



ACT

CAPITAL

ADVISORS

IP Endpoint Equipment Manufacturer

ACT Client #211403

Available for Acquisition

Company Overview

ACT Capital Advisors is pleased to offer a market-leading manufacturer of IP Endpoint Equipment. Founded in 1974, the Company has pioneered the design, development, and manufacture of innovative Voice over Internet (VoIP) SIP endpoints for the SMB, Healthcare, Education, and Public/Private sector end-markets. The Company also offers a robust portfolio of Point-of-Sale product solutions and custom design services.

Investment Highlights

Market Leading VoIP & POS Products: Since 1974, the Company has been on the leading edge of product innovation in the peripheral VoIP devices and POS networking/connectivity solutions space. The Company focuses on peripheral products over “commodity” products (i.e., VoIP telephones) due to their favorable margin profile.

Deep Technical Development Expertise: In business for almost 50 years, the Company and its management team have developed invaluable institutional knowledge and know-how. As a pioneer in the design and manufacture of IP endpoint products, the Company has helped shape today’s product landscape and has an intimate understanding of trends and technologies that will shape the future of the industry.

Committed Management & Staff: The Company has assembled a talented, committed team with an average tenure of 13 years with the firm. The Company prides itself on low employee turnover, due in large part to the inclusive, values-driven culture.

End-to-End Design, Engineering, Manufacturing: The Company’s vertically integrated product development and manufacturing capabilities yield innovative, high-margin products that are known across the industry for their quality and durability. The Company’s in-house design and manufacturing capability facilitates significant quality control and cost visibility, enabling it to quickly adapt and mitigate operational risks like supply chain disruption.

Reliable, Long-Term Suppliers: The Company sources product inputs from its domestic and international network of contract manufacturers and electronics component suppliers. The Company has outstanding relationships with these suppliers, having worked with most of them for more than 10 years.

Unmatched Channel Distribution: The Company’s products are globally distributed through blue-chip channel partners including Anixter, Ingram Micro, and GraybaR. The Company generates over 60% of product sales through its distribution partners and intends to double channel sales by 2023.

Best-in-Class Technical Customer Support: The Company has prioritized developing a library of resources and support material to help customers select and deploy the proper Company product, based upon their needs. The Company’s support page features over 250 resources covering configuration, troubleshooting, interoperability, warranty information, and more.

In-House Manufacturing Facilities

The Company boasts approximately 17,000 square feet of in-house manufacturing facilities located in central California. By controlling its own design and manufacturing operations, the Company ensures that each product follows strict guidelines in compliance with its quality control standards. The Company’s facility accommodates a wide array of manufacturing requirements, from production of printed circuit boards, subsystems, and modules, to the assembly of custom systems. The Company’s production methods can easily be scaled from low-volume prototypes to high-volume offshore production in partnership with leading international contract manufacturers.

Best-in-Class Distribution



Financial Information (Historical & Pro-Forma)

FYE 12/31	2018	2019	2020	2021E	2022E	2023E	2024E
Revenue	\$9.8MM	\$9.6MM	\$7.7MM	\$9.9MM	\$12.0MM	\$14.6MM	\$17.7MM
Gross Profit Margin	\$4.0MM 41.2%	\$4.5MM 47.0%	\$3.4MM 44.4%	\$4.6MM 47.2%	\$5.8MM 48.4%	\$7.3MM 49.7%	\$9.0MM 50.9%
Adj. EBITDA Margin	\$1.0MM 10.5%	\$0.8MM 8.5%	\$0.4MM 5.6%	\$1.2MM 11.7%	\$1.0MM 8.4%	\$1.7MM 11.9%	\$2.7MM 15.3%

Contact Information & Next Steps

Interested parties should execute the attached Non-Disclosure Agreement (“NDA”) and return to ACT Capital Advisors with a written request to receive the Confidential Information Memorandum (“CIM”).

NDA’s and CIM requests should be submitted to Michael Seeley, ACT Vice President.

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