

Leveraged Recapitalization

Burr Wolff L.P.

The Client: This Houston-based Company is the nation's leading full-service provider of state and local tax (SALT) software products, consulting services and compliance outsourcing. Over the past decade, the Company has developed innovative high-tech products and services and assembled a proven management team that has delivered self-funded annual growth rates averaging 107%. Serving the corporate taxpayer, the firm has over 1000 clients nationwide including 1/3 of the *Fortune* 100. With 110 highly experienced professionals in 14 national offices, the Company focuses on a diverse range of industries including manufacturing, energy, chemical, utility, communications, transportation, financial services, retail, real estate, and leasing.

Sequoia's Challenge: As in many of our assignments for high growth, profitable service providers, we were asked to explore two distinct options. One was to find a potential acquirer for the Company. The other was to find a financial investor willing to re-capitalize the Company. This would allow the shareholders to receive partial liquidity, the Company to receive an equity infusion and the Board of Directors to be enhanced with additional financial and business expertise. We were successful in finding very interested parties of both types. Burr Wolff's owners had the challenge of choosing among solid offers with different risk/reward profiles.

Results: Many corporate acquirers made offers, as did several financial investors. Sequoia negotiated with all parties in order to maximize the offers and then let the Client choose their path. The Company thought its long-term growth prospects were unlimited and thus chose the financial restructuring model which gave them less up-front cash, but more potential up-side.

"Sequoia Partners promised a good result and delivered in spades. They laid out the playbook and then executed with precision. When all looked most bleak, they kept us pumped up and resolved the impediments to progress – they delivered the goods."

Walter Wolff, CEO
Burr Wolff, L.P.