

**ProNexus interested in surveying M&A opportunities, co-founder says**  
by Anthony Valentino  
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**ProNexus**, a Pittsford, New York-based management consulting and professional services firm, is interested in evaluating synergistic M&A opportunities, co-founder and Senior EVP Robert Pickering told this news service.

Privately held ProNexus is in the process of putting together its five-year strategic plan, and would consider exploring M&A opportunities as both a buyer and seller, Pickering explained.

Since inception ProNexus has taken a greenfield approach to expansion, however it is now looking at evaluating some smaller boutique professional services firm targets that it could merge with or acquire, he noted.

Targets of interest would have between USD 2m and USD 10m in annual revenue, Pickering said, adding that the company would be open to examining a variety of financing options for deals.

Geographically, Pickering said New England, Pennsylvania and Ohio make the most sense for its next growth move. However, all domestic markets would be considered with regards to organic or inorganic expansion opportunities, he explained.

Following its inception in 2012, ProNexus registered several years of triple-digit growth, he said, adding that since it has experienced double-digit year-over-year topline increases.

For the fiscal year ending 30 April 2017, ProNexus recorded USD 9.4m in revenue. It expects year-over-year growth of 20% for its upcoming fiscal year, according to Pickering, who said this forecast is "very conservative."

### **Possible capital needs**

ProNexus is contemplating a more aggressive expansion approach, and should it go this route the company could seek out a capital injection to fund accelerated growth, Pickering explained.

The co-founder said ProNexus could be an especially valuable investment for a private equity or venture capital firm who could use the business' services for other portfolio companies or its own purpose.

PE firms hire ProNexus to address deal execution challenges such as scarcity of talent and unsophisticated legal, regulatory, finance, accounting, and IT frameworks. The firm solves these problems by providing interim CFO services, resources on demand, or implementing efficient information flows and monitoring.

Pickering said ProNexus would also consider buyout approaches, though he stressed that the business is not actively seeking a stake sale or exit. "Our partners are fairly young, so we have a long runway ahead of us. However, it would be foolish for us to not listen to offers if approached," he explained.

Asked about suitors who could potentially express interest in acquiring ProNexus, Pickering pointed to financial sponsors and professional services and consulting firms across a wide range of sizes, including those similar in size to itself, as well as large players.

Classification:

**Regional Head Offices**

**EMEA:** 10 Queen Street Place, London, EC4R 1BE, United Kingdom Tel: +44 (0)20 3741 1000

**Americas:** 330 Hudson Street, 4th Floor, New York, NY 10013 USA Tel: +1 212 686 5606

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A number of staffing firms may also provide Interim Management services and dabble in consulting and ProNexus could appeal to these players, Pickering said, pointing to Switzerland-based **The Adecco Group** [VTX:ADEN], Maryland-based **Allegis Group**, Wisconsin-based **ManpowerGroup** [NYSE:MAN], Netherlands-based **Randstad Holding** [AMS:RAND] and California-based **Resources Connection** [NASDAQ:RECN] as examples.

## The business

ProNexus' nonattest services include deliverable-based consulting; project-based support for C-level executives; outsourcing and co-sourcing of internal audit, tax and accounting functions; interim management; fractional Controller & CFO, loan staff; and executive search.

Primary competitors include the Big Four accounting firms (**Deloitte**, **EY**, **KPMG** and **PwC**), regional CPA firms, and traditional consulting firms such as **Accenture** [NYSE:ACN], **IBM** [NYSE:IBM] and **McKinsey & Company**, Pickering said.

Advisors for ProNexus include its board of directors, and law firms **Woods Oviatt Gilman**, **Harris Beach** and **The Bonadio Group**.

ProNexus' vision is to be a USD 100m business with multiple locations across the country, Pickering said. The company's go-to-market strategy is to forge strategic alliances with professional services firms in most markets it enters, he noted.

Overall, ProNexus' capital table includes Pickering, co-founder and President Rafael Vidal, along with two equity partners in Detroit. Two of its three existing professional service firm partners are top 100 firms, with the other being the largest independent accounting firm in Western Michigan.

ProNexus' leadership team is comprised of CPAs and former controllers & CFOs, most of who came from Big Four CPA, large Fortune 500, or national firms.

## Expansion aims

ProNexus has 12 offices across New York and Michigan. The company has done business in roughly a dozen states.

To date, the business has focused on Tier 2 and Tier 3 markets, many of which are underserved by large accounting and consulting firms who have slowly reduced or entirely withdrawn their physical presence from those markets, Pickering said. All of ProNexus' vendors are locally based, he added.

Next year ProNexus plans to launch operations in larger markets such as Boston and to expand its presence in New York City. It also is plotting its physical expansion into Connecticut and New Jersey, either in 2018 or 2019.

The company already has a professional services firm partner lined up in Massachusetts and is in discussions with some firms in Connecticut and New Jersey, though nothing has been finalized for the latter two, Pickering said.

Additionally, ProNexus is looking at expanding into other lines of business. During the last couple of years, the company started a separate executive search practice largely because of the customer demand.

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