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**Madison Advisors Best Practices Assessment Methodology Evaluates**

**Future Performance to Ensure Post-investment Results**

**Executive Summary**

Investment firms gain additional value in their decision-making process by understanding a target company’s ability to validate growth concepts, identify critical gaps and construct actionable strategic plans to ensure post-investment results. This case study outlines the methodology and processes Madison Advisors uses to provide clarity around the investment value and performance of a company that a private equity firm was considering adding to its portfolio.

**Challenge**

A leading private equity firm engaged Madison Advisors to review the print and mail operations of a service provider that provides multi-channel billing and communications solutions to the healthcare and financial services industries. The private equity firm was considering investing in the service provider to pursue growth initiatives, as well as make acquisitions. The private equity firm was committing up to $400 million to support this strategy.

The targeted service provider helps client firms accelerate revenue collection through an end-to-end platform of offerings that includes physical and electronic invoices, consumer payment portals, data cleansing solutions and analytics tools that validate consumer identities and optimize engagement. This provider serves a diversified client base of approximately 2,000 health systems and hospitals, revenue cycle management providers and financial services organizations. The investment firm engaged Madison Advisors to undertake a business and operational assessment using the Madison Advisors Best Practices Assessment (BPA) methodology.

**Solution**

The Madison Advisors analyst team, which consisted of operational, industry and costing SMEs, reviewed materials from the provider and its partners with an eye toward commercial viability and requirements for near-term investments. Following the reviews, as well as visits to the provider’s sites for a physical inspection, Madison Advisors used its existing benchmark research data to compare the internal cost of production against other similar print service providers.Combining data-driven, quantified assessments with a wealth of qualitative information resulted in evidence that became a significant driver in the private equity firm’s decision to invest.

One of the requests from the private equity firm was to determine if the core print and mail services performed internally could be sourced from an alternative third-party provider at a lower cost. In addition to conducting this analysis, the Madison Advisors team observed some other areas where there were possible opportunities for additional savings, such as reducing the use of color in every document, the structure and capability of the software tools being used, and the time and effort needed to maintain templates and onboard customers.

**Results**

Thirty days after the assessment was completed, the private equity firm executed the investment. The private equity firm used Madison Advisors’ analysis to understand potential problematic areas in the provider’s operations and related hard costs, which proved instrumental in shaping their offer.

The equity firm’s managing director said, “With our investment, we plan to leverage this company’s long history and extensive experience in both billing and payments in the healthcare industry to develop a truly differentiated perspective. For investors, there is great risk in relying on past performance as a valid indicator of future success. Madison Advisors mitigated that risk in a disciplined and complete industry-agnostic, multi-phased way. This process supported our own investment team’s analysis that we were entering into a solid, scalable and sustainable environment that will realize our goals for top-line revenue growth and ultimate investment success.”

About the Private Equity Firm

Founded in 1980, this leading private equity firm focuses on investing in growth companies in the financial services, healthcare, technology, media and telecommunications and growth business services industries. The company’s goals are finding and partnering with management leaders in core domains to identify, acquire and build market-leading companies through transformational acquisitions and organic growth. Since inception, the firm has invested more than $12 billion in over 200 companies.

About the Service Provider

The service provider facilitates over one billion customer interactions annually, serving more than 2,000 clients in the healthcare and financial services spaces. Its vertically-specialized solutions accelerate cash flow and ensure compliance with time-sensitive consumer communications, including mail, web, text and phone. In addition, the company improves the workflow, design and distribution of consumer communications to make interactions more impactful, meaningful and effective.

About Madison Advisors

Madison Advisors advances the print and electronic communications objectives of Fortune 1000 companies. Madison Advisors specializes in offering context-specific guidance for a range of content delivery strategies, particularly those addressing enterprise output technologies and customer communications. The company offers services and expertise primarily through short-term, high-impact consulting services that directly help clients achieve hard and specific return on investment (ROI). For more information, visit [www.madison-advisors.com](http://www.madison-advisors.com).

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