



Building enduring value  
with a spirit of partnership and excellence.

## Contents

- Investment Strategy & Subsector Focus
- Excellere Firm Update
- Advisor Toolkit: Five Questions Every Entrepreneur Should Ask a Potential New Partner
- Expert Insight: Big Data for Small Business
- Recent Transactions
- Industry Highlight: Eating Disorder Treatment Centers
- Excellere Portfolio Investments
- Our Team: Contact Information

### EXCELLERE PARTNERS

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Find out more information online at: [www.ExcellerePartners.com](http://www.ExcellerePartners.com)

### Thankful for the Pipeline

The Excellere pipeline is “as strong as we’ve ever seen,” according to Excellere Managing Partner, David Kessenich. We recently closed a significant platform and two add-on acquisitions, and have built a strong transaction pipeline with several additional acquisition opportunities signed or about to be signed to letters of intent. Many thanks to the intermediaries and business advisors who continue to provide us with excellent opportunities that meet our investment criteria. We are actively seeking to partner with entrepreneurs and management teams on recapitalizations to help build best-in-class companies. Here’s to a prosperous 2014!

### Lower Middle Market...It’s What We Do

Our investment strategy remains focused on executing buy-and-build growth strategies through majority recapitalizations.

Key elements for us include the following:

- Entrepreneurial, middle-market companies
- Attractive industries with positive long-term outlooks

### Why Excellere

- Partnership
- Value-Added Capabilities
- Industry Focus

### Event Calendar:

[[click](#) if you would like to set up a meeting with the Excellere team attending these events]

- Rocky Mountain Corporate Growth Conference (April 1)
- ACG Intergrowth (April 28-May 1)

### Coming to a town near you . . .

Planned Q2 2014 city visits:

- Boston
- Dallas
- Raleigh
- Portland
- Seattle
- New York area
- Minneapolis
- St. Louis
- Tampa
- Las Vegas

Please let us know if you’d like to arrange a meeting while we’re in your area.

Didn’t see your city? Send us note and we’ll let you know when we plan to be near you.

[Contact Us](#)

- Compelling growth and customer-centric opportunities
- EBITDA between \$4 and \$25 million for platforms
- No minimum EBITDA requirements for add-ons

Please refer to “Investment Strategy & Subsector Focus” herein for an overview of each sector.

We remain grateful for the support we have received from so many people and organizations. Thank you for your belief and trust in Excellere Partners.

### **Let’s Connect at the Rocky Mountain Corporate Growth Conference!**

ACG’s Rocky Mountain Corporate Growth Conference is coming up on April 1st here in beautiful Denver, CO. Are you attending and interested in setting up a meeting with Excellere Partners? [Click here.](#)

### **Busy Closing Platforms and Add-ons**

- Excellere closes utility services company as a fifth platform investment in Fund II click for [full article](#)
- PhyMed acquires Lebanon Anesthesia Associates completing its first add-on acquisition click for [full article](#)
- U.S. Water Service completes its sixth and seventh add-on acquisition click for [full article](#)
- Medtech College closes fifth add-on acquisition click for [full article](#)

### **Reader Feedback/Survey:**

What are the greatest concerns of entrepreneurs during a transaction that are NOT being addressed by potential partners?

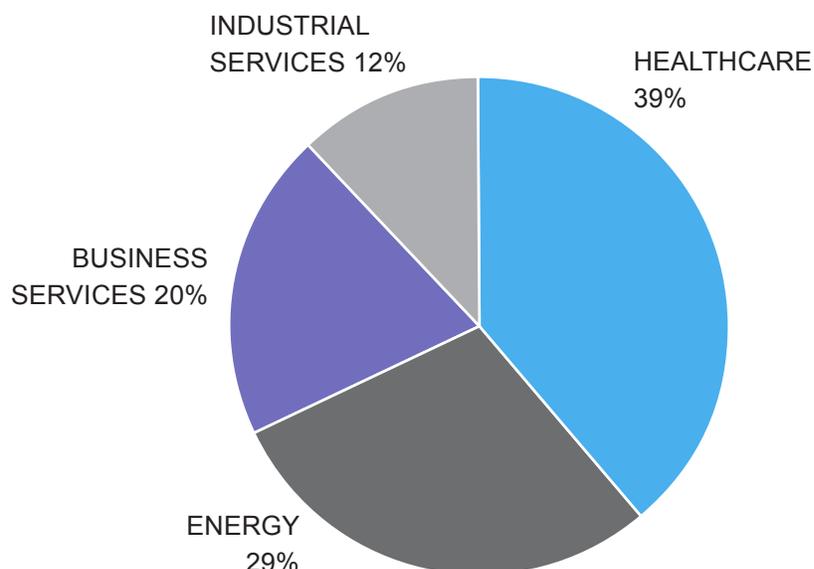
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## INVESTMENT STRATEGY AND SUBSECTOR FOCUS

### Investment Mix

We remain enthusiastic to continue to buy-and-build within our targeted industries. Below is an industry vertical breakout of our portfolio since 2010:



BUSINESS SERVICES	ENERGY PRODUCTS & SERVICES	HEALTHCARE	INDUSTRIAL TECHNOLOGY & SERVICES	SPECIALTY FOODS & AGRI-BUSINESS
Business Process Outsourcing	Production and Completion Optimization	Outpatient Provider Services	Utility Services	Healthy Snacks
Outsourced Insurance Services	Inspection, Testing and Maintenance	Outsourced Hospital Services	Commercial Water Treatment	"Ready-to-Eat" Convenience Meals
Revenue Cycle Management	Highly Engineered Components	Behavioral Healthcare	Test & Measurement Products & Services	Ethnic Foods
Niche Professional Services	Data Analytics	Healthcare Business Services and IT	Highly Engineered Products & Components	Ingredients, Flavorings & Seasonings
Quality and Inspection Services	Software Enabled Solutions	Payor and Cost Containment Services	Specialty Chemicals	Food Safety Testing and Products
Government & Regulatory Services	Safety Training	Health and Wellness	Predictive & Preventive Maintenance	Condiments and Sauces
Training Services	Compliance Tools and Services	Products & Contract Manufacturing	Maintenance Repair and Overhaul	Private Label
Distribution and Logistics	Fluid Management	Healthcare Distribution Services	Device Engineering & Design	Natural and Organic Foods

### INVESTMENT CRITERIA

- ▶ \$4-25 million in EBITDA (for new platforms)
- ▶ No minimum EBITDA for add-ons
- ▶ Majority recapitalizations with significant rollover
- ▶ Management with a vision for growth and a desire for partnership
- ▶ Differentiated business model with a compelling customer value proposition
- ▶ Potential for customer-centric, buy-and-build consolidation

### Excellere Expands Team and Moves to New Offices

We are pleased to announce four recent professional additions to the Excellere Team:

John Lanier has joined the Excellere team as a Partner, with a focus on Strategy and Operations. Mr. Lanier has spent more than 30 years advising, leading and investing in middle-market, entrepreneurially-focused businesses. His early career with Bank of America involved small business working capital financing, which evolved into private equity portfolio company support services with GE Capital. Core to his responsibilities was pioneering the Access GE program. Mr. Lanier is certified in process reengineering, change management and Six Sigma (Master Black Belt), and is an operations efficiency expert. In 2002, Mr. Lanier became KRG Capital Partners' Chief Quality Officer, and developed the firm's first generation operational support toolbox. In 2006, he formed Middle Market Methods, to offer strategic planning, process improvement, acquisition integration and change management support to private equity portfolio companies. Mr. Lanier's engagements include more than 30 private equity sponsors (including Excellere, where he was awarded the 2012 Projected Expert of the year) and 100 portfolio companies across a multitude of numerous industries. Mr. Lanier earned a Doctorate in Strategic Leadership from Regent University, an MBA from St. Leo University, and a BBA in Finance from the University of Georgia. John can be reached at (303) 765-2373 or [jlancier@excellerepartners.com](mailto:jlancier@excellerepartners.com).

Eric Mattson has joined the Excellere Team as a Principal, with responsibility for the Firm's origination efforts. Mr. Mattson joins Excellere with over 23 years of merger & acquisition, strategic consulting and senior operations experience. Most recently, he was an Executive Director at United BioSource Corporation (an Express Scripts company). Key aspects of Mr. Mattson's prior roles include executing acquisitions and divestitures, acquisition origination and integration, and developing growth strategies. Along with his valuable experience and knowledge, he shares a common trait with the rest of the team – a passion for working with entrepreneurs in building enduring value with a spirit of partnership and excellence. Eric can be reached at (303) 765-2371 or [emattson@excellerepartners.com](mailto:emattson@excellerepartners.com)

Nick Coleman has joined the Excellere team as an Analyst. Previously, Mr. Coleman worked as an Analyst for Northwestern Mutual Capital, LLC, the private investment manager for The Northwestern Mutual Life Insurance Company, providing mezzanine debt and equity co-investments for private equity sponsor backed portfolio companies. His primary responsibilities included structuring, underwriting, and monitoring investments across a variety of industries and asset classes. Nick can be reached at (303) 765-2377 or [ncoleman@excellerepartners.com](mailto:ncoleman@excellerepartners.com)

Matt Halverson has joined the Excellere team as an Analyst. Previously, Mr. Halverson worked as an Associate for Pflingsten Partners, LLC, a \$525 million middle-market private equity fund, where he was responsible for evaluating new investment opportunities and providing transaction generation and execution support across a variety of industries. His past experience also includes an Analyst role at Lincoln International. Mr. Halverson earned his Bachelors of Business Administration from the University of Iowa. Matt can be reached at (303) 765-2379 or [mhalverson@excellerepartners.com](mailto:mhalverson@excellerepartners.com).

With so much growth, and even more on the horizon, we needed an office that could grow along with us!

**Please note our new address:**

[3033 East 1st Avenue, Suite 700, Denver, CO 80206 \(link to Google maps\)](#)

**Five Questions Every Entrepreneur Should Ask Their Potential New Partner****Culture and Values**

*Does the private equity firm share my clients company's culture and values?*

In our experience, culture and people are everything to entrepreneurs. Entrepreneurs carry the burden of each employee's professional and personal lives. This responsibility, coupled with a fear that a new partner may spoil what makes the company special and thrive, requires great care when selecting a private equity partner. To learn more about Excellere Partners' core tenants, [click here](#).

**Industry Focus**

*Is the private equity firm devoted to my industry or just an opportunist looking for the next good deal?*

A fundamental component of Excellere's investment strategy is our industry focus. It allows Excellere's professionals to immerse themselves in a particular industry and gain a deep understanding of opportunities and challenges.

**Value-Add**

*Does the private equity firm bring more than capital to the table? Is it tangible and real, or just "hot air"?*

When Excellere was formed, each of the founders committed to build a firm of substance around the aspirations of the entrepreneur, a firm that adds real value. To accomplish this objective, Excellere created the Value Creation Process, an entire system of best practices, tools, resources, and knowledge sharing that provides a roadmap to execute a buy and build growth strategy.

**Reputation**

*Does the private equity firm have a reputation and track record of being a good partner?*

Most, if not all, entrepreneurs share a common desire to find a private equity firm that focuses on the big picture, rather than the day-to-day business and, as we have heard, offer assistance without interference. For testimonials from Excellere entrepreneurial partners, [click here](#).

**Incentives**

*How attractive will the private equity firm's equity incentive program be for my managers & employees?*

The Excellere equity incentive program provides future leaders of your client's company and other valuable managers with an immediate ownership opportunity and capital gains treatment, adding a greater sense of ownership and wealth creation potential.

## Big Data for Small Business

*In the following article, Excellere Partner John Lanier discusses the importance of actionable data in post-closing value creation. How data-savvy are your clients?*

Skill gaps are a common change-management impediment. “I am not very good with computers” is a chronic chorus amid process improvement projects. Unfortunately, the refusal to assimilate technology into our personal shtick rapidly diminishes our competitive differentiability.

An analogous phenomenon applies to the business models in which these people work. Information technology is the Achilles’ heel for numerous small and middle-market businesses. Indeed, over the past 14 years during which my primary professional focus has been middle-market private equity portfolio companies, I have encountered only ONE business whose system could immediately accommodate the investment growth thesis (i.e., buy-and-build strategy) .

The big data standard is morphing. Simply put, it takes more than management information systems to achieve differentiation. Analytics are the new frontier. The point is driven home by Steven Levy in his book, *In the Plex: How Google Thinks, Works, and Shapes Our Lives*. The beauty of Google’s model is its imperceptible simplicity from the customers’ perspective.

*In the Plex* provides a simple search example of “Houston Baker.” Is the searcher looking for a person or a place? If a place, is it Houston, Texas; Houston, Mississippi; or Houston County, Georgia? If a baker, then what kind of baker? Google maintains gigantic server farms that capture copious quantities of data, and they get to the “long click” faster by profiling the user. Had the user previously been searching from Bellaire, Texas, for wedding dresses and flowers, Google prognosticates that the user is looking for a wedding cake. Hence, such bakers are likely featured in the query response.

In the middle-market, there are two generic big data muffs. The first is eschewing needed data capture. The second is not using data in hand. The critical thinking question is, “What handful of metrics tells leaders whether things are working or not—for their customers?” If the signal is “not working,” then drill-down ability is necessary to get to root cause for corrective and preventive action.

“But our system cannot do that, so we don’t track it.” Red flag! In my Access GE days, working with customers in the field, we routinely resorted to manual data capture for process improvement projects. The results were gratifying. Hint. Hint. Leaving critical information needs unaddressed is inexcusable. Nike’s marketing slogan frames the urgency: Just do it!

**John Lanier, Author, Partner, Excellere Partners**

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### Founder, Middle Market Methods

Middle Market Methods™ offers a toolbox of growth and efficiency solutions for value creation

[www.middlemarketmethods.com](http://www.middlemarketmethods.com)

Did you enjoy this article? Let us know if you’d like more material like this in future issues. Even better, feel free to submit your own material for us to consider.

[Contact Us](#)

## RECENT TRANSACTIONS

### Recent Transactions

- Excellere closed upon its fifth platform investment in Fund II on February 14th when it completed the recapitalization of Frontline Energy Services (“Frontline”) and G2 Partners (“G2”, or collectively the “Company”) and subsequently consolidated the two businesses. The combined business, which is a full-scale provider of integrity management solutions to pipeline / facility operators and natural gas utilities, offers a suite of services designed to help clients (i) manage risk within their existing assets, (ii) demonstrate regulatory compliance, and (iii) extend the useful lives of their infrastructure assets. Operating through a methodology that includes leveraging internal data in combination with a talent pool that includes highly qualified engineers, the Company is capable of solving complex problems for an extensive customer base that includes a number of high profile North American pipeline and gas utility operators. Through a strategy that will focus on both organic and accretive acquisition growth initiatives, Excellere is strategically investing in the Company with the goal of continuing to increase the Company’s suite of services, existing client base and geographic footprint.
- PhyMed, a leading provider of outsourced anesthesia and other complementary services to hospitals and other health-care facilities, acquired Lebanon Anesthesia Associates, a physician-owned anesthesia practice headquartered in Pennsylvania. The acquisition expands PhyMed’s geographic diversity, bringing new facilities under PhyMed’s direction.
- U.S. Water Services (“U.S. Water”) closed its sixth and seventh add-on acquisition on October 31st and January 10th, respectively, and is performing due diligence on two additional opportunities. Each business (i) is highly complementary to USWS’ business model, providing water treatment solutions to industrial, commercial, and institutional customers, (ii) increases scale and penetration to USWS’ existing footprint in the (a) Northeast / Mid-Atlantic region, (b) state of Texas, (c) Southwestern region, and (d) Midwest region of the United States and (iii) provides blending capabilities in new regions. U.S. Water has been one of Excellere’s most acquisitive partnership companies and continues seeking strategic water treatment solution add-on acquisitions across the United States.
- Medtech College / Institute (“Medtech”) closed its fifth add-on acquisition on February 6th, 2013. The acquisition is a single campus non-Title IV school offering Emergency Medical Technician (“EMT”) and Paramedic training programs. The opportunity provides Medtech entrance into a new geographic market, new programs and an online offering. Excellere and Medtech were introduced to the target by a contact in the Excellere network of business advisors who was paid a handsome buy-side fee upon closing.

**Eating Disorder Treatment Centers**

Excellere has targeted the Eating Disorder Treatment sector to pursue a platform investment. The firm's interest in this industry is driven by the growing need for treatment, critical nature of therapies and opportunity to create a differentiated brand within the industry.

**Industry Overview**

With over 11 million Americans suffering from eating disorders such as anorexia, bulimia and binge eating, the Eating Disorder Treatment market is a \$2.7 billion segment of the behavioral health market. Further, it is estimated that only one in ten people with an eating disorder receives treatment, which is due in large part to the stigma often associated with mental health conditions. Looking forward over the next five years, IBIS World projects 5.0% industry growth driven by higher disposable income, reduced stigma of mental health treatment, and improved insurance coverage, as a result of the Affordable Care Act's elimination of pre-existing condition coverage exceptions that currently hinder treatment reimbursement. The industry remains highly fragmented and geographically diverse, with no single participant representing more than 5% of the market. Given the barriers to entry, including regulatory, brand, referral sources and, in some cases, certificate of need requirements, growth is expect to come from within the industry with minimal new entrants.

**Platform Value Proposition**

Given the low efficacy of some treatment options and the challenging nature of the disease, it is common for eating disorder patients to experience relapse and readmission. Companies whose treatment offerings demonstrate tangible outcomes will be positioned to benefit from the industry's growth, as well as positive reputational advantages driving volume and filled capacity.

**Buy-and-Build Opportunity**

As a result of the forecasted growth in demand for eating disorder treatment therapies, the sector is well-positioned to execute a buy-and-build strategy. Existing providers of eating disorder treatment may benefit from any of the following: (i) regional expansion of existing operating models into new geographies, (ii) development of additional demographic service offerings (adding adolescent or adult treatment, etc.), and (iii) acquisition of complementary providers to more quickly expand geographic and service offering coverage.

To learn more about our interest in the Eating Disorder Treatment Centers industry, please contact [Ryan Glaws](#) at (303) 765-2404 or [Justin Unertl](#) at (303) 765-2416.

## PORTFOLIO INVESTMENTS

### COMPANIES



### DESCRIPTION

**Advanced Infusion Solutions** is a compliance-focused provider of customized medications for patients with intrathecal pain pumps and other chronic and acute conditions. Founded in 1998, AIS provides services in more than 30 states.

For more information on AIS, please contact [Rob Martin](#), [Ryan Glaws](#) or [Bryan Armstrong](#).

### ACQUISITION STRATEGY

Additional pharmacy locations that would help to expand patient census, geographic reach and new compounding therapeutics



**ASI Government** is a “trusted advisor” to the Federal Government, providing consulting services, productivity tools and training to over 56 clients within the Department of Defense, Homeland Security and Civilian agencies.

For more information on ASI, please contact [Rob Martin](#), [Patrick O’Keefe](#) or [Emmett Nelms](#).

Government consulting and training companies that enhance and broaden ASI’s current service offering



**Frontline/G2** is a full-scale provider of integrity management solutions to pipeline/facility operators and natural gas utilities.

For more information on G2, please contact [David Kessenich](#), [Brad Cornell](#) or [Bryan Armstrong](#).

Utility pipeline and facilities testing, maintenance and repair services throughout North America



**Integrated Petroleum Technologies** is a leading petroleum engineering consulting firm specializing in the integration of modern oil and gas well completion, hydraulic fracture stimulation, and petroleum engineering technologies.

For more information on IPT, please contact [David Kessenich](#), [Brad Cornell](#) or [Bryan Armstrong](#).

Oil and natural gas engineering and consulting companies located in major shale plays

## PORTFOLIO INVESTMENTS

### COMPANIES



### DESCRIPTION

**Medtech College** is a leading provider of healthcare education and training with locations in Georgia, Indiana, Kentucky, Florida, Virginia, Maryland, and Washington, D.C.

For more information on Medtech, please contact [David Kessenich](#), [Patrick O'Keefe](#) or [Scott Friar](#).

### ACQUISITION STRATEGY

Postsecondary education providers with a focus on healthcare and wellness programs



**Personable Insurance** is a full service non-standard auto insurance managing general agent ("MGA"). Founded in 2005, Personable has partnerships with multiple insurance carriers and relationships with over 3,000 independent agents in California, Florida, Georgia and Texas.

For more information on Personable, please contact [Brad Cornell](#) or [Justin Unertl](#).

Non-standard auto MGAs and carrier entities writing policies in attractive states



**PhyMed** is a leading provider of outsourced anesthesia, interventional pain management and other complementary services to hospital and surgery centers. Formed in 1994, PhyMed is one of the largest providers of anesthesia services in the United States.

For more information on PhyMed, please contact [Rob Martin](#), [Matt Hicks](#), [Justin Unertl](#) or [Nate Raulin](#).

Providers of anesthesia and complementary services in a number of key strategic states, including, but not limited to, Tennessee and the eastern segment of the United States



**U.S. Water Services** is one of the largest independent, fully-integrated, industrial water treatment companies in the U.S., serving a wide range of industrial, commercial and institutional accounts.

For more information on U.S. Water Services, please contact [David Kessenich](#), [Patrick O'Keefe](#) or [Scott Friar](#).

National and regional water treatment companies in the United States

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