













Business Overview

RE: Telecommunication & Data Installation with Hospital Contracts

Current owner does not do any service calls!

Specifications

 Price \$675,000	 Cash Flow \$226,194	 Revenue \$1,106,342
 Equipment \$20,049	 Inventory Minimal inventory is kept - company utilizes Graybar for supplies	 Location Omaha
 Lease 2,000 sq. ft.	 Reason for Sale Retirement	 Account Receivable \$69,858
 Employees 9 Techs, 3 PT Office Staff	 Profit Margin 20%	 Industry Tech: IT/Software/ECommerce



SUMMARY OF THE BUSINESS –

This data & telephone installation & service business has been open for over 50 years! The current owner has been there for almost 20 years and does not do any install or service. The core of this business is installing voice and data networks in businesses of all sizes. They also install digital and IP telephone systems, fiber optic cabling, voice

mail systems, as well as call accounting systems. Located in Omaha, this telecommunications company has completed work in 20 different states.

Between 2014 and 2016, sales increased by 110%, and 2017 surpassed 2016 by 33%. In conjunction with sales, cash flow has grown each year. Costs are maintained partially by keeping minimal inventory, as the company utilizes Graybar for supplies.

The seller employs 9 techs, many of whom are currently working for the largest client under a recently-renewed 3-year contract that has been reoccurring for 30 years. While the seller manages employees and sales, there are 3 PT office staff to assist with billing, mailing and receptionist duties.

This business already has \$400,000 in purchase orders for 2018!

Business Highlights

- Years in Business: Over 50; under current owner for 18
- Location and Service Area: Omaha
- Clients: Company has a long-standing, reoccurring contract with a local organization undergoing infrastructure revamps over the next several years
- Services: Voice and data cabling, digital telephone systems, IP telephone systems, paging systems, fiber optic systems, call accounting systems, video cameras, recorders and voice mail systems
- Building: 2,000 sq. ft.
- Reason for Selling: Retirement
- Employees: 9 Techs, 3 PT Office Staff
- Seller Training Period: 90 days
- Growth Opportunities: New phone systems (requires training techs on systems first). Power over ethernet. Maintenance contracts.
- Current Owner's Responsibilities: Employee management & sales. Owner **does not** do installs or service.

Financial Highlights

- List Price: \$675,000
- Gross Sales:
 - 2017: \$1,106,342

- 2016: \$830,243
 - 2015: \$588,027
 - 2014: \$394,559
- Cash Flow:
 - 2017: \$226,194
 - 2016: \$186,175
 - 2015: \$111,206
- YOY Growth/Sales Trends: 110% increase in sales between 2014 and 2016
- Profit Margin: 20%
- Assets Included in the Purchase:
 - Equipment: \$20,049 in furniture, fixtures and tools
 - Vehicles: Company truck used by a Tech for deliveries
 - Inventory: Minimal inventory is kept – company utilizes Graybar for supplies
 - A/R: \$69,858
 - Backlog: \$500,000

**amounts may vary*

Cash Flow Analysis

Description of Financial Statement	P&L Statement	Tax Return	Tax Return	Tax Return	Notes
	2017	2016	2015	2014	
GROSS SALES	\$1,106,342	\$830,243	\$588,027	\$394,559	
Net Income Shown on Financial Statement	\$90,163	\$63,932	\$30,187	\$-62,498	
ADDBACKS					
Compensation to Owner	\$91,589	\$99,939	\$65,804	\$62,019	
11% Tax on total W2 Salaries	\$10,075	\$10,993	\$7,238	\$6,822	
Interest	\$5,765	\$5,487	\$5,680	\$4,996	<i>Non-onward going expense</i>
Depreciation	\$8,633	\$1,428	\$1,845	\$2,630	<i>Non-cash item</i>
Meals & Entertainment	\$964	\$818	\$452	\$684	<i>Personal expenses</i>
Amortization	\$0	\$0	\$0	\$2,513	<i>Non-onward going expense</i>
Pension & Profit Sharing	\$1,857	\$3,578	\$0	\$0	<i>To owner</i>
Insurance Premiums for Owners: Health, Life, Auto	\$17,148	\$0	\$0	\$0	<i>Personal expenses</i>
TOTAL ADDBACKS	\$136,031	\$122,243	\$81,019	\$79,664	
Seller's Cash Flow = Total Addbacks + Net Income	\$226,194	\$186,175	\$111,206	\$17,166	
Profit Margin	20.45 %	22.42 %	18.91 %	4.35 %	

- 180% increase in sales between 2014 and 2017

Services

Installation and Service

- Voice and data cabling
- Digital telephone systems
- IP telephone systems
- Voice Mail systems
- Paging systems
- Fiber optic systems
- Call accounting systems
- Video cameras
- Recorders

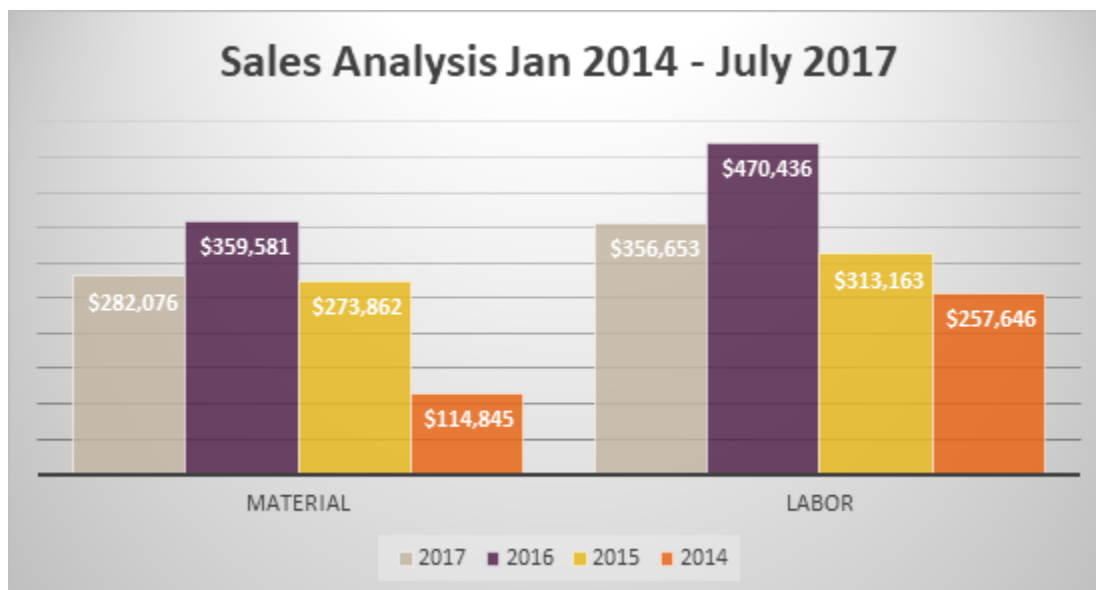
25% of clients are small business owners.

Currently, services are 90% new installations / 10% service. As new cabling and technology comes to market, many clients with older systems require revamps. A buyer looking to increase service sales could introduce maintenance contracts.

Telephone Systems Products

- Company is a top Iwatsu Voice Networks distributor in the U.S.
- ESI
 - Estech telephone Systems
- Icon Voice Networks
 - Digital and IP telephone systems
- ESNA Unified Communications Systems
 - Voicemail and unified messaging systems
- Trisys
 - Call recording and call account systems
- Valcom paging

Revenue Analysis



- Labor sales, as expected, are over half of sales each year

- 2017 grossed over \$1.1M

Employees

- 9 Techs
 - 7 are currently working at for the company's largest contract
- 3 PT Office Staff
 - Answer phones
 - General administrative work

Seller manages employees and handles sales.

Growth Opportunities

- New phone systems
 - Installation and service of new phone systems on the market
 - Techs would need to be trained on servicing them, but this is a great way to grow
- Power Over Ethernet (PoE)
 - This is a rapidly growing technology that increasing flexibility and cuts time and cost
 - The company currently does some work in this area, but advertising it more is a plus
- Maintenance contracts
 - 10% of sales comes from service, but introducing maintenance contracts should boost those numbers

Valuation Details

The Firm Business Brokerage used a Cash Flow Valuation methodology to determine the Purchase Price of the business.

The formula used is as follows:

$$\text{Cash Flow} \quad \times \quad \text{Prescribed Multiple} \quad = \quad \text{Fair Market Value}$$

Cash Flow is the sum of business net income plus any owner perks and any non-onward going expenses.

A multiple is prescribed by a 20 question, 100-point parameter ranking system that is used to analyze the current business health. Each question is based on a scale from 1 to 5: 1 being low, 2 below average, 3 average, 4 above average, 5 high. The average of the responses sum is the business' prescribed multiple.

For this business, a 2017 Cash Flow was used with a prescribed multiple is 3. With this information, the computation is as follows:

$$\$226,194 \quad \times \quad 3 \quad = \quad \$678,582$$

The Fair Market Value found above positions the business List Price at **\$675,000**.

To receive a full financial package and specific information regarding this business:

1. Complete the Qualified Buyer Documents (Non-Disclosure Agreement and Buyer Questionnaire) [on our website](#) or print, scan and return the attachments to info@TheFirmB2B.com
2. Call The Firm Business Brokerage at 402.998.5288 to schedule an appointment or conference call with a Broker.

The Firm currently has over 90 cash flowing businesses available. If you find that this is not a fit for you, please let us know and we would be happy to provide you with other opportunities.

The Firm makes no warranties or representation in consideration to the information provided above. All communication regarding this business must occur directly with The Firm Brokerage, LLC.