

Upcoming National and Chapter Events

CERTIFIED MERGER & ACQUISITION ADVISORS COURSE

CM&AA ONLINE
February 28 – March 30, 2023

Obtain the most advanced credential in middle market corporate finance, advisory, and transaction service. Become a CM&AA and increase your expertise and influence in the market to source and close more deals. Get your certification and earn 40 CPE in five weeks.

ROCKY MOUNTAIN CHAPTER EVENT

AM&AA Rocky Mountain Chapter Kick-Off
Happy Hour

Tuesday,
February 28, 2023
5:00–7:30 p.m. MST
Clayton Hotel & Members Club
233 Clayton St.
Denver, CO 80206

NE OHIO CHAPTER

NE Ohio Chapter
Networking Social
Thursday, March 2, 2023
5:00-7:00 p.m. ET
Alley Cat Oyster Bar
1056 Old River Road
Cleveland, OH 44113

ARIZONA CHAPTER EVENT

Chip Manufacturing and Technology Sector
Economic Impact for AZ
Wednesday,
March 22, 2023
7:30–9:00 a.m. MST
Paradise Valley Country Club
7101 N. Tatum Blvd.
Paradise Valley, AZ 85253
On-site self-parking

AM&AA MidMarkettalk

BROUGHT TO YOU BY THE ALLIANCE OF M&A ADVISORS

WINTER 2023

Reflections and the Road Ahead

Reflections

As I pen these few remarks from warm and sunny Scottsdale, I wanted to pause and reflect upon the notable success of our Alliance this past year and offer some thoughts on the road before us.

Noted elsewhere in this edition are success stories as shared by other M&A advisors, each of whom recounts their experiences in what we all would agree was a most interesting year. For the Alliance, success stories include two highly successful national conferences, new local chapters in additional major markets, an increased number of webinar and townhalls sessions covering trending topics relevant to our industry, and expended benefits offered to Alliance members—all of which accounted for a notable increase in membership for the year.

That said, we all could probably relay how we faced challenges in deal flow and closing activities in 2022. Perhaps rising interest rates made your leverage deals more problematic. Or it may have been labor shortages, supply chain challenges, record inflation, or other market disruptors that adversely impacted valuations, pricing, or deal terms for you and your clients. Thankfully, despite challenges, disruptions, and market volatility, we had the network, education, and DEAL CONNECT benefits of Alliance membership to be our anchor in what I often call the market's "sea of uncertainty."

The Road Ahead

What may await us in 2023? Will the road ahead be paved with more challenges, disruptions, and deal delays? Will there be some closings but a much longer timeframe to accomplish them? Most likely, we will face continued higher interest rates and possibly some recessionary conditions in our economy. Deal flow will be impacted by such along with extended timeframes on due diligence, deal negotiations, and closings. Market volatility could mean lower values, reduced multiples, less cash at closing for sellers, and longer earn-out periods post-closing. Yet, it is not all doom and gloom. Industry veterans have faced market and deal flow challenges in the past. Successful dealmakers don't just focus on whether they can make a deal. They drive forward determined to focus on how to do a deal. The Alliance can assist you in learning more about how to make deals a reality. Our Winter Conference in St. Petersburg, Florida was a success and once again offered excellent opportunities for networking, educational sessions, and deal connection. Throughout 2023, Alliance webinars, town halls, and local chapter events will provide members and future members valuable insights on the M&A market and deal flow status. Join us and find out for yourself how Alliance membership helps you be better equipped to not just stop at whether a deal can be done in a "sea of uncertainty" but to pursue the road ahead, discovering how to make deals a reality.

Happy New Year!

David G. Asmus

CMAA & Chairman
AMAA National Advisory Council



AM&AA 2022 ACHIEVEMENTS

We're so excited to head into the new year with you as a part of AMAA's future growth and success. 2022 was a great year for AMAA, and we couldn't have done it without the support of our membership. AM&AA is eager to continue supporting the needs of middle-market M&A professionals like you. Before we toast to a new year, however, let's reflect on our successes and achievements in 2022.

When the AM&AA community gathers, great things happen. Deals are made and life-long relationships are forged. This year was no exception. We hosted our Winter Conference in beautiful Charleston and Summer Conference in delightful Dallas. During those events, more than 1,000 meetings were registered via the event app, but we know so many more happened. A big thanks to our Conference Planning Committee, who helped provide exceptional panels and almost 500 hours of CPE credit to our attendees. It was wonderful seeing so many participants in lovely St. Petersburg at Winter Conference this February. We will launch the 25th anniversary of AM&AA during the Summer Conference in San Diego this coming July.



AMAA Members In The Spotlight!



THE RAIVAX GROUP

The Raivax Group collectively closed 30 deals in this 2022 calendar year, achieving a firm record of closing \$250M+ in transactional value!



Select Deals in 2022:

- Northern Sky Research, LLC (client) acquired by Access Markets International Partners, Inc., a subsidiary of Analysys Mason Ltd.
- Trojan Recycling, Inc. (client) acquired by Waste Connections, Inc.
- Summit Healthcare Services, Inc. (client) acquired by Consensus Cloud Solutions
- Lowell Therapeutics, Inc. (client) acquired by AcelRx Pharmaceuticals
- UL Holdings, Inc. (UrbnLeaf) (client) acquired by Harborside, Inc.
- Zmags Corp. (client) acquisition of Better Commerce Group Incorporated, d/b/a Be a Part Of
- Ocean Canyon Properties (client) acquired by Outdoor Adventures, Inc./American Adventure Holdings (AAH)
- Syrinx Consulting Group (client) acquired by

- DeWinter Group; New Heritage Capital
- Coretelligent (client) acquisition of Chateaux Software
- Sierra Consulting Group (client) acquired by Keystone Capital / VDA Group
- Andler Packaging Group (client) acquired by Berlin Packaging, LLC
- New Jersey Door Works (client) acquired by Miner Ltd.
- JRM Hauling & Manufacturing and Greenworks (client) acquired by Republic Services



Cross Keys Capital Midwest is an investment banking firm located in Highland Park, Illinois, a Chicago suburb. In 2022, the firm closed five transactions, all of which with portfolio companies of private equity groups as buyers. Roger Schoenfeld, Managing Director, noted that most of the transactions the firm closes involve selling their privately held clients to larger companies with synergies. In those transactions, where 1+1 equals significantly more than 2, the likelihood of closing is higher given the synergies and understanding of the industry.

Two of the transactions closed in 2022 were clients who were already approached by buyers and needed investment banking advice and guidance to get them to the finish line. Schoenfeld refers to these as concierge-type engagements where Cross Keys Capital Midwest tailors their services to meet the client's transaction needs. In one situation, the sellers had been talking to five different potential buyers and asked Schoenfeld's firm to take over the process, making sure all parties had the same financial information and negotiating a letter of intent in a competitive professionally run process. In the other situation, the client was working with one private equity group, portfolio company, and Cross Keys Capital Midwest successfully negotiated a letter of intent for a higher valuation and assisted in closing the transaction. A third concierge process (less than a full marketing process) is underway in 2023.

If you would like to share a success story or a win for our next newsletter, please email eva.nightingale@amaa.com.

Warm Welcomes!

Eva Nightingale

Membership Director, AMAA

Eva Nightingale will focus on AMAA membership growth, member onboarding, member connect, and added-value programming. Nightingale comes to us as a membership, retention, sales, and marketing specialist with more than 20 years of successful, broad-based business experience with industry-leading companies including Club Corp Inc., Arnold Palmer Golf Management, Mirage Resorts, Le Meridien, Marriott International, and Brinker International. At ClubCorp, she created and implemented training programs, systems, and processes to ensure profitable sales in membership and member relations. For the past 10 years, Nightingale has been on her own as a marketing consultant focused on new store openings, concept design, sales and marketing, management, contract negotiation and development of membership, revenue, and retention strategies. Please reach out to Eva.Nightingale@amaaonline.com.

Kendall Allen

Membership Coordinator

Kendall Allen is part of the AM&AA national team as our Member Services Associate. She has already made an important impact in supporting chapters and improving the functionality and value of Deal Corner and Tombstones. she cares for members day-to-day needs so well.

Want to be featured in the next AM&AA Newsletter?

We are accepting articles from AM&AA members that are educational in nature and average 1,200 words. Email info@amaaonline.com with your interest and topic.

The Importance of Cybersecurity in Middle Market Deals

Philippe Flichy



While buyers are certainly more incentivized to scrutinize the cyber-risk posture of an acquisition, sellers

can gain time and statistically get a better deal by demonstrating a good data management process. By examining what the buying side is looking for, it should be relatively easy for sellers to prepare for a future transaction. Let's first address the notion of the weight that cybersecurity has on middle market transactions. It turns out that omitting cybersecurity assessments from M&A due diligence means ignoring serious risks.

When conducting superficial evaluations or limiting such due diligence to a company's IT systems rather than treating cybersecurity as a risk category in and of itself, this means ignoring what cyberthreats pose to all companies and to M&A deals involving them. According to concurring studies, it has a direct impact: attempted mergers are significantly less likely to be withdrawn when the target has low cybersecurity risk. According to the West Monroe survey, the top reasons deals fail are: security concerns (23%), financial and tax issues (23%), and problems with compliance (18%). Cybersecurity weighs as much as financial and tax issues in deal failures.

Furthermore, a study by Forescout reports that 53% of M&A deals encountered a cybersecurity issue or incident during due diligence that put the deal at risk. As to how it is viewed in terms of a type of asset, one study suggests that 95% of survey respondents considered cybersecurity programs a tangible asset, while 63% considered security tools to be general assets. In terms of security, an acquiring company inherits existing cybersecurity vulnerabilities, incidents, and resulting liabilities along with the beneficial assets that are being purchased. Liabilities and vulnerabilities get transferred to the acquiring firm, including financial burden and/or



reputational damage, much like environmental liability.

You need to know what you are getting into, much like when you request a 21-point car inspection before buying one. It's not a guarantee that the car will run for thousands of miles without a visit to the mechanic, but it should ensure you that its main functional elements are working properly at the time of the purchase. In the case of a company acquisition, this translates into a cybersecurity audit to identify the security controls and intrinsic vulnerabilities of the target company.

There are more than 21 cybersecurity points and more general IT points to consider before, during, and after an acquisition. If you'd like to go over them with us, we would be very happy to do so. In short, you need evidence of the level of their cyber posture, and cultural histories. Back in November 2021, the FBI issued a Private Industry Notification, explaining how ransomware threat actors are now specifically researching publicly available information to identify their next merger and acquisition targets. They are leveraging the time-sensitive aspect due to the nature of the deal in order to pressure their victims into paying quickly and thus avoid leaking information to the public, which could jeopardize the deal. The time period before any acquisition or merger is sensitive for companies. For most larger transactions requiring a filing with the Federal Trade Commission, both the buyer and the seller must file forms and

provide data about the industry and their own businesses.

By law, all information in a merger investigation is confidential, with very strict rules against disclosure. Even smaller deals that do not require an FTC review bring with them an exchange of sensitive, classified information about both parties that, if disclosed, could disrupt the deal or result in a competitive impact. The less transparent information is available in the data room, the more the acquisition team conducts external research. That's picked up by the bad actors' AI engines, and the more it helps them identify a possible M&A to investigate. Once the probabilities of an M&A being underway increase, criminals can rush to ransom the acquired company, knowing they will want to negotiate quickly to get their deal to conclude. They can also decide to lay low and wait for the opportunity to compromise the buying company's infrastructure in due time.

The deal is signed! Congratulations! Humans are resistant to change and can perceive an acquisition as a threat to their job and their way of working. The human impact is not to be underestimated, especially during the transition period, in which uncertainty runs high.

The acquiring company wants to retain key talents to ensure the preservation of knowledge and a smooth transition and later integration. Company culture and interactions during the due diligence process are important. Put forward a tight and highly knowledgeable team that could be very

influential on talent retention. In 2022, over 2.5 million cybersecurity jobs were open worldwide, possibly getting to 3.5 million in 2025. In the U.S. alone, 600,000 cybersecurity positions were unfilled in 2022. Technical people can be very opinionated about their technology convictions, which will add to the integration challenge. This is where human capital built early on by the pursuing team can bear invaluable trust capital and become vital to solving diverging views.

Once a direction is established, proper project management and human relations management are crucial to "hurdle the cats". Bear in mind that not only the technology has to be integrated, but all the user interfaces, the policies, and processes will as well. This equates to a direct impact on how employees do their job and interact with the system in place and each other. As a company expands, adapting to regional culture and segmenting networks in case of an attack also become sensitive topics. When acquiring a company, you don't just expand market shares, technology, IP, and geographical reach; you blend organizational culture. Part of the culture is cyber hygiene and response to threats.

Because a technical cyber rating does not necessarily reflect the cyber posture of the company, cybersecurity due diligence for M&As should always be a priority. The goal is for the purchaser to uncover the target organization's cybersecurity controls and potential risk areas. The purpose here is to gather information about potential security flaws in networks and supply chains, so that they can be corrected before being exploited by cybercriminals. Cyber due diligence can also assist businesses in better managing third-party partnerships by allowing them to evaluate their providers' cybersecurity posture, avoid fines, and develop more thorough compliance strategies. Contact phil@cykur.com to learn more about our outsourced cybersecurity risk assessments and mitigation plans tailored specifically for LMM M&A deal transactions, both for pre-transaction assessments and cyber due diligence. We scope each project to your client's needs, and the services are extremely high ROI for the success of your deal process.

Welcome, New Members

On behalf of the AM&AA we would like to welcome our newest members to the association. Membership in AM&AA means lending your voice to the strength AM&AA. We look forward to working together in growth and relevancy in our industry to make this an enriching and rewarding experience for all members.

The keys to success are:

- Stay current by visiting the AM&AA website regularly
- Attend as many local and national conferences and events
- Consider the educational certification opportunities
- Membership Guide: take full advantage of this research tool
- Participate in sponsorship opportunities: get your name out there
- Read the weekly emails regarding industry updates, market trends, and upcoming events

First name	Last name	Company
Atlanta Chapter		
Keith	Kim	Elevance Value Growth
Dallas-Fort Worth Chapter		
Chris	Barsness	Patel Law Group
Brad	Cummings	Calvetti Ferguson
Fernando	Hernandez	VAHG
Jacques M	Jean	TechFides LLC
Erica	Lappo	
Vijay	Pitta	Levian Capital
Teddy	Saltzstein	Six Pillars Partners
Rob	Schroeder	BakerHostetler
Ed	Selee	Prairieland Interim Executives
Austin	Speni	Cadence Bank
DC/MD/VA Chapter		
Daniel	Yoo	PBMares
Houston Chapter		
Will	Bateman	UHY
Roger	BURKS	WG Consulting
Matthew	Goldston	PKF Texas
Alicia	Goodrow	Goodrow Law
Darryl	Mazow	Gordon Arata
Radostina (Radost)	Mims	JP Morgan Wealth Management
John	Tyler	Merrill Private Wealth
Long Island Chapter		
John	DeLillo	MDJ Advisors
Kislay	Shah	www.shahcpaus.com
Midwest Chapter		
Anthony	Ivy	Park Coast Capital Partners
Wendy	McGinnis	Charter Capital Partners
Nicholas	Stone	Cyprium Investment Partners
Minnesota Chapter		
R.B.	Kiernat	Hennepin Partners
NE Ohio Chapter		
Ronald	Weinberg Jr	Weinberg Capital Group
New England Chapter		
Joseph	Confessore	Washington Trust
Kenneth	Connors	Truist
Jay	Galasso	Beacon Equity Advisors
Lisa	Hudson	Washington Trust Company
Ross	Kennedy	UBS Private Wealth
Justin	Marti	Marti Law Group
Steve	Tagtmeier	Blue Ridge Partners
David	Vilage	Vilage & Company, LLC
Richard	Weiner	AAFCPAs
New York City Chapter		
Petru-Santu	Acquaviva	BNP Paribas
Robert	Gennari	Truist Bank
Philadelphia Chapter		
David	Allebach	Janney Montgomery Scott
Samuel	Gillin	Merakey
Rocky Mountain Chapter		
Julian	Izbiky	Fortis Law Partners
Connor	Love	IMA Financial Group
South Florida Chapter		
Judd	Appel	EisnerAmper LLP
Shelby	Faubion	Vector Advisory Services LLC
Richard	Liang	Silverview Credit Partners
Ilian	Obregon	
Bryan	Rush	Astor Walker & Co.
Southern Nevada Chapter		
Robert	Glaser	BNY Mellon Wealth Management

New Member Highlights (continued)

First name	Last name	Company	Where is your local chapter?
St. Louis Chapter			
David		Kennedy	Eagle Private Capital
Tampa Bay Chapter			
Wendy		Andrews-Fine	Aberdeen Advisors, Inc.
Matthew		Ebert	Jabil
Katie		Faircloth	Mangrove Equity Partners
Connie		Gage	Smith & Associates Real Estate
Jami		Gold	LCG
Jeffrey		Lewis	The Bonadio Group
Desiré Sheils		Nelson	Carr, Riggs & Ingram - Accounting & Advisors
Alex		Risteovski	Truist
Joel		Stevens	Bernstein Private Wealth Management
Utah Chapter			
Mark		Erickson	Tanner LLC
General Membership			
Gabriel		Altmayer	Dexcom
Antonio		Arango	Amicus Infinitum
Samir		Asaf	DelMorgan & Co.
Emily		Bradley-Kosanke	Plante Moran
Greg		Carpenter	M&A Business Advisors
John		Curtin	Now Capital
Zak		DeOssie	LO3 Capital
Waldon		Fenster	Deal Exchange
Stephen		Ferraro	Ferraro, Amodio & Zarecki, CPAs
Robert		Fox	McGuireWoods
Tamara		James	Industrial Device Investments
David		Juneau	LFM Capital
Rajesh		Kothari	
Stephen		Lance	Finquest
Bob		Lutz	Telos Capital Advisors
Ray		Preston	Flippa.com
Ammar		Rajab	Intelworth Management Consultants
Nadine		Richter	Sierra Pacific Group
Dallas		Stauffer	Tenney Group
Patrick		Stroth	Patrick Q. Stroth
Lalit		Valecha	AVA Global Professional Services LLP

Congratulations to Our Raffle Winners!

Each Member will receive a complimentary admission to our
Summer Conference in San Diego, California!

BRYAN SNYDER AND AMY COLE

Winners of the member
survey raffle!

TONY BOSCHETTO!

Winner of "number of
meetings attended at Winter
Conference!"

BILL JARRY!

Winner of "number of
deals made as a result of
connections made through
AM&AA!"

Why AM&AA Events Should Be Included in Your Goals for 2023:

Networking

These opportunities are offered to enrich your M&A network, increase dealmaking, and advance your career.

Exposure and Marketing

Chapter Events are held monthly, either in-person or virtually. These events include expert speakers or panelists and are organized by chapter leaders.

Education CM&AA

Certification courses held in-person or virtually to earn the Certified Mergers & Acquisitions Advisor designation.

Deal Connect at Our Conferences

AM&AA hosts two industry conferences each year, in the summer and winter. These events bring hundreds of M&A professionals together and feature industry thought-leaders, Deal Connect, and networking and deal-sourcing opportunities. Learn more at amaconference.com.

Moving **FOR**ward requires **VIS**ion

 Introducing **FORVIS**,
forward vision from the
merger of BKD and DHG

With a national platform, deepened industry intelligence, greater resources, and robust advisory services, FORVIS is prepared to help you better navigate the current and future dynamic organizational landscape.

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