

12th Regiment

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Investment Memo

Overview

A privately funded searcher focused on a niche small business acquisition looking to raise debt/equity investment.

Objective

- Privately funded search underway for either an internet based (SAAS or service), industrial services or a government contracted company with sustainable, eternally profitable business models generating between \$750,000 and \$1,250,000 cash flow.

Target Acquisition

- 2+ years in operation; consistent profitability; minimum SDE for 18+ months.
 - Strong B2B preference
 - Favor asset sale vs stock sale
 - Industry agnostic
 - Niche industry with few competitors preferable
 - Low customer concentration & churn rate, slow consistent growth
- VOSB and SDVOSB eligible

- Strong emphasis is placed on sustained, pro-longed business models with solid growth potential. 12th Regiment prioritizes ventures in niche markets, integrated within their customers' workflows with positive reputations.

Leadership Profile

- Young, experienced, combat veteran, recently engaged residing in Houston
- MBA, B.S. in Supply Chain Management from Arizona State University
- 5 years military officer experience (US Air Force)
 - Cyber Operations Officer
 - Leadership, people, project & technology management and strategy development
- 8 years corporate experience (Shell Oil Company + Motiva Enterprises)
 - Category management, M&A, business development, operations, manufacturing, supply chain management, business process outsourcing
- 2 years start-up experience (Element Innovations)
 - Product development, financial management, capital raise, marketing, business planning, investor relations, operations

Industry Overview

Internet Based (SAAS or service)

- Projected yearly market size growth of 6.99% and average profit margin of 34.1% (IBISWorld). Ripe opportunity for high margin operation in industry with strong 5-year demand. Low asset & operating margin, albeit low barrier to entry.

Industrial Services

- Strong average profit margin of 14.2% (IBISWorld). Plethora of profitable service businesses looking to turnover (\$10 trillion in worth) the next decade. Low asset costs and high barrier to entry.

Government Contract

- Strong and secure long-term business contracts with federal, state and local governments. Safe long-term contracts with a high barrier to entry.

Growth Strategy

Internet Based (SAAS)

- Focus on customer retention, low churn and sustainable operations. Invest in sales & marketing, updated tech stack and divest high employee cost.

Industrial Services

- Immediate focus on customer relations and operational efficiency. Opportunities exist in B2B as well as B2C sales and marketing, geographic expansion and possible service line expansion.

Government Contract

- Become certified and/or leverage SDVOSB status in the government contracting acquisition arena. Focus on business development and operational efficiencies.

Proposed Raise

- SBA preferred
- Private Placement Memorandum (PPM) raise of up to 50%
- Minimum Investment: \$50,000
- Exit target: roll-up or sell
 - Timeframe: within 5-10 years