



Member FINRA | SIPC

Q Advisors Telco Experts Extended Case Study

March 2021

Case Study: Q Advisors Represents Telco Experts



ACQUIRED BY



A PORTFOLIO COMPANY OF



Company Description

Telco Experts is a single-source provider of high-availability managed network and voice solutions to large, mid-size, and small enterprises across the U.S. The Company offers a comprehensive solution portfolio including data transport, IP access, feature-rich hosted voice and managed services. The Company utilized a carrier-neutral, asset light approach leveraging strong partner relationships to deliver diverse, fully-integrated solutions over fiber, wireless or legacy infrastructure

Situation Overview

Q Advisors was hired as Telco Experts exclusive financial advisor to explore strategic alternatives for the Company. Telco Experts founders and majority shareholders were seeking a fulsome liquidity event with a private equity firm or a strategic investor. Telco Experts comprehensive solutions set, strong network engineering capabilities, and industry leading margins and free cash flow profile positioned the Company as an attractive opportunity for several financial and strategic investors.

Result

Acting as exclusive financial advisor, Q Advisors procured multiple offers from a combination of strategic buyers and private equity funds. Ultimately, Evergreen Services Group (backed by Alpine Investors), a leading consolidator of managed service providers, recognized the strategic benefit of Telco Experts solution capabilities, expertise, and cash flow profile. The transaction resulted in an attractive liquidity event for Telco Experts shareholders, and provided Evergreen Services Group a new product set and expertise to leverage across their existing portfolio companies

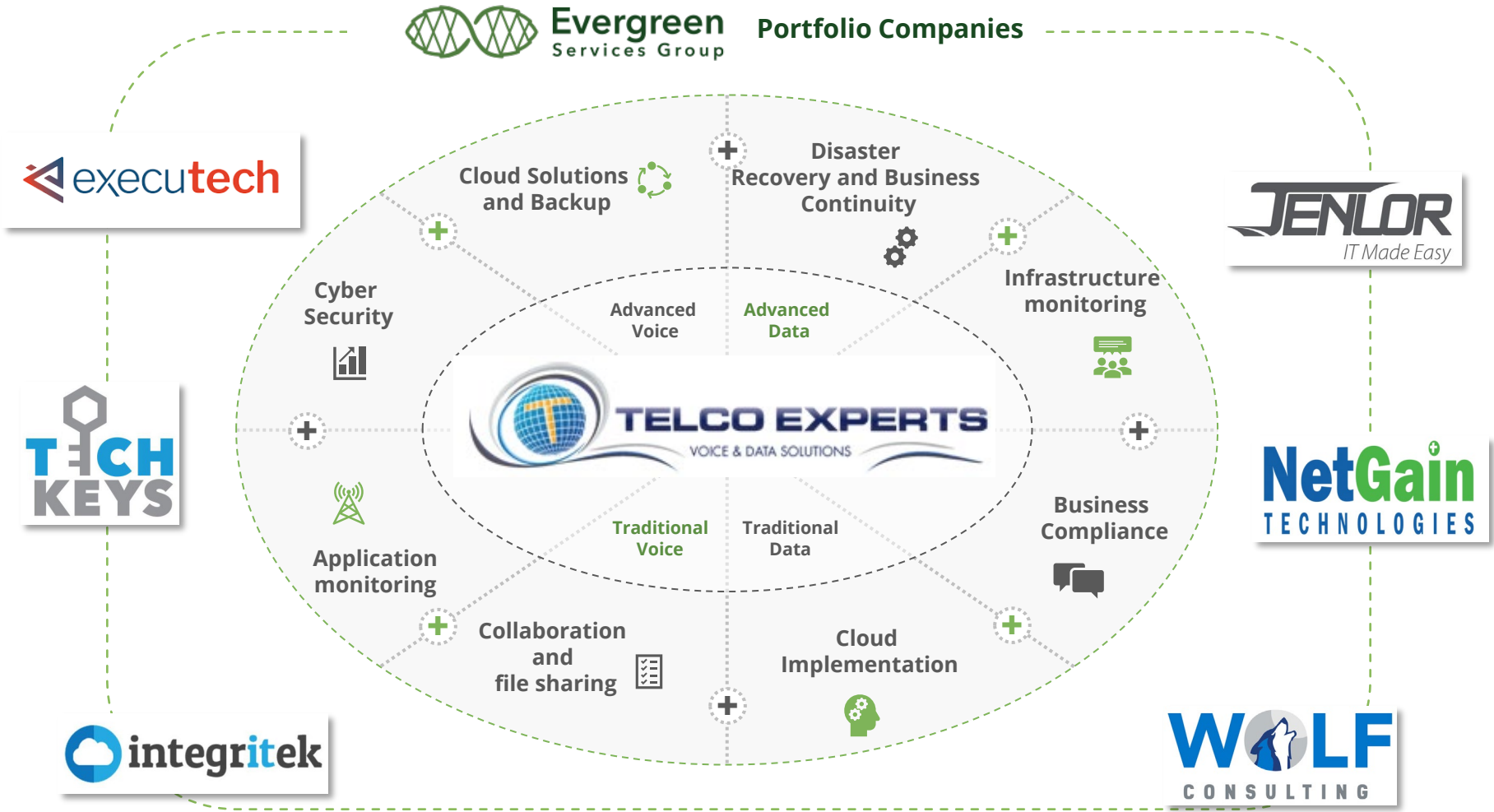
“Selling Telco Experts was our first engagement with Q Advisors. After reviewing all of the sell-side deals they have successfully closed in the managed network services and cloud communications sectors, it didn’t make sense to look elsewhere. While we didn’t fully know what to expect, they navigated us through the process and we always felt we had a partner who was looking out for the best interests of Telco Experts. The Q Advisors team took the time to understand our business and differentiators, as well as which companies would be the best fit to take Telco Experts forward. While many companies came to the table with interest, we are thrilled they found Evergreen Services Group, as we feel it’s a win for all parties. It was important for us to make sure our employees had a good home and our customers would continue to receive the high level of service they have been accustomed to, and the transaction with Evergreen made this possible. Q Advisors was very responsive, diligent, and professional throughout the process. I can’t say enough good things and we hope to be in a position to use them again.”

*Eric Klein, CEO
Telco Experts*

Telco Experts

Strategic Rationale – Evergreen Services Group

Evergreen Services Group portfolio Companies now have the capability of controlling the full IT Stack from Connectivity to Application creating the opportunity for significant synergies



Telco Experts

Telco Experts Value Proposition

Single-source provider of comprehensive data network and voice solutions for enterprise customers that require fail-safe reliability and scalability

Key Benefits



Customer-Driven, Catered Solutions



Market Leading Technologies



Deep Engineering Expertise



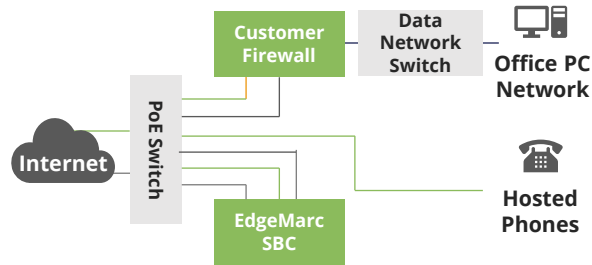
Continuous Improvement



Relentless Customer Support

Customized Solutions

- Consultative, solution-based approach and focus on redundant, fail-safe engineering ensures performance, reliability and security



Vendor Management

- Complete solutions delivered through a single contract and invoice, eliminating the need for customers to manage multiple vendors and contracts



Technology Management

- Extensive portfolio of the latest IP and cloud-based solutions combined with deep engineering and technology expertise ensures highest quality deployment and ongoing dependability



Data Services
Ethernet-over-X,
SD-WAN



neX Fone Platform
IP-PBX, SIP
Trunks, UC



Voice Services
Integrated T1
and more

Proactive Monitoring & Support

- 24/7, proactive monitoring and support services for rapid identification and remediation of issues
- Uninterrupted monitoring with continual updating ensures optimal business productivity for clients



Telco Experts Complete Solution Portfolio

Ability to deliver a complete portfolio of integrated, reliable data and voice solutions over any type of physical infrastructure

Advanced Data

- Dedicated Internet Access
- MPLS
- Ethernet over Fiber
- SD-Wan
- Wireless
- Cable
- IP Block

Advanced Data



Advanced Voice



Advanced Voice

- Hosted Voice
- SIP
- Conference Calling
- DID
- E911
- Minute Bundles
- RCF

Traditional Data

- Channel T1
- Data T1
- DSL
- Ethernet over Copper

Traditional Data



Traditional Voice



Traditional Voice

- Analog POTS
- PRI T1
- Toll Free



Telco Experts

Investment Highlights

1.



Single-Source Provider of Communication s Solutions

- Single-source, high-availability data and voice solutions offered under a single contract with one invoice and 24/7 support
- Proven experts in evaluating, designing, implementing, and managing diverse, purpose-built enterprise data network and voice solutions
- Vendor-agnostic, best-of-breed network allows for quality service delivery across any U.S. market
- Well-positioned to secure customers underserved by incumbents for mission critical data and voice solutions
- Company continues to roll out proven innovative advanced solutions to meet the needs of its customers

2.



Attractive Enterprise Customer Base

- Proven ability to secure and maintain multi-location enterprise and carrier accounts despite limited sales and marketing resources
- Stable, nationwide base of customers with strong presence in target-rich northeastern markets
- Highly satisfied customer base as evidenced by average low monthly churn

3.



Strong Margin & Cash Flow Profile

- Over 95% recurring revenue accompanied by multi-year customer contract length
- Transitioning revenue mix from traditional to more advanced fiber and cloud solutions
- Industry leading gross and EBITDA margins
- Asset-light approach requires minimal capital expenditures and drives significant cash flow conversion

4.



Significant Opportunities for Growth

- Multiple avenues to accelerate near-term organic sales growth including:
 - › Channel sales team to broaden market coverage and grow active partner network
 - › Account management team to farm existing accounts and support customer transition to advanced services
 - › Direct sales team to focus on core northeastern markets
 - › Formal marketing strategy to increase awareness and produce additional inbound leads – currently minimal spend on marketing or advertising
 - › Rollout of SD-WAN to convert customers to more flexible technology with higher gross margin

