

Greenberg Advisors

M&A • STRATEGIC ADVISORY • CAPITAL

M&A Update First Half - 2023



Accounts Receivable
Management

Introduction

A Steady First Half of 2023

M&A and investment activity in the Accounts Receivable Management (ARM) industry chugged along in the first half of 2023. The space continues to attract a diverse set of opinions and participants, from those who have spent their careers in it, to the many recent entrants who seek to overhaul it from either a regulatory and compliance, technology, or communications standpoint, to name a few.

Our conversations with a variety of potential investors in the US and beyond reflect continued interest in M&A opportunities in 1st and 3rd party ARM services, and related BPO and call center offerings.

With delinquencies surpassing pre-pandemic levels, the opportunity for growth among ARM firms is there, but as always, placement volumes and liquidation rates also need to synch up in order to fuel that fire. Once they align, we will see more uniform revenue growth and margin expansion among ARM firms, which will spur increases in M&A valuations and activity.

Data Source

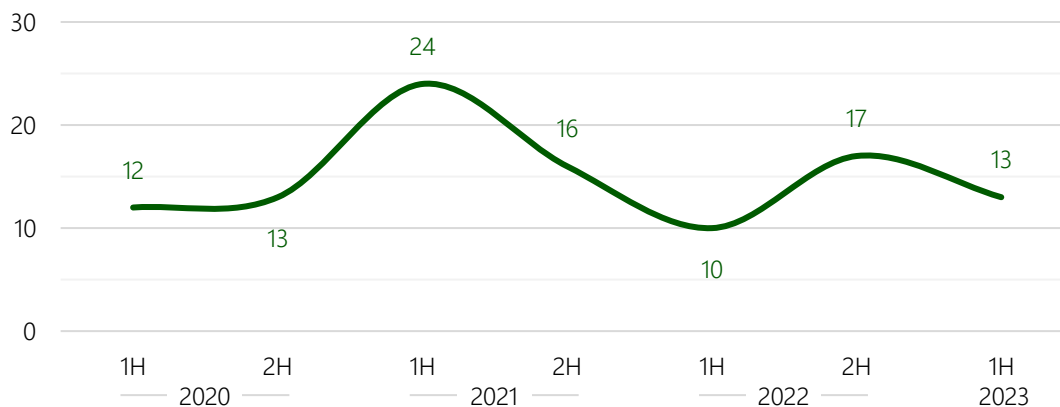
The data and analysis summarized herein are based on information from Greenberg Advisors' (GA) proprietary database in conjunction with GA's knowledge of the market. GA does not use market data from data vendors. Its data is highly reliable - most often obtained directly from transaction participants - and, in some instances, contains conservative estimates. We go to great lengths to gather this information to provide it in aggregate to the public in publications like this one but also to ensure that we, and our clients, are fully informed for transaction planning and execution.

Key Takeaways

Strategic Buyers Dominate

Much of the activity was driven by privately-held strategic buyers. It certainly seems as though long-time industry colleagues are putting together more deals with one another than they have over the years. In the first half, these deals represented 69% of transactions. Not to diminish private equity's role, they and their portfolio companies completed 23% of the transactions. And while transaction volume remained relatively consistent in the first half of 2023, the aggregate value of those deals dropped.

Aggregate Transaction Volume



Source: Greenberg Advisors

Transaction Volume by Buyer Type and Buyer's Ownership

Percent of all transactions

100%

... of 1H 2023 transactions were completed by strategic buyers.

69%

Independently-Owned

23%

Private Equity-Backed

8%

Publicly Traded

Source: Greenberg Advisors

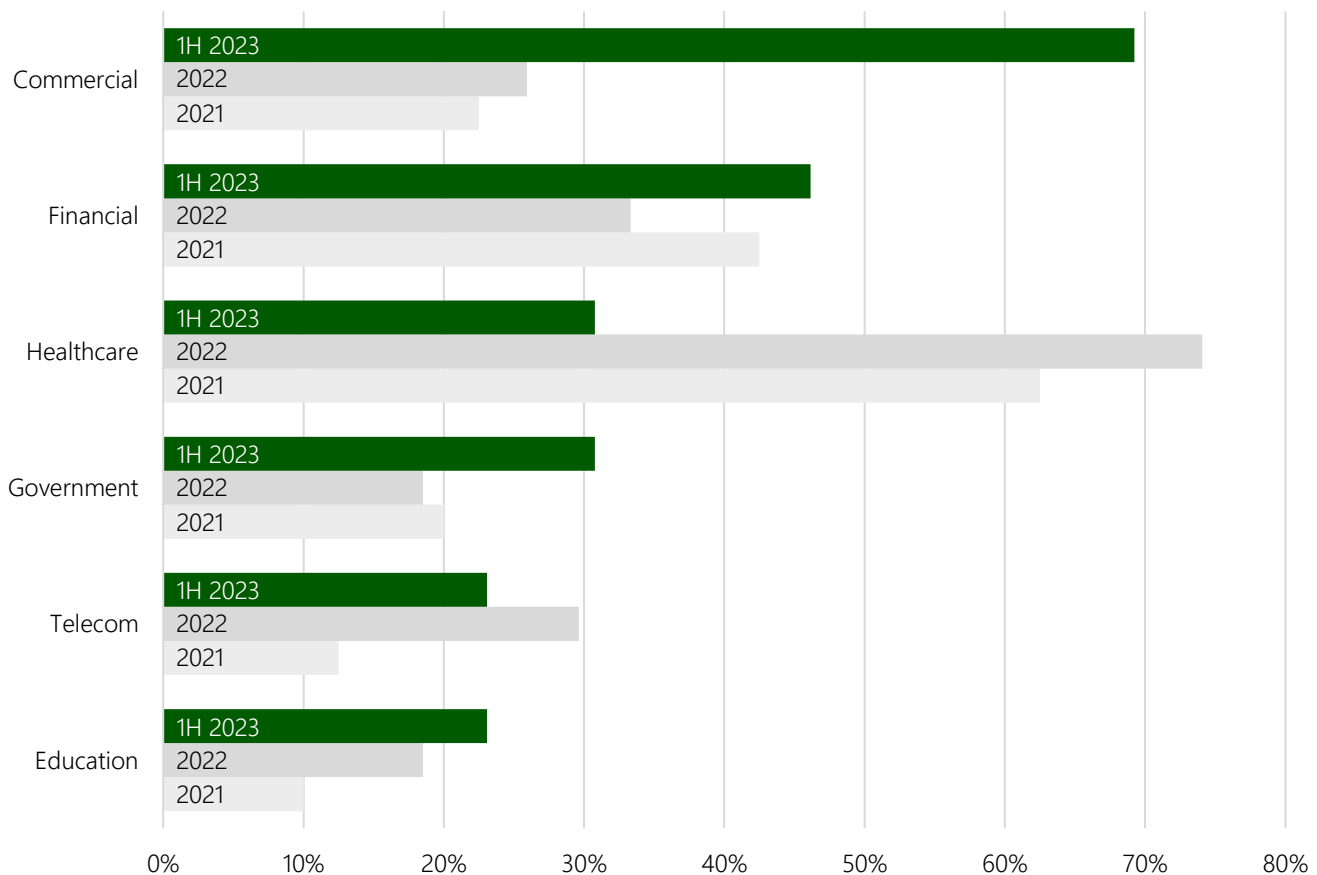
Key Takeaways

A Rare Shakeup Among Sellers

Interestingly, the commercial segment was the most acquired segment serviced by sellers. In fact, this is only the second time since 2015 that any segment other than financial or healthcare has held the top rank. Commercial has certainly heated up as multiple private equity firms seek to consolidate that part of the market. Conversely, deal volume in the healthcare segment was at its lowest level in over seven years. Changes that delay or limit medical debt from appearing on credit reports were a contributing factor to the decline in M&A activity within this segment. While the appetite for healthcare ARM acquisitions remains strong, in certain circumstances, buyers were waiting to see how the credit reporting changes impacted a target's performance before closing an acquisition.

Most Active Client Segments

Percent of all transactions




Source: Greenberg Advisors


About Greenberg Advisors

Greenberg Advisors, LLC is one of the most prolific and experienced M&A advisory and planning firms in the Accounts Receivable Management (ARM) and related industries. The firm's professionals have provided trusted M&A and strategic advice to executives and investors for over 25 years, resulting in the completion of over 150 M&A, capital raising, valuation, and strategic advisory engagements.

Contact Us

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Our Differentiators

- ▶ Unmatched Track Record in ARM Transactions
- ▶ The Go-To M&A Advisor in ARM, RCM, HCIT, and BPO
- ▶ Trusted Relationships with Owners and Investors
- ▶ Proprietary Data Assets Drive Value for Clients
- ▶ We Treat Our Clients Like Family

Our Services

- ▶ Sell-Side M&A Advisory
- ▶ Buy-Side M&A Advisory
- ▶ Business Valuations
- ▶ M&A Planning and Strategy

Our Team



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Managing Director



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Dan Miller
Senior Analyst



Rob Hogue, CPA
Analyst





Parker Lewis
Analyst

Advising ARM Industry Leaders for 25+ Years

 Ovation Healthcare
a portfolio company of
 GRANT AVENUE

acquired

 MedCo
Uptain Group, Inc.

 ARMSTRONG
RECEIVABLE MANAGEMENT
a portfolio company of
 INCLINE
EQUITY PARTNERS

acquired

Commercial Receivables Management Firm

 REVCO
SOLUTIONS
a portfolio company of
 LONGSHORE CAPITAL PARTNERS

acquired

 ARMC
Financial Services, LLC

 BROWN & JOSEPH ALTUS
a portfolio company of
 INCLINE
EQUITY PARTNERS



acquired select assets of

 HUNTER WARFIELD


 ARCADIA
RECOVERY BUREAU

was acquired by

 ANNUITY HEALTH
a portfolio company of
 PINE TREE
EQUITY PARTNERS

 GENERAL REVENUE CORPORATION
a subsidiary of
 NAVIENT


was acquired by

 SINGLEPoint

 meduit
a portfolio company of
 NexPhase CAPITAL


acquired the early-out assets of

 SIGNATURE Performance

 JL teamworks

was acquired by

 USCB AMERICA

 RMP | RECEIVABLES MANAGEMENT PARTNERS
a portfolio company of
 THOMPSON STREET CAPITAL PARTNERS

acquired

 A/R=S
Account Receivable Solutions, Inc.

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