



## ACQUISITION PROFILE

### WEB DESIGN, DEVELOPMENT & SOFTWARE COMPANY

#### EXECUTIVE SUMMARY

Burley & Associates has been retained to identify an acquirer for this Company, headquartered in the New York City Metropolitan Area. The Company has been providing web design and development services for a wide variety of industries since 1997. The company develops database-driven websites and software systems that also integrate effective design and interactive marketing to strategically enhance their client's business objectives.

The Company is a boutique agency that successfully implements large-scale technology projects with economical budgets and tight deadlines. The team consists of five employees with experience developing a wide range of web and software projects, including web content management, e-commerce, HTML newsletter management, online surveys, intranets, and customer relationship management systems. The Company engages talented, specialized freelancers, from high-end designers to proficient coders as needed.

The Company's products and services include strategic consulting, content development, branding - web and interface design, project management, database development, content management, e-commerce, online publishing, personalization, streaming video / audio, wireless & broadband, and custom software development. Their proprietary web content management system (CMS) provides full online content management functionality and utilizes templates for publishing online content through a web-based administrative interface. It's sold as a custom installation on client servers; 60% of projects use this or some other CMS as a starting point. The remainder is custom databases and systems or consulting work. The majority of revenue is from strategy, management, design, and integration. Approximately 70% of won business consists of complete, turnkey, consumer-facing website design and development implementations, of which the company currently sub-contracts a substantial percentage of the design portion to its current design partners or freelancers.

The Company's customer base is diversified and includes media, entertainment, publishing, finance, education, retail, and others. Most accounts are regional, within the tri-state area, with some national. There is no concentration of customers where one client accounts for more than 5% of the Firm's revenue.

Senior management is comprised of the two owners. While both are interested in exiting the business, they are open to discuss transitional periods of 6 months to 2 years with accommodating terms and conditions, and depending upon the acquirers' desires. The balance of the staff includes a Senior Web Developer, a Web Developer, and a Project Coordinator, each are expected to continue employment with the acquirer.

## FINANCIAL SUMMARY

The financial position of the Firm is sound. The Company's gross profits have grown 14.77% on average since 2004. Management feels that the Firm is at critical mass and will require an investment in both human and physical resources to keep up with the current growth pattern. The Company has strong/earned relationships with its existing customer base.

The Company experienced a 27.21% revenue increase in 2005 over 2004, which achieved a 24.54% increase over 2003. Management believes that the Company is at capacity relative to demand and available resources. With an investment in human and physical resources the Company can enjoy readily available work. A new staff member was added in 1<sup>st</sup> quarter 2006, projecting a 20.5% increase in salary expenses, which can account for the projected decrease of 15.47% in net profits as of 1<sup>st</sup> quarter financial reports. Management believes the net profit will adjust upwards as the new hires' related production becomes quantifiable, projected for 3<sup>rd</sup> quarter 2006.

A snapshot of the Company's revenue and earnings history is as follows:

	2006 Est.	2005	2004
Revenue	\$ 587,935	\$ 516,983	\$ 376,324
Net Income	\$ 30,258	\$ 35,797	\$ 7,341
Normalized EBITDA	\$ 125,705	\$ 104,093	\$ 86,252
Discretionary Cash Flow	\$ 205,705	\$ 184,093	\$ 166,252

The Company has no long-term debt, a reasonable working capital position, and sufficient cash. Prospects for the firm are also encouraging, maintaining strong relationships with its current client base, and developing good prospects to expand further. In its current form, the Company is expected to do well in this environment; however with the backing of a larger more senior firm, the Company could leverage its current relationships dramatically.

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The ideal acquirer for The Company will be a firm engaged in similar or complementary work. Companies with an existing Creative group but without an experienced, in-house technology team could quickly take advantage of the sales pipeline and remedy the lack of in-house design staff in order to bid and win larger projects with more substantial design and technology budgets, and to up sell additional design projects to current clients. Other opportunities and types of buyer groups will also be welcomed and considered. Proposals and Letters of Intent are expected to support a 2.5 times Sellers Discretionary Cash Flow plus a potential for earn out relative to licensable software programs that may or may not be included in the sale.

## CONTACT

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Upon proper qualification of the potential acquirer, including the customary exchange of financial information and confidentiality agreements, a detailed Confidential Offering Memorandum will be provided for further review.

All inquiries will be held in strict confidence.