

ACQUISITION CASE STUDY

Donald Jones and John Folino of Blackfish Federal, a consulting company specializing in technology management, wanted to grow their presence in the federal contracting space after receiving access to the SBA's 8(a) program. Blackfish encountered a common hurdle that many other small business government contractors face – the lack of past performance. In order to gain past performance, Jones and Folino acquired a strong company with core competencies they understood.



Challenge

- Newer company, so not a lot of cash built up on the balance sheet
- In the IT services business, so no hard collateral
- Many small businesses are in a chicken and the egg scenario: they need work to have past performance, but they can't get past performance unless they win work — Blackfish had experienced owners in the government contracting industry, just not much past performance



Solution

- SBA 7(a) loan for the stock purchase of a mature business with great margins and past performance on prime contracts
- Line of credit to support day-to-day working capital needs as well as growth



Outcome

- Access to past performance with agencies such as Department of Transportation, Department of Defense, Department of Veterans Affairs and others, which gave them a competitive advantage to win future work
- Acquired infrastructure to scale – the buyer was able to assume the current systems, key personnel and current process for contract capture
- Gained the ability to bid on expiring 8(a) work the seller had since the buyer was an 8(a) firm

Deal At-A-Glance

Business Type

Federal government contractor

Product Type

Business acquisition, Asset-based line of credit

Wins

Significantly broadened customer base and increased revenue with the addition of new capabilities, specialized certifications and past performance

Live Oak Bank's team of government contract financing experts understands the challenges you face as a small business owner. We are focused on helping federal government contractors like you grow your business through contract mobilization, buying an existing firm to gain past performance and providing working capital to operate your business.

To learn more or to contact a member of our team, visit liveoakbank.com/government-contracting-loans