

Case Study - M&A and Corporate Finance

TestAmerica Incorporated



Company

TestAmerica is a leading provider of environmental testing services. The company offers its industrial, engineer and consultant and government clients a full range of environmental analyses and related services including monitoring well testing, aquatic toxicity evaluations, wastewater, drinking water, hazardous waste, air testing and stack sampling, industrial hygiene and environmental / geotechnical drilling.

Objective

Sagaponack Partners, L.P., a \$100 million private equity fund focused on consolidation plays, acquired TestAmerica as a platform to pursue an acquisition strategy within the highly fragmented environmental testing industry.

Acquisition Rationale

TestAmerica's acquisition strategy was premised on creating a single source analytical solution for environmental professionals while simultaneously enhancing the profitability of acquired operations through (i) implementation of a "hub and spoke" lab system; (ii) cross-selling of comprehensive products and services; (iii) purchasing economies; and (iv) elimination of duplicative SG&A functions.

Sweetwater Mandate

Scott Sonnone, a member of Sagaponack, was asked by the CEO to join TestAmerica full-time as VP, Corporate Development to lead the company's acquisition program. His responsibilities included every aspect of the company's M&A initiative including: (i) strategy development; (ii) target identification and solicitation; (iii) valuation and analysis; (iv) transaction structuring; (v) due diligence; (vi) negotiation and execution; (vii) acquisition finance; and (viii) post-transaction integration.

Project Results

Over the course of two years, TestAmerica acquired five companies, which:

- Increased revenues by 6x
- Raised over \$40MM of capital to support the acquisitions
- Added ancillary businesses including environmental drilling and air testing to the company's core laboratories
- Established TestAmerica as the third largest environmental testing company in the U.S.

"Scott's experience and capital markets knowledge were critical to our growth."

- Tom Barr
CEO, TestAmerica