

FOCUS Celebrates Superb Q1 2014: M&A Results Up 200 Percent!

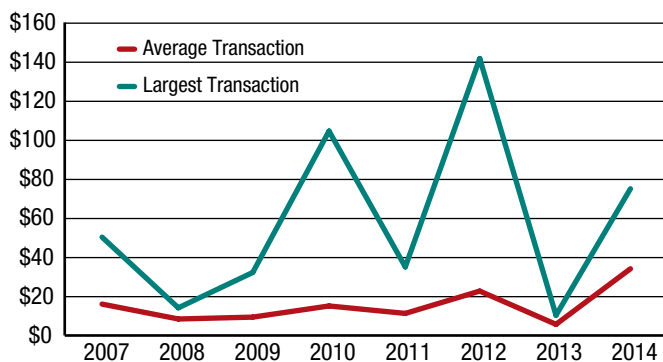
“FOCUS gave us the professional blueprint we needed to follow. With all the steps and the associated challenges, they successfully got us to closing. FOCUS helped us maintain our goal of working together as a team: it’s like sliding into home, and you’re safe!”
Rich Mulcahy, Cofounder, Sound Seal

FOCUS Investment Banking LLC reports a significant upturn in its middle market M&A activity during the first quarter of 2014.

The firm closed seven transactions in Q1: the sale of three companies, the acquisition of two companies, and debt financing for two companies, with a total transaction value in excess of \$220 M. A brief description of each transaction appears later in this article.

As shown in Chart 1, this activity level represents a 200 percent increase over the 10-year FOCUS average of nearly three transactions per quarter and the average transaction size also is trending up over the period.

Chart 1: FOCUS Transaction Size 2007 to Q1 2014



Doug Rodgers, CEO of FOCUS Investment Banking offers the following commentary:

“Because business transactions of this size generally take two or more quarters to complete, this exceptionally strong Q1 performance really is the result of transactions initiated in Q2, Q3, and Q4 of 2013. The first half of 2013 was characterized by a lack of clarity on a number of issues which inhibited major business decisions such as M&A transactions.

These issues include: Affordable Care Act (ObamaCare) implementation; the fight over the increase in the Federal debt ceiling; instability in the Persian Gulf and its impact on energy prices; major movements in equity markets; and concern about significant changes in debt markets.

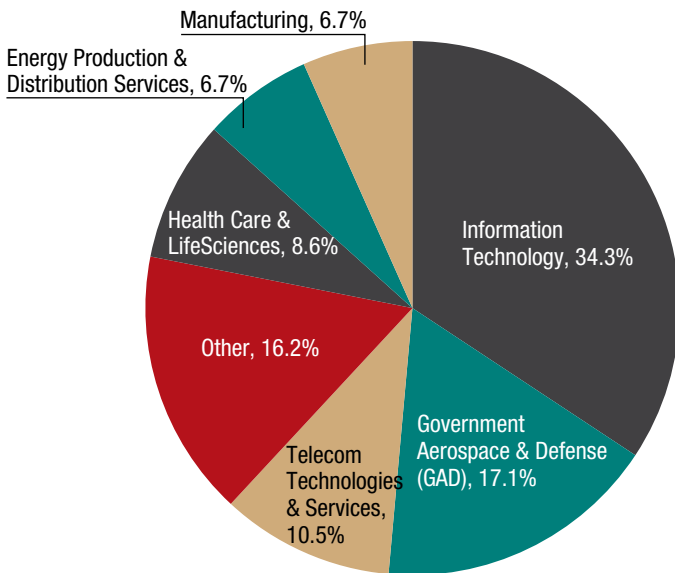
During the final half of 2013, with more clarity and certainty on these and other economic issues, decision makers’ confidence improved, providing the backdrop needed for a noticeable increase in M&A activity. Commitments to M&A projects made in 2013 now have borne fruit, resulting in a record first quarter for FOCUS, with favorable prospects for a record year in 2014.”

“Through its disciplined process, FOCUS leveraged its database of prospective mezzanine and growth equity investors and obtained multiple investment proposals. Their assistance preparing a comprehensive information memorandum describing our unique business model and helping manage the negotiations and due diligence process was invaluable.”
Steve French, CEO, LbGlobalLaw, LLC

FOCUS and its clients continue to see demand for transactions across many industries, as shown by charts 2 and 3, which indicate activity in six of our 10 industry groups in Q1 2014.

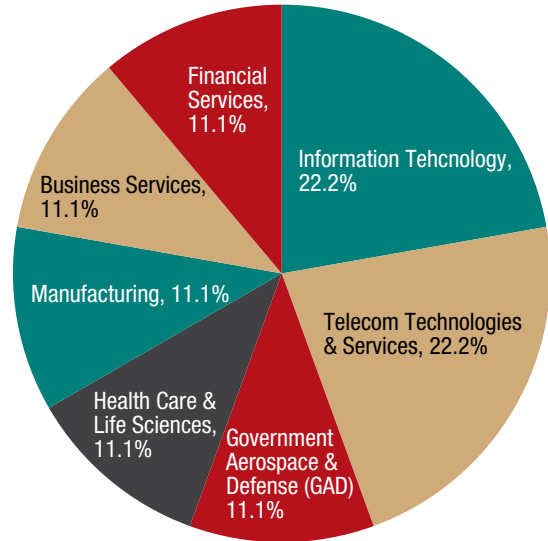
Barring a change in the macroeconomic picture, we expect the current strong U.S. M&A climate to continue into 2015; with the 2016 presidential election being the next foreseeable element tilting the M&A decision makers’ compass and confidence.

Chart 2: FOCUS Investment Banking Transactions by Industry 2005 to Q1 2014*



*105 Announced Transactions

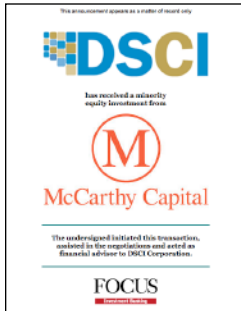
Chart 3: 2014 Announced Transactions by Industry YTD through Q1



“We are thankful for FOCUS’ advice and support in making this transition run as smoothly as it did.”

Lyn Hurd, CEO and Cofounder, Forgentum, Inc.

A brief description of FOCUS Investment Banking clients’ transactions for Q1 2014 follows:



FOCUS Investment Banking Secures a Significant Minority Investment for Hosted Communications Provider DSCI Corporation

Washington, DC (March 31, 2014)—DSCI Corporation has secured a significant minority

investment from private equity firm McCarthy Capital Fund V. DSCI is New England’s leading hosted communications provider. McCarthy is an Omaha-based private equity firm, with offices in Boston, focused exclusively on lower middle-market companies.

“McCarthy Capital, like DSCI, is focused on corporate culture, retention, and employee satisfaction. They invest first in people and second in profits,” said Sean Dandley, DSCI’s President and CEO. “This transaction and the subsequent access to additional capital is going to open up a whole new world of opportunities for DSCI. I look forward to working with the team at McCarthy to make it happen.”

Rich Pierce, FOCUS Managing Director and leader of the Telecommunications Technology and Services Team, added, “DSCI is an exceptional company that has emerged as a leader in the hosted communications market. By combining hosted PBX services with a best-in-class network and strong customer support, DSCI has created a highly compelling value proposition for its customers. We were delighted to assist DSCI with finding a partner to help guide them through the next phase of their growth.”

Manan Shah, FOCUS Partner and co-leader of the Information Technology Team, added, “Managed services companies like DSCI provide a very attractive investment opportunity for private equity investors due to their recurring revenue model. We were pleased to be a partner for DSCI in this endeavor.”



FOCUS Investment Banking Secures Additional \$25,000,000 in Senior Debt Financing for Merchant Cash & Capital, LLC

Washington, DC (March 19, 2014)—Merchant Cash & Capital, a leader in the merchant cash advance industry, has secured an

additional \$25,000,000 in senior debt financing from Crystal Financial as a participant in Comvest Capital’s term loan which Comvest has increased to \$75 million in the aggregate. FOCUS represented MCC in arranging the original \$25 million Comvest term loan and in bringing Crystal into the increased line as a participant.

John Slater, FOCUS Partner and Capital Financing Team Leader, comments, “MCC is a well-run, financially sound, but complex business. As small business financing has increasingly moved outside of the traditional commercial banking industry, MCC serves as a critical intermediary, bridging the large scale capital markets funding provided by firms such as Comvest and Crystal with the funding needs of growing entrepreneurial businesses. FOCUS seeks to serve innovative specialty finance companies such as MCC by providing access to a broad universe of capital sources and by providing its experience, advice and counsel to assist its clients in sharing their stories in a clear and concise manner to move the deals from conception to closing.”



FOCUS Investment Banking Represents Forgentum, Inc. in its Acquisition by Fulcrum IT Services

Washington, DC, (March 3, 2014)—Forgentum, Inc. was acquired by Fulcrum IT Services. Forgentum provides information management and solutions that capture, manage and share healthcare data for the military’s worldwide Electronic Health Record. Fulcrum is a leading technol-

ogy company based in Centreville, Virginia that provides pivotal solutions and services primarily for federal customers in the defense, intelligence, education and healthcare sectors.

According to Lyn Hurd, Forgentum CEO and co-founder, “We are very excited about this new chapter. Fulcrum’s culture and history of performance in DoD application development, integration and operational support are well known. Joining Fulcrum will open additional opportunities for our employees and will allow us to expand our solutions. We are thankful for FOCUS’ advice and support in making this transition run as smoothly as it did.”

Eric Oganessoff, FOCUS Managing Director comments, “The acquisition of Forgentum provides Fulcrum with a key player in building the largest electronic health records system in the world through the work Forgentum is doing to help integrate the Defense Department and Veteran Affairs systems.”

Manan Shah, FOCUS Partner and Government, Aerospace, and Defense Team Leader, comments, “Healthcare IT continues to be one of the most active areas within government contractors from M&A perspective. While the larger players have been active acquirers for a while, mid-size players such as Fulcrum are stepping up their efforts, presenting more opportunities for other healthcare IT firms.”



FOCUS Investment Banking Represents ADDvantage Technologies in the Purchase of Nave Communications

Washington, DC (March 1, 2014)—ADDvantage Technologies has acquired Nave Communications. ADDvantage

Technologies supplies the cable television industry with a comprehensive line of system-critical network equipment and operates a national technical repair centers. Nave Communications provides quality used telecommunications networking equipment to customers worldwide and offers decommissioning services for surplus and obsolete equipment, which they process through recycling centers. Nave Communications will do business as a standalone division of ADDvantage Technologies Group, with founder Doug Nave named President of the division.

Rich Pierce, a Managing Director at FOCUS and leader of the Telecommunications Technology and Services Team, comments, “The acquisition of Nave Communications extends ADDvantage Technologies’ expertise in refurbished network equipment from the cable industry into telecommunications. As both cable and telecommunications operators seek to stretch their network investment dollars, ADDvantage Technologies is well positioned to provide both industries with high quality, cost-effective solutions. We were delighted to play a role in bringing these two highly complementary companies together.”



FOCUS Investment Banking Secures Convertible Preferred Equity Growth Financing for LbGlobalLaw, LLC from Sopris Capital

Washington, DC (March 1, 2014)—LbGlobalLaw has secured Convertible Preferred

Equity growth financing from Sopris Capital Associates. LbGlobalLaw is a highly regarded business intelligence and data analytics firm serving global Fortune 2000 corporate clients. Sopris Capital has a long history of backing successful entrepreneurial companies to provide advice and support to enhance a Company’s ability to pursue continued growth.

According to Steve French, CEO of LbGlobalLaw, “Through its disciplined process FOCUS leveraged its database of prospective mezzanine and growth equity investors and obtained multiple investment proposals ranging from mezzanine debt structures to control acquisitions. Their assistance preparing a comprehensive information memorandum describing our unique business model and helping us manage the negotiations and due diligence process was invaluable.”

LbGlobalLaw epitomizes the entrepreneurial success story that we seek to serve,” says John Slater, FOCUS Partner and Team Leader of the Capital Financing Team. “Our mission is to provide growing companies with access to the rapidly expanding universe of non-bank lenders and growth equity investors.”



FOCUS Investment Banking Represents TUV Rheinland in the Purchase of OpenSky Corporation

Washington, DC, (January 14, 2014)—TUV Rheinland has acquired OpenSky Corporation. Founded in 1872, TUV Rheinland is a \$2 billion global leader in independent testing,

inspection and certification services, ensuring quality and safety for people, the environment and technology in nearly all aspects of life. The company, headquartered in Germany, maintains a presence in 500 locations spanning 65 countries and employs 17,200 people.

OpenSky, based in Tolland, Connecticut, provides information technology expertise to help corporations reduce IT costs, protect information assets and accelerate the adoption of strategic technologies. It specializes in Transformational IT Infrastructure, Security and Compliance consulting.

Manan Shah, Partner at FOCUS and Information Technology Team Co-Leader, comments, “With more investments being made in cyber security, the synergy between TUV Rheinland’s testing and certification services and OpenSky’s IT security services will offer greater expertise to their clients. We are pleased to have been able to facilitate such a beneficial transaction.”

Added George Shea, Focus’ IT Team Leader, “We introduced our client to a number of great candidates, but this transaction is a perfect fit. We are honored to have helped TUV Rheinland meet its acquisition objectives.”



FOCUS Investment Banking Represents Sound Seal in Acquisition by Management and Hamilton Robinson Capital Partners

Washington, DC (January 10, 2014)—An investor group led by Hamilton Robinson Capital

Partners has acquired Sound Seal. Sound Seal, located in Agawam, Massachusetts, is a leading manufacturer

of commercial and architectural acoustic noise control products. Sound Seal brands include Impacta, Wood-trends and Sound Quality.

Hamilton Robinson Capital Partners was founded in 1984 to invest directly in privately held manufacturing, distribution and service businesses. According to Doug Rodgers, FOCUS CEO, “This transaction is representative of a classic ‘baby boomer’ retirement event. It enables the founders’ retirement, and the employees and business are poised for major growth fueled by new capital and leadership. This approach is truly a ‘win-win’ event and representative of our transaction process for business owners.”

Rick Thomas, FOCUS Managing Director, added, “We evaluated hundreds of potential transaction partners and had dialogue with several dozen before recommending Hamilton Robinson as a partner for this business.”

According to Barry Lyons, Sound Seal Cofounder, “When we received an unsolicited offer to purchase our company we didn’t realize how much help we’d need to successfully complete the deal. We were introduced to FOCUS and know we could not have crossed the finish line without their help and advice. FOCUS stressed the importance of having multiple buyers in a competitive situation. We became believers when another buyer increased the price, causing the original buyer to drop out of the process. Rich Mulcahy, my co-founder, and I both recommend FOCUS to other business owners without hesitation; they know their business and managed all aspects of the deal until it was complete. Until you have been through such a process, it is impossible to appreciate the number of issues and details to be dealt with. Having experienced advisors, like FOCUS, by your side is essential to your emotional and financial peace of mind.”

Rich Mulcahy, Sound Seal Cofounder, added, “FOCUS gave us the professional blueprint we needed to follow. With all the steps and the associated challenges, they successfully got us to closing. FOCUS helped us maintain our goal of working together as a team: it’s like sliding into home, and you’re safe.”

About FOCUS Investment Banking LLC

FOCUS Investment Banking LLC provides a range of middle market investment banking services with an emphasis on mergers, acquisitions, divestitures and corporate finance. FOCUS is a national firm serving clients from offices in major cities across the United States. FOCUS specializes in business units with transactions or revenues in the \$5-300 million range, serving entrepreneurs, corporate owners and various types of investors across a broad range of industries, throughout the U.S. and worldwide. FOCUS bankers are seasoned operating and financial executives with extensive transaction experience. Securities transactions conducted by FOCUS Securities LLC, an affiliated company, registered Broker/Dealer and member FINRA/SIPC. For more information on FOCUS, visit www.focusbankers.com.

© 2014 FOCUS Investment Banking LLC

FOCUS

Investment Banking

MID-ATLANTIC REGION

FOCUS Investment Banking LLC
Headquarters
1133 20th Street, NW
Suite 200
Washington, DC 20036
202.785.9404
202.785.9413 (fax)

SOUTHEAST REGION

FOCUS Investment Banking LLC
Atlanta Office
3353 Peachtree Road, NE
Suite 1160
Atlanta, GA 30326
404.504.8620
404.814.9141 (fax)

WESTERN REGION

FOCUS Investment Banking LLC
Los Angeles Office
355 South Grand Avenue
Suite 2450
Los Angeles, CA 90071
213.943.1395
213.943.1397 (fax)

Securities transactions conducted by FOCUS Securities LLC, an affiliated company, registered Broker Dealer member FINRA/SIPC.