



Identifying and Sourcing Add-on Acquisitions

Ask-Me-Anything March 2024

👋 Hi, I'm Dan.



A Decade Deploying Capital:

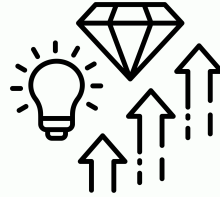
- \$1B+ TEV transacted
- 5yr In-House at Serent Capital
 - \$50M/yr -> \$400M/yr
- 5yr Outsourced Buyside



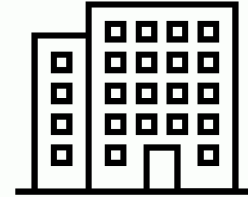
Why do add-on acquisitions matter?



**One way to buy down
the entrance multiple
for investors**



**Value creation,
well-sourced deals
have a 1+1=3 effect**



**“Buying” can be more
effective than
“building”**

How do you set M&A efforts up for success?



Accountable Champion



Dedicated Resources



Success-based Compensation

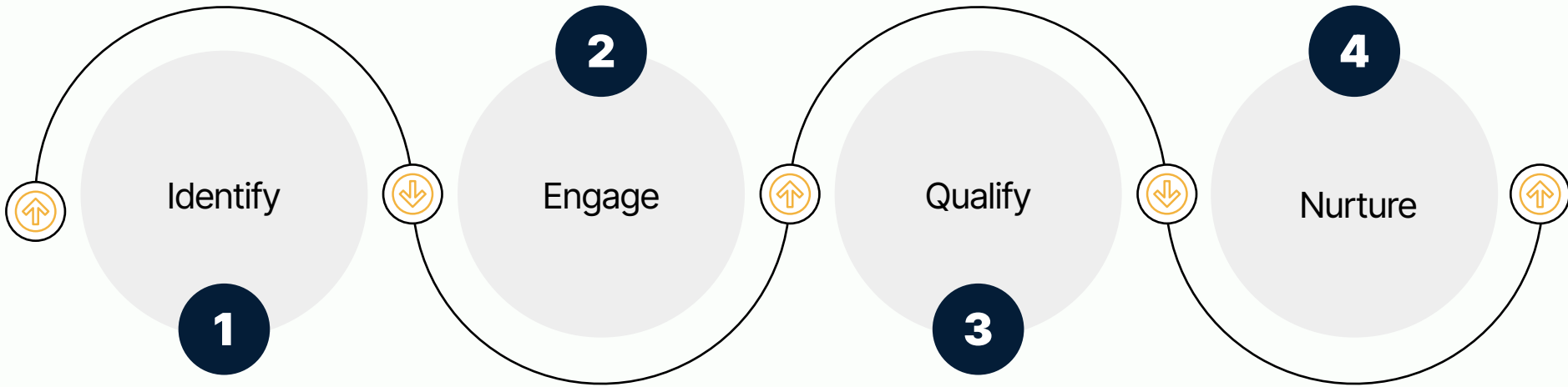


CEO as aggressive guided hunter

What does a good scorecard look like?

Characteristic	Values	Degree of importance
Geography	US, CAN	Required
Industry	K12	Required
Scale	\$1M-20M ARR	Required
Geography	Southeast US	High
Product Offerings	Accounting Software	High
Product Offerings	Payments	High
Product Offerings	School Lunch	Medium
Product Offerings	Consulting	Never

What are the different stages of sourcing? How is each different for add-ons vs. platforms?



How should you alter your approach to engaging with an add-on if they're a competitor?

Create Artificial Barriers

Wall between PE & Portco

Have PE / Buyside reach out

Peel Back Layers

Start w/ high-level details

Avoid competitive info

Consider Marketing IOI

Legal Carve Outs

PE ↔ Prospect NDA

Carve out Portco until later

Join the Conversation!

On the Streamyard livestream