse or release of any Confidential Information by Potential Buyer or Potential Buyer's Representatives.

3. Potential Buyer agrees that it will not use any Confidential Information for its own account or economic/competitive advantage. Potential Buyer shall not use any Confidential Information to solicit any employee, customer or supplier of Client. Potential Buyer agrees it will not interfere with any of Client's business through the use of any Confidential Information acquired under this NDA however solicitation of employees, customers, or suppliers in the ordinary course of business and without the use of Confidential Information is not restricted by this NDA. Potential Buyer understands that Client is the intended beneficiary whose rights are being protected under this NDA and in the event of a breach of this NDA, Client may enforce the terms of this NDA as fully as GE/GCM.

4. The obligations under this NDA shall be in full force and effect for a period of twenty four (24) months following the date of execution.

5. Should any dispute, controversy or claim arise between Potential Buyer, GE/GCM, and/or GE/GCM's Client, Potential Buyer agrees that it shall be resolved by binding arbitration administered by the American Arbitration Association ("AAA") in Dallas, Texas in accordance with the Federal Arbitration Act (Title 9, U.S. Code). The laws of the State of Texas shall govern this NDA without regard to any conflicts of law principles. Venue and jurisdiction for any action under this NDA shall take place in Collin County, Texas. In any action to enforce this NDA, the prevailing party shall be entitled to recover actual damages, reasonable attorneys' fees, court costs, arbitration costs, and other expenses associated with such action. Potential Buyer and GE/GCM hereby waive, to the fullest extent permitted by law, any right to indirect or consequential damages including any loss of: use, income, profit, financing, business, reputation, goodwill, and any claim of punitive or exemplary damages and may only recover actual damages, attorney's fees' and costs. Neither GE/GCM nor Potential Buyer shall be entitled to join or consolidate disputes by or against others in any arbitration or to include any dispute in arbitration as a representative or member of a class, or to act in any arbitration in the interest of the general public or any private attorney general action. The cost of the arbitration shall be borne equally by the parties during the pendency of the arbitration, but the prevailing party, if any, as determined by the arbitrator's award, shall be entitled to reimbursement of all expenses incurred in the course of the arbitration proceedings and costs incurred in the enforcement of the arbitration award, including a reasonable attorney's fee. Judgment on the award may be entered and enforced in any court having personal jurisdiction over the party in favor of whom an award is entered by the arbitrator. The parties agree not to initiate, or threaten to initiate, any complaint, claim, or cause of action whatsoever in any public or private agency or in a state or federal court without first 1) submitting the details of the dispute in writing to the other party and 2) submitting said dispute to arbitration as agreed herein.

6. Potential Buyer agrees and acknowledges that GE/GCM may assign this NDA to any of its affiliates or affiliated entities, provided such affiliate or affiliated entity assumes in writing all obligations of GE/GCM under this NDA. The signing party/person to this NDA represents it has full legal authority to enter into this NDA on behalf of Potential Buyer and if the signing party is not a corporate or institutional buyer/investor but instead is an individual owner, investor, or principal he/she hereby agrees to be jointly and severally responsible for the fulfillment of Potential Buyer's obligations under this NDA. Potential Buyer agrees to reasonably cooperate with GE/GCM in providing information requested by GE/GCM regarding the status of any purchase or potential purchase by Potential Buyer of a Client provided to Potential Buyer by GE/GCM, and Potential Buyer shall not prevent GE/GCM's full participation and attendance at any closing or sale of Client. If Potential Buyer consummates a purchase of GE/GCM Client, Potential Buyer agrees that GE/GCM may claim appropriate credit (i.e. tombstone, press release or such similar announcement) within a reasonable and customary industry timeline. This NDA may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. Signatures exchanged electronically or by facsimile are effective for all purposes hereunder to the same extent as original signatures. Potential Buyer represents and warrants that based upon age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance and other factors, Potential Buyer has a sophisticated investment profile

**Doug Smith**

Regional Managing Director Generational Equity, LLC

(Signature) \_\_\_\_\_ for (Company) \_\_\_\_\_

by (Printed Name) \_\_\_\_\_, its (Title) \_\_\_\_\_

(Address) \_\_\_\_\_, (City) \_\_\_\_\_, (State) \_\_\_\_\_ (Zip) \_\_\_\_\_

(Phone) \_\_\_\_\_ (Email) \_\_\_\_\_ (Date) \_\_\_\_\_

Please Email to [DaveKauppi@midmarkcap.com](mailto:DaveKauppi@midmarkcap.com), or Fax this to (630) 230-3052