



Success Story: Private Equity Assessment / \$40M Fund Raise

Client Classification: Big Data / Cloud Modernization Firm

Service Category: Business Acquisition, Integration, & Divestiture, Change Management

Situation:

On behalf of a private equity client, LoBue conducted a comprehensive operational and financial review of all company functions and processes, starting with sales management and going through billing and collections. Simultaneous with our review, we identified and negotiated multiple bolt-on acquisition targets to round-out the company's product offering and tool set.

Already in a leading position in distributed systems conversion to the cloud, the company recognized the need to add main-frame Cloud services to provide a comprehensive Modernization platform for corporate clients. Automated tool sets with the ability to migrate systems more efficiently and predictably than manual-based methods was at the core of the company's "Modernization" strategy.

Additionally, its hyper scale big data product, presented a leadership position in ingesting data at higher speeds than the leading, more recognized providers.

Recommendations:

High-level Recommendations:

- Developed full organization structure for transformation opportunities in sales; marketing; business development; service delivery; operations; finance; and accounting.
- Developed enhanced sales management process and sales funnel to forecast opportunities by sales channel, including expected accretive sales from acquisitions.
- Developed service support forecast model, by role, with a goal of maximizing offshore technical engineering skills.
- Develop end-to-end process mapping, improving key operations processes for maximizing efficiency, reducing customer turnaround time.
- Enhance existing forecasting model to identify channel growth and incremental resource requirements over multi-year timeline (including all acquisitions, products and services).
- Implement strategic acquisition plan for bolt-on products and services.

OFFICE LOCATION

6550 SOUTH PECOS ROAD
SUITE 116
LAS VEGAS, NV 89120
UNITED STATES

P: 702.898.6940
F: 702.433.4021
E: INFO@LOBUE.COM

Select Detailed Recommendations:

- Improve tracking of the entire pipeline process including assigning estimated close and start dates and aging. This will provide valuable information for sales performance and expected resource planning.
 - Update CRM software to meet data capture and report needs (including metrics).
 - Review each role and look to migrate capabilities to the low-cost service center.
 - Given the pace of activity subsequent to close, it will be extremely important to establish the finance and accounting team.
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- Implement end-to-end accounting system, including funnel management, tradeshow management, pre-billing, time recording, project management and profitability, project billing, and financial and cash reporting.
 - The chart of accounts and related reporting should be changed to meet GAAP requirements.
 - It is recommended that the company employ licensing management software to manage the cost, allocation, and renewal of all COS and SGA software licenses. This will result in bringing compliance current and significant savings on a go-forward basis.
 - Conducted a complete organizational analysis, including position rationalization, review and modification of staff spans-of-control, and development and implementation of career-pathing models.

Product and Strategic Acquisitions

The target business plan, and primary rationale for current funding, is based on the need to rapidly build out the company's infrastructure and capabilities for cloud migrations and big data.

- A significant component of this strategy is an aggressive acquisition program to:
- Support the buildout of the infrastructure.
- Acquire human resources capabilities which solidify and grow the company's base to dominate in "Cloud migrations".
- Acquire companies that complement the Modernization and Big Data platforms in place. Prepare for significant compound revenue growth.

A set of early acquisition targets have been identified to achieve these objectives. Four acquisitions were completed within 12 months of capital raise.

Results:

The initiative resulted in investment raise of \$40M from strategic and private equity investors. In addition, the program included the following key achievements across the business globally.