

## Rapidly Growing Information Technology Integrator and Consulting Firm Specializing in the Education Sector

**Est. 2008 Revenue**  
\$65,000,000

**Est. 2008 EBITDA**  
\$2,881,000

**Location**  
Southeast U.S.

eMerge M&A, Inc. currently represents a well-established and innovative provider of information technology services. The Company's comprehensive capabilities include installation, project management, and other IT services encompassing hardware and software products for the leading technology names in the industry, including, but not limited to many of the top players (listed in the Confidential Business Review). The Company started as a pure consulting firm but has since morphed into a turnkey consulting firm because of management's aggressive development of its technology partner program, which has incorporated industry-leading technology names into the fold.

### Company Highlights

- ◆ Sales are derived from value-added installation services, which accounts for approximately 60% of total sales, followed by project management (20%) and ancillary services (20%), such as IT consulting, disaster recovery, and asset recovery along with related services for computer, telephone, wireless, and audio-video systems.
- ◆ The Company has earned an enviable reputation for highly qualified staff, turnkey capabilities, and a strong focus on customer support, engineering and service resulting in strong customer relationships and a high retention rate.
- ◆ A seasoned senior management team (without involvement of the principal) runs daily operations with a staff comprising 62 full-time non-union employees and the utilization of services of subcontract labor for large-scale installation projects.
- ◆ Robust growth over the last three years has represented a Compound Annual Growth Rate of +33% with sales increasing from \$32.3 million in 2005 to \$57.5 million in 2007, and EBITDA has averaged more than \$1.695 million over the same period.
- ◆ The Company's customer base is over 150 accounts with a primary focus on the K-12 education market, which accounts for approximately 85% of the business. The balance of sales comes from diverse business customers as well as the higher education market.
- ◆ There are currently two offices stretched across the country in the southeast and northwest regions with a 90-10 split in revenues, respectively. Headquarters are located in a 38,000 square foot office facility with ample room for growth with a separate regional office which is leased.

**Financial Summary**

FYE December 31	Actual			Projected		
	2005	2006	2007	2008	2009	2010
Sales (In \$ Thousands)	32,301	43,703	57,473	65,000	70,000	75,000
% Growth	--	35.3%	31.5%	13.1%	7.7%	7.1%
Cost of Goods Sold	30,073	40,032	51,068	57,850	62,300	66,750
Operating Expenses	1,374	1,940	3,906	4,268	4,397	4,528
<b>EBITDA</b>	<b>855</b>	<b>1,731</b>	<b>2,499</b>	<b>2,881</b>	<b>3,303</b>	<b>3,722</b>

**Reason for Sale**

The Company is a rapidly growing information technology consulting firm, specializing in the education sector and comprised of an employee base and culture built around engineering expertise which differentiates it in the marketplace. Given appropriate investments by better-capitalized ownership, there are tremendous and readily obtainable opportunities to increase the Company's business well beyond current levels. More aggressive business development efforts, geographic expansion, and pursuit of new technology markets, including turnkey installations of "smart" classrooms, to name a few, present exciting areas to pursue immediate growth for more creative ownership.

The "21<sup>st</sup> Century Classroom" will be achieved through electronic means, advanced technology and databases which will detail electronic portfolios; integration services will be key to obtaining this type of technological advancement. It will take a product supplier, design engineer, principal consultant, and a project manager controlling installation engineers to implement the design which is in the realm of this Company's expertise. The Company's culture and strategy of hiring to a higher technical and engineering profile have resulted in a demand pull from Tier One providers. New management could build off this internal infrastructure to capitalize on regular commercial and corporate end-user customers.



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