

Looking to be Acquired and What to Expect



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Faculty Disclosure

- In compliance with ACCME Guidelines, I hereby declare:
- I do not have financial or other relationships with the manufacturer(s) of any commercial services(s) discussed in this educational activity.
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OBJECTIVES

1. What is needed for valuation:

- Last 3 years financials
- Trailing twelve-month EBITDA
- Cash vs. Accrual Accounting
- Routine update on monthly performance (within 30 days of last month end)
- 2 year forecast (with pipeline report)
- Any adjustments to EBITDA (ex. Personal expenses, travel, meals & entertainment, one-time costs)
- Description of any departing members of the team (shareholders etc.) (rolling equity etc.)
- Payroll (can be blinded but needed by title/job description)
- Any key gaps in the team (people who need to be hired)
- Revenue by study (for all periods mentioned above) (customer concentration)
- Working capital (Cash, A/R, Prepaid Expenses, & Liabilities or A/P)
- Growth plans
- Capital expenditures needed for growth (include staff needed)



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2. Importance of Operational Systems:

- Operational systems are VERY important (big factor contributing to multiple)
- CTMS (or not CTMS)
- E-reg, e-source, etc (nice to have but not essential)
- BD systems (CRM, etc.)
- Accounting system
- Budgeting/Regulatory/Marketing/Recruiting/Training (how are these functions accomplished)



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3. Life After Acquisition:

- This can be highly variable
- Depends on your appetite for involvement post-Closing (will impact valuation)
- Requires adoption of certain systems (not everything but essential things like payroll, finance, some IT, HR, and basic operations)
- Varying levels of integration of detailed systems depending on platform (for example, LMC Manna requires integration of SOPs, source, regulatory, budgeting & contracts, recruiting, CTMS, etc.)
- Take the best of both groups or sites and replicate across the network
- Will you have a “boss” – important to understand reporting structure and your role and responsibilities
- How will budgets be set etc. important to understand
- What “value” will the acquiror bring to the business?
- Important to assess if you “like” the people you will be working with if you will continue to be involved



Thank you!

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If you have any questions or issues, please contact Michael Jay at michael.jay@myscrs.org

