

Greenberg Advisors

M&A • STRATEGIC ADVISORY • CAPITAL



M&A Update

First Half - 2019

A grayscale background image showing a close-up of a calculator and a portion of a computer keyboard. The calculator is in the foreground, slightly out of focus, with its keypad and display visible. The keyboard is in the background, also out of focus. The overall tone is professional and business-oriented.

**Accounts Receivable
Management**

INTRODUCTION

Deals may be down but interest is up.

Coming off of a very active 2018 in which GA completed seven (7) Accounts Receivable Management (ARM) and Revenue Cycle Management (RCM) transactions, deal value is lower than in prior periods, but mostly due to the absence of larger transactions (discussed more later), which is not a good proxy for M&A appetite in the lower-middle market.

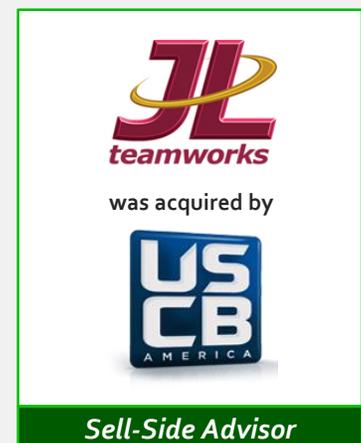
There are a number of positive indicators in the market, including a number of platform investments made by private equity firms, such as those involving the acquisitions of AG Adjustments, Receivable Solutions Inc., and Harris & Harris.

These mirror the sentiments that we hear in everyday conversations with investors that seek to acquire well-run ARM companies.

We hope you enjoy our M&A Update. [We look forward to hearing from you.](#)

Source: All statistics and market data in this document are from GA's proprietary M&A database. May contain estimates.

SELECTED GA TRANSACTIONS



KEY TAKEAWAYS

1 Deals – They Ain't What They Used to Be

Deal value and volume are down 79% and 20% compared to 2H 2018, respectively. This is the lowest deal value since 1H 2009.

Why so low? We're seeing a reduced level of transactions completed by buyers that are typically the most active in the industry. Nonetheless, new buyers continue to emerge. Or, it could be that the consolidation that has been occurring since the 1990s has finally depleted the supply of attractive and willing sellers. We highly doubt this, as we expect that considerably more deals will close in 2H 2019 and beyond.

DEAL VALUE AND VOLUME
(\$ in billions)



KEY TAKEAWAYS

2 And the Seller is...

The level of distressed sellers reached a 10-year low. This could be a function of buyer-seller pricing expectations just not synching up, or it could be a function of a general lack of buyer interest in taking on the risks inherent in acquiring troubled companies. It may be a result of many things but one fact remains; stable sellers and those with an attractive growth profile continue to generate considerable buyer interest.

3 Where'd All the Large Deals Go?

This is the first half-year period since 1H 2009 in which there were no ARM transactions exceeding \$100 million in deal value. And for that matter, very few transactions at valuations even north of \$25 million were completed. While these statistics are pretty striking, fear not, more large deals are in store. We view this dearth of larger deals as just a matter of timing. We are aware of at least a few sizeable deals that were in the market that certainly could have closed in 1H but for various reasons, didn't.

VOLUME OF DEALS EXCEEDING \$100 MILLION

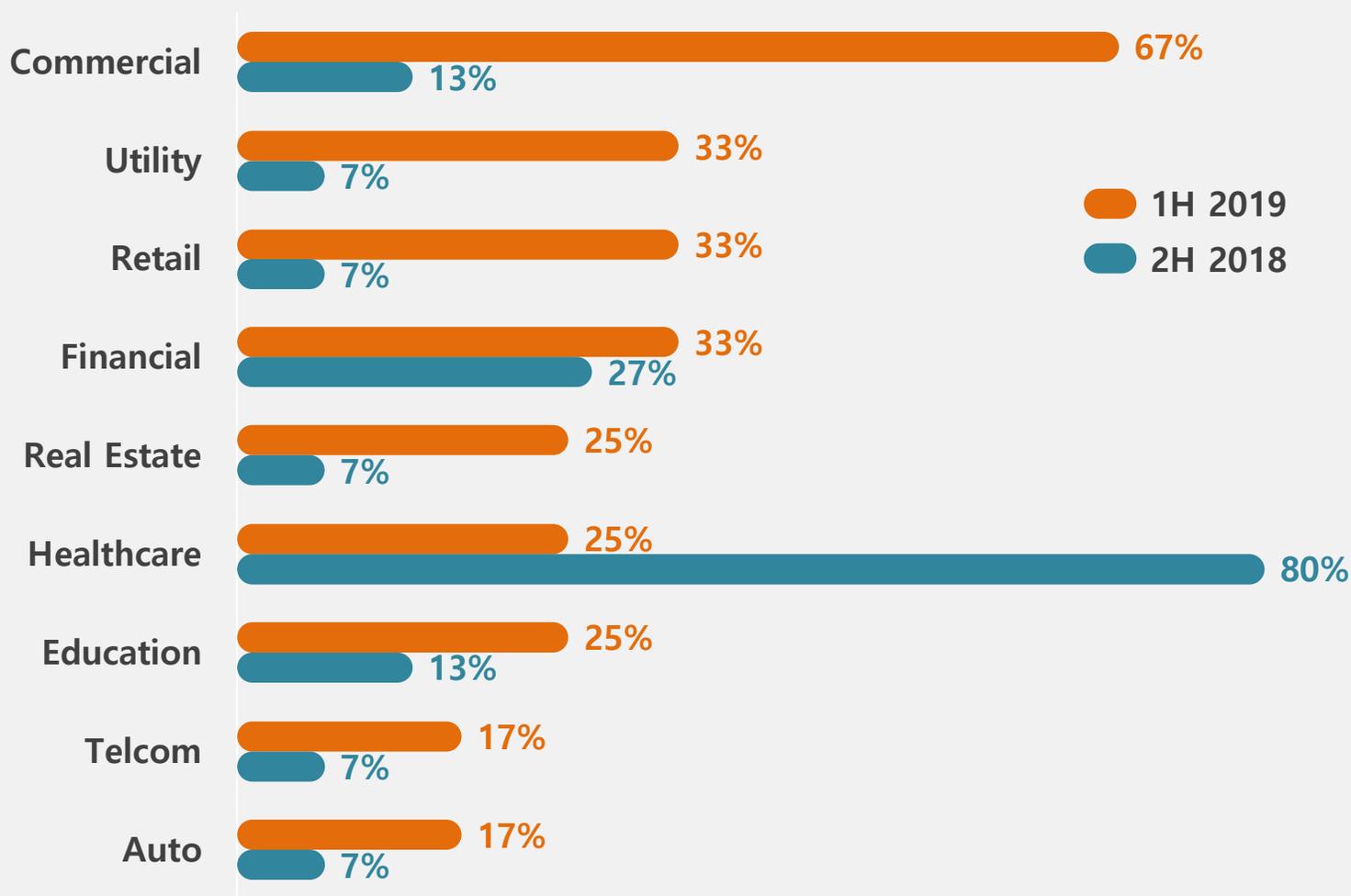


KEY TAKEAWAYS

4 I'd Like One of Everything, Please

Buyers appear to be diversifying their acquisition interests. Markets such as insurance, auto, and retail, which were previously flat in terms of M&A activity, are now growing. Others that have been among the more active segments remain highly sought after (e.g. financial). Buyers are searching for new places to get their returns and to expand within the ARM industry.

TRANSACTION VOLUME BY CLIENT SEGMENT



LOOKING AHEAD

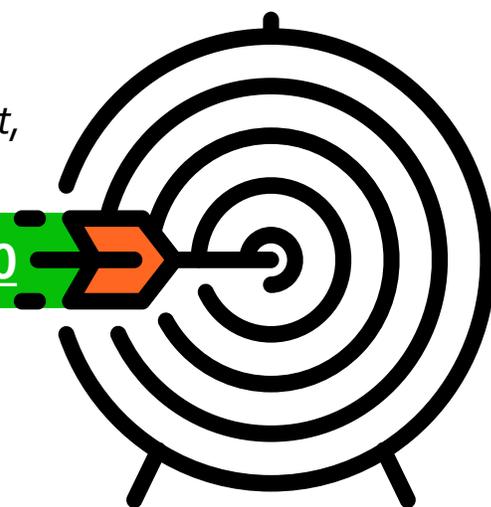
We expect the M&A market in ARM to return to a more typical level of activity.

With more predictions for an economic downturn in the near term, we also expect to see more owners consider selling as a way to realize their returns and avoid missing a “window” of opportunity.

The fundamentals of the industry still make sense from a buyer’s perspective, and as a result, we meet new strategic and financial buyers on a regular basis. These buyers will fuel the next wave of platform and add-on acquisitions, and continue the transformation of the industry.

GA can help you maximize your investment, growth, and exit strategy. Find out how.

Start your strategic planning for 2020



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Greenberg Advisors, LLC is one of the Accounts Receivable Management (ARM) industry’s most prolific M&A advisory and planning firms. The firm’s professionals have provided trusted M&A and strategic advice to ARM executives and investors for nearly 25 years, resulting in the completion of over 130 M&A, capital raising, valuation, and strategic advisory engagements.

Greenberg Advisors celebrated its 10-year anniversary in 2019.

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