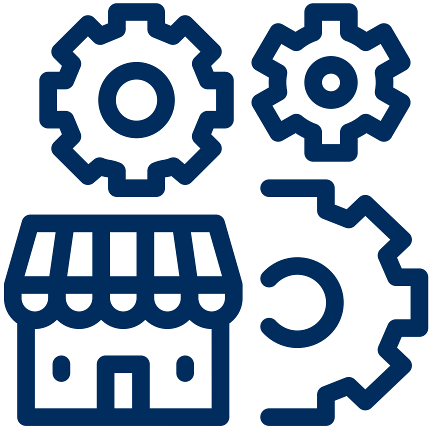
SATOV

www.satovconsultants.com



Multi-site service businesses

Main street runs on service businesses

Food services and hospitality

Restaurant chains

Hotels

Automotive

Auto repair shops

Tire and parts outlets

Healthcare

Private specialty clinics

Physical therapy and rehab

Mental health and counselling

Home services

HVAC and plumbing

Electrical

Home restoration

Home security

Financial services

Accounting and tax advisors

Insurance brokerages

Financial advisors

Fitness/recreation

Gyms and fitness studios

Private clubs

Education

Trade schools

Tutoring centers

Local service businesses continue to thrive in a digital world

In-person service

To fix your HVAC system, treat your pet, or get your oil changed you need to have an interaction with a human

Rapid response

Businesses located locally, and with knowledge of your area, are capable of quick turnaround times, especially in emergencies

Personal touch

Building a relationship with customers in your community drives commercial success

To be sustainable, the business needs assets beyond the leader

Sustainable customer base

Recurring or predictable revenue streams:
- Revenue driven by broad macro-trends (e.g., population, housing stock)
- Seasonal demand
- Long-term customer contracts or subscriptions

B2C or B2B brand with strong market presence and customer loyalty

Technical infrastructure

Real-estate, trucks, and other specialized equipment required to operate

Technical labour pool that would take time and investment to replicable

Licensing and other certifications

Engrained relationships

Local referral or cross-sell relationships

Connections to market intermediaries (e.g., regulatory bodies, insurance)

Supplier relationships including preferential terms

To create value, a new owner needs to prove out opportunities

Economies of scale	Economies of scope	Multiple arbitrage
Improved performance and lower cost per branch of centralized functions	Geographic diversification	Improve exit multiples tied to scale
Purchasing power and financing leverage through unified procurement	Cross-sell and service diversification	
Lower customer acquisition cost resulting from marketing consolidation	Shared technology and reporting systems	
	Customer and branch insights and benchmarking	
	Best-in-class talent	

Investor considerations across the lifecycle

Sector evaluation and anchor acquisition

Is the sector large, growing, profitable, and fragmented?

Are we confident in synergy potential? Are there barriers to consolidation?

Can we buy in a way that matches our fund investment criteria?

Are we first? Why has no one entered? Are we much later? Is there enough room?

Who should we buy first?

Operating model design

What is the differentiating value proposition?

What are the end-to-end processes and org. structures (central and branch) to support the platform?

What type of systems will we need to execute today and at scale?

What will be the EBITDA for an ‘average’ location? What EBITDA range should we expect across sites?

Continued acquisition

What is the ideal M&A target given platform goals and the operating model we want to achieve?

How will we screen for candidates? What type of gaps are manageable? How will we build confidence that we can standardize?

How will we set realistic expectations with the seller and their team?

What is our diligence process? How will we ensure alignment?

Execution

In what order will we make changes? What is the trade-off between the risk and impact of changes?

How will we evaluate success and iterate?

How do we balance field and platform decision making?

How will we govern change management and value creation? Who will be accountable for success?

Sector evaluation and anchor acquisition → Operating model design → Continued acquisition → Execution

Success

Defined market and understanding of core growth and profitability trends

Early view of value creation levers and their impact on profit

Adequate resources dedicated to initial target outreach, screening and deal processes

Anchor acquisitions of stable branches with scale, operated by management teams who are bought in to the platform vision

Approach

Market definition, sizing, and segmentation across relevant product and service areas

Assessment of competitors and early read on possible points of differentiation

Establishment of structured target outreach and diligence process

Challenges

Unrealistic investment scopes (sector, target size, geography), either too broad or too focused

Acquisition criteria not clearly articulated and agreed by stakeholders

Unattainable scale and profitability expectations, or unclear levers to achieve profit expansion

Sector evaluation and anchor acquisition → Operating model design → Continued acquisition → Execution

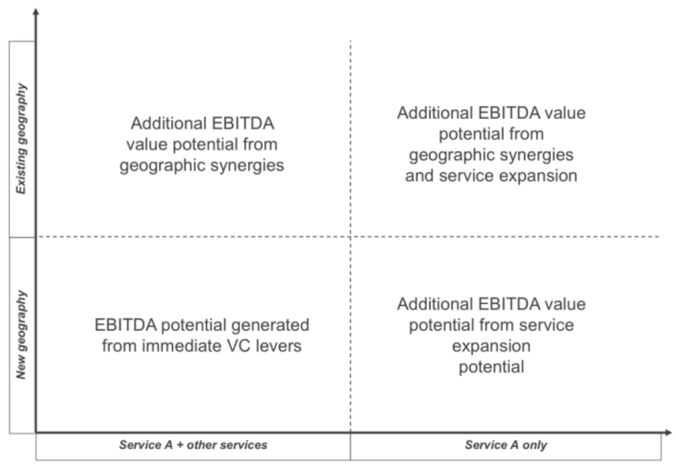
Illustrative project content

Establishment of clear sector assessment criteria

Ranked 1 to 4 from most favorable to least favorable

Factors		Speciality 1	Speciality 2	Speciality 3	Speciality 4
Attractiveness of market		x	x	x	x
Ramp-up time		x	x	x	x
Unit economics		x	x	x	x
Synergy	Revenue	x	x	x	x
	Cost	x	x	x	x

Prioritization of geographic density vs. diversity



Target MSA assessment using multiple approaches

Rank	Scenario 1 *(75% Market size, 25% Competitive density)*	Scenario 2 *(60% Market size, 40% Competitive density)*	Scenario 3 *(50% Market size, 50% Competitive density)*
1	New York-Newark-Jersey City, NY-NJ-PA	New York-Newark-Jersey City, NY-NJ-PA	New York-Newark-Jersey City, NY-NJ-PA
2	Atlanta-Sandy Springs-Alpharetta, GA	Washington-Arlington-Alexandria, DC-VA-MD-WV	Atlanta-Sandy Springs-Alpharetta, GA
3	Austin-Round Rock-Georgetown, TX	Tampa-St. Petersburg-Clearwater, FL	Austin-Round Rock-Georgetown, TX
4	Baltimore-Columbia-Towson, MD	Seattle-Tacoma-Bellevue, WA	Baltimore-Columbia-Towson, MD
5	Boston-Cambridge-Newton, MA-NH	San Francisco-Oakland-Berkeley, CA	Boise City, ID
6	Charlotte-Concord-Gastonia, NC-SC	San Diego-Chula Vista-Carlsbad, CA	Boston-Cambridge-Newton, MA-NH
7	Chicago-Naperville-Elgin, IL-IN-WI	Riverside-San Bernardino-Ontario, CA	Chicago-Naperville-Elgin, IL-IN-WI
8	Cincinnati, OH-KY-IN	Pittsburgh, PA	Colorado Springs, CO
9	Columbus, OH	Phoenix-Mesa-Chandler, AZ	Columbus, OH
10	Dallas-Fort Worth-Arlington, TX	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	Dallas-Fort Worth-Arlington, TX
11	Denver-Aurora-Lakewood, CO	Oxnard-Thousand Oaks-Ventura, CA	Denver-Aurora-Lakewood, CO
12	Detroit-Warren-Dearborn, MI	Orlando-Kissimmee-Sanford, FL	Detroit-Warren-Dearborn, MI
13	Houston-The Woodlands-Sugar Land, TX	Minneapolis-St. Paul-Bloomington, MN-WI	Houston-The Woodlands-Sugar Land, TX
14	Indianapolis-Carmel-Anderson, IN	Indianapolis-Carmel-Anderson, IN	Indianapolis-Carmel-Anderson, IN
15	Minneapolis-St. Paul-Bloomington, MN-WI	Houston-The Woodlands-Sugar Land, TX	Minneapolis-St. Paul-Bloomington, MN-WI
16	Orlando-Kissimmee-Sanford, FL	Detroit-Warren-Dearborn, MI	Orlando-Kissimmee-Sanford, FL
17	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	Denver-Aurora-Lakewood, CO	Oxnard-Thousand Oaks-Ventura, CA
18	Phoenix-Mesa-Chandler, AZ	Dallas-Fort Worth-Arlington, TX	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD
19	Pittsburgh, PA	Columbus, OH	Phoenix-Mesa-Chandler, AZ
20	Riverside-San Bernardino-Ontario, CA	Colorado Springs, CO	Pittsburgh, PA
21	San Diego-Chula Vista-Carlsbad, CA	Chicago-Naperville-Elgin, IL-IN-WI	Riverside-San Bernardino-Ontario, CA
22	San Francisco-Oakland-Berkeley, CA	Boston-Cambridge-Newton, MA-NH	San Diego-Chula Vista-Carlsbad, CA
23	Seattle-Tacoma-Bellevue, WA	Baltimore-Columbia-Towson, MD	Seattle-Tacoma-Bellevue, WA
24	Tampa-St. Petersburg-Clearwater, FL	Austin-Round Rock-Georgetown, TX	Tampa-St. Petersburg-Clearwater, FL
25	Washington-Arlington-Alexandria, DC-VA-MD-WV	Atlanta-Sandy Springs-Alpharetta, GA	Washington-Arlington-Alexandria, DC-VA-MD-WV

Sector evaluation and anchor acquisition

Operating model design

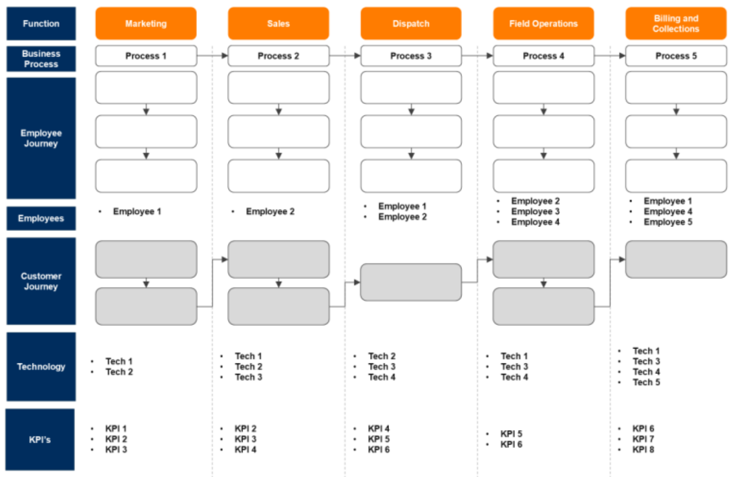
Continued acquisition

Execution

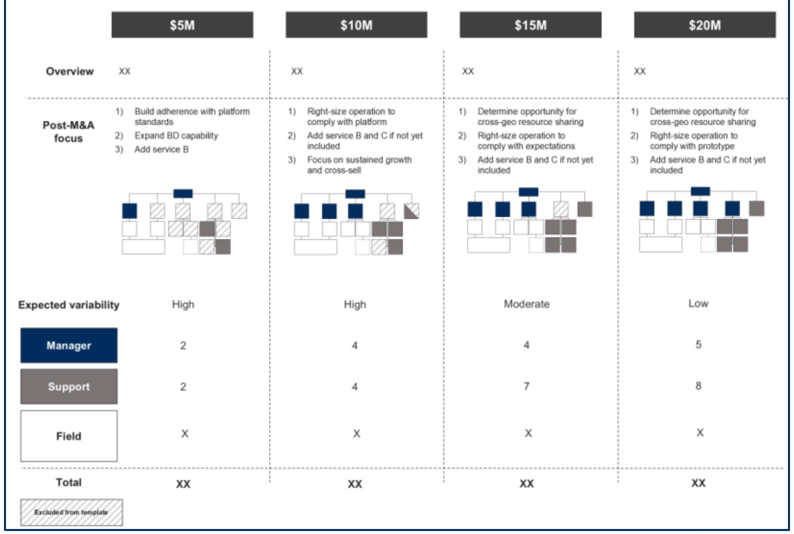
Success	Approach	Challenges
Clear platform value proposition backed by a defined operating model at scale	Articulation of service, product, and sales channel expectations	Acquisitions left operating “business as usual” for too long
Defined process and metrics to measure performance, with clear accountability	Target lead to cash flow process identification and gap assessment	Unstructured corporate support without clear objectives to support branches
Technology and automation prioritized for core value drivers	Branch org. design, KPI, and P&L modelling across different branch scales	Lack of standardization and process sophistication driving a large variance in branch performance
Actionable path to integrate branches and scale corporate	Corporate org. design and expected scale throughout hold period	Operating expectations not informing M&A strategy
Aligned management team	Technology assessment, business requirement gathering, and prioritization of technology adoption	

Illustrative project content

Future state lead-to-cash flow mapping



Operating model org. structure development



Financial modelling to establish target P&Ls

Consolidated branch P&L	Single-BU center		Small center		Mid-size center		Anchor center		Center of Excellence	
	Value	% Rev.	Value	% Rev.	Value	% Rev.	Value	% Rev.	Value	% Rev.
Revenue										
Job revenue	$XXX	XX%	$XXX	XX%	$XXX	XX%	$XXX	XX%	$XXX	XX%
Referral revenue	$XXX	XX%	$XXX	XX%	$XXX	XX%	$XXX	XX%	$XXX	XX%
Total revenue	**$XXX**	**100%**	**$XXXX**	**100%**	**$XXX**	**100%**	**$XXX**	**100%**	**$XXX**	**100%**
Direct labor										
Direct labor	$XXX	XX%	$XXX	XX%	$XXX	XX%	$XXX	XX%	$XXX	XX%
Subcontract labor	$XXX	XX%	$XXX	XX%	$XXX	XX%	$XXX	XX%	$XXX	XX%
Total direct labor	**$XXX**	**XX%**	**$XXX**	**XX%**	**$XXX**	**XX%**	**$XXX**	**XX%**	**$XXX**	**XX%**
Total materials, equipment and other COS	**$XXX**	**XX%**	**$XXX**	**XX%**	**$XXX**	**XX%**	**$XXX**	**XX%**	**$XXX**	**XX%**
Gross Profit	**$XXX**	**XX%**	**$XXX**	**XX%**	**$XXX**	**XX%**	**$XXX**	**XX%**	**$XXX**	**XX%**
Branch support										
Indirect labor	$XXX	XX%	$XXX	XX%	$XXX	XX%	$XXX	XX%	$XXX	XX%
Branch support	$XXX	XX%	$XXX	XX%	$XXX	XX%	$XXX	XX%	$XXX	XX%
Total branch support costs	**$XXX**	**XX%**	**$XXX**	**XX%**	**$XXX**	**XX%**	**$XXX**	**XX%**	**$XXX**	**XX%**
Branch EBITDA (Pre-Advertising)	**$XXX**	**XX%**	**$XXX**	**XX%**	**$XXX**	**XX%**	**$XXX**	**XX%**	**$XXX**	**XX%**
Marketing										
Advertising	$XXX	XX%	$XXX	XX%	$XXX	XX%	$XXX	XX%	$XXX	XX%
Referral fees	$XXX	XX%	$XXX	XX%	$XXX	XX%	$XXX	XX%	$XXX	XX%
Total marketing	**$XXX**	**XX%**	**$XXX**	**XX%**	**$XXX**	**XX%**	**$XXX**	**XX%**	**$XXX**	**XX%**
Branch EBITDA	**$XXX**	**XX%**	**$XXX**	**XX%**	**$XXX**	**XX%**	**$XXX**	**XX%**	**$XXX**	**XX%**

Sector evaluation and anchor acquisition → Operating model design → **Continued acquisition** → Execution

Success	Approach	Challenges
Prioritized acquisition criteria with specific exceptions	Prioritization of acquisition targets by weighted scorecard, and BD effort reflective of high-value targets	Acquisitions made outside established criteria
People-centric diligence process that aligns the target with the platform	Detailed diligence process and checklist, with a focus on management team engagement	Chaotic or overwhelming diligence and post-merger integration process
Clear post-merger integration approach that tackles core levers without overwhelming in the short-term	Establishment of staff retention incentives	Attrition of key staff, especially those critical to revenue generation
Clear communication of expectations upfront	Defined communication plan, including transparency around value creation and post-merger approach	Target management not aligned with the platform vision
		Ceding too much to founder sensitivities in order to close

Sector evaluation and anchor acquisition | Operating model design | **Continued acquisition** | Execution

Illustrative project content

Acquisition requirements

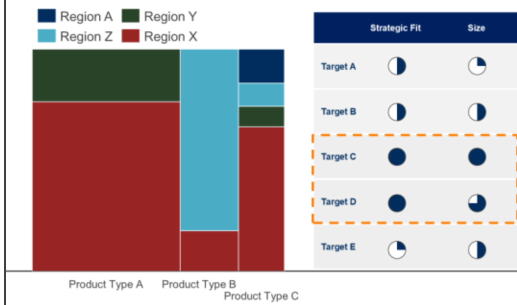
Acquisition requirement	Overview
Scale	• Amount of revenue
Revenue synergies	
Pricing	• Ability to improve margin through greater market control or improved pricing practices
Distribution	• Efficient access to incremental channels (and regions)
Marketing	• New talent and capabilities • Increased brand awareness and marketing scale
Operational synergies	
Location/site consolidation	• Likely opportunity to rationalize fabrication and logistics assets
Operations and back-office reduction	• Likely ability to reduce combined total overhead

Acquisition prioritization

We identified geographic opportunities

We identified acquisition targets in each growth region

We identified acquisitions that would help diversify the business



Phase 1a: Develop relationships in new geographies

Phase 1b: Develop a small, self-managed foothold

Phase 2: Create an integrated international model

Integration approach by function

Sample

	Integration intensity	Integration timing	Commentary	Value creation impact
Finance				
Banking and cash controls	Govern/consolidate	Day-one/short-term		
Accounting/bookkeeping	Govern/centralize	Day-one/short-term		
Payroll	Govern/consolidate	Day-one/short-term		
Operations				
Lead handling & customer service	Apply best practices	Medium-term		
Sales	Apply best practices	Medium-term		
Dispatch	Apply best practices	Medium-term		
Technical labor	Apply best practices	Medium-term		
Procurement, fleet, and inventory	Centralize	Long-term		
Sales and operations reporting	Consolidate	Short-term		
HR				
Hiring	Govern/centralize	Day-one/medium-term		
HR policies/standards	Centralize	Medium-term		
BD & Marketing				
D2C marketing spend/process	Centralize	Long-term		
B2B business development	Govern	Medium-term		
Technology				
IT security and credentials	Govern/consolidate	Day-one/short-term		
Accounting software	Consolidate	Medium-term		
Contact center	Consolidate	Long-term		
Other	Process/service dependent	Long-term		
Billing and collections				
Estimation	Govern	Medium-term		
Pricing	Govern	Medium-term		
Collections	Centralize	Medium-term		

Sector evaluation and anchor acquisition | Operating model design | Continued acquisition | **Execution**

Success

Prioritized branch-level value creation planned around clear time horizons

Uniform metrics (definitions and targets)

Clear corporate and branch accountability for specific change initiatives

Realistic growth and profitability goals tailored to branch performance at entry

Firm but collaborative approach to value creation execution driving a sense of branch and corporate ownership

Approach

Dedicated integration and value creation staffing, with a clear delineation between PMI and ongoing operating activities

Value creation prioritization considering profit, implementation time, and complexity/risk

Integration and value creation plans for each branch, prioritizing areas of risk

Ongoing integration and value creation SteerCo and monitoring process

Commitment to iterate on the model, M&A, and execution as the team learns

Challenges

Unclear expectations expected from change initiatives, or ineffective measurement

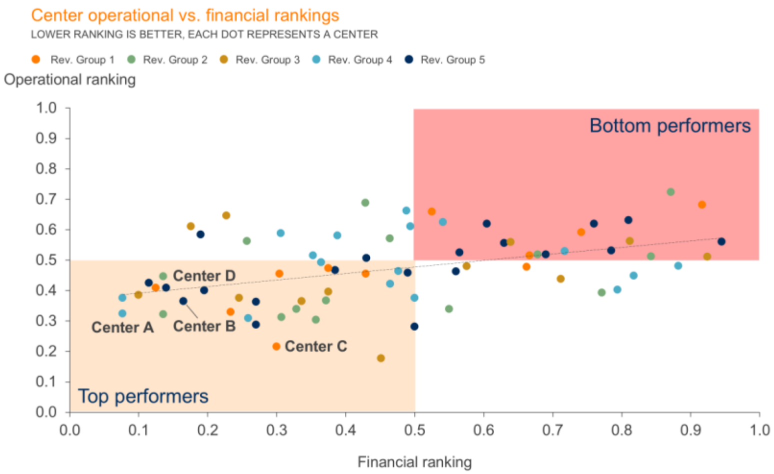
Redundant or inconsistent value creation activities at branches or corporate

Unrealistic pace and scope of change imposed on branches

Lack of buy-in or championing of change initiative from branch-level staff

Illustrative project content

Branch benchmarking in established platforms

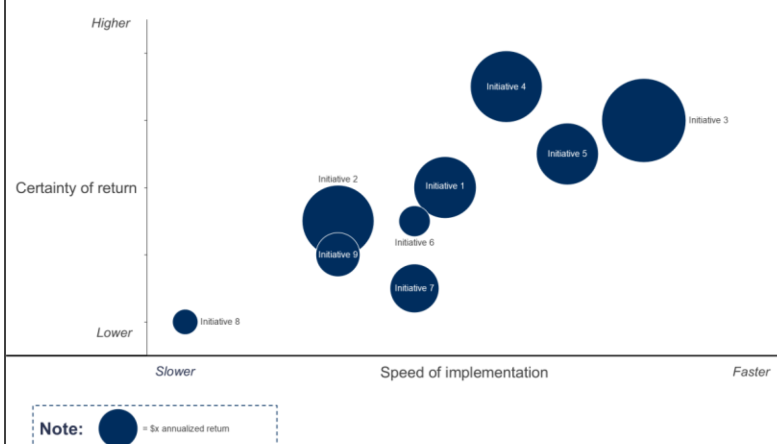


Location assessment for growth initiatives

Priority locations

Location	# of staff	# of rooms	Room utilization	Estimate cost	Visited	Potential change	Rationale
None or limited construction required							
Location	x	x	x%	x	Video call	x	Rationale
Location	x	x	x%	x	Video call	x	Rationale
Location	x	x	x%	x	Scheduled	x	Rationale
Location	x	x	x%	x	No	x	Rationale
Location	x	x	x%	x	Visited	x	Rationale
Location	x	x	x%	x	Visited	x	Rationale
Location	x	x	x%	x	Video call	x	Rationale
Construction required							
Location	x	x	x%	x	Visited	x	Rationale
Location	x	x	x%	x	Call	x	Rationale
Location	x	x	x%	x	Video call	x	Rationale
Location	x	x	x%	x	Video call	x	Rationale
Location	x	x	x%	x	Scheduling	x	Rationale
Cannot add today							
Location	x	X	x%	x	Video call	x	Rationale
Location	x	X	x%	x	No	x	Rationale
Location	x	x	x%	x	No	x	Rationale

Value creation initiative prioritization



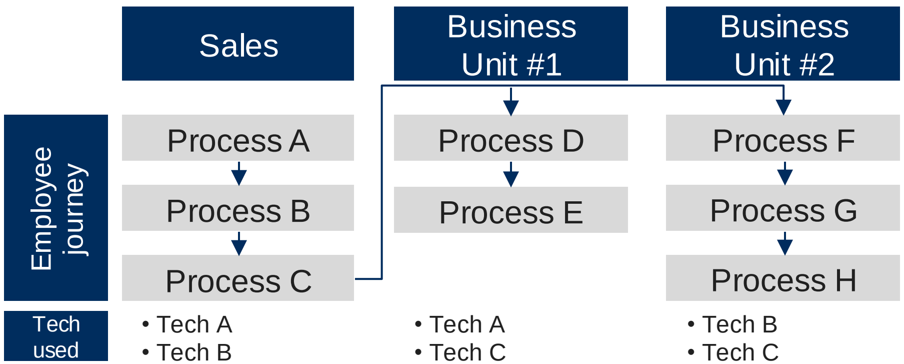
Select multi-site experience

Residential services

Operating model design: Residential services provider

Context: A US private equity firm was developing a residential services platform and wanted to determine a “prototype” operating model for the branch and corporate teams, for both the current state and at scale

1 We mapped the ideal lead-to-cash process across business units



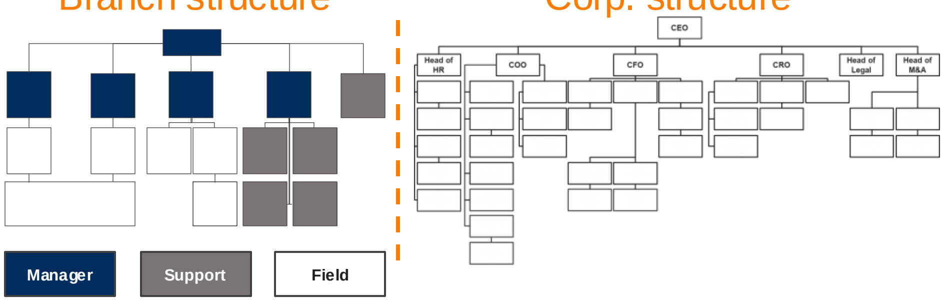
2 We determined target metrics to guide operating model decisions

Business unit	Op. Model	M&A 1	M&A 2
Labor utilization	XX%	XX%	XX%
Rev. per employee	XX%	XX%	XX%
SGA% of revenue	XX%	XX%	XX%

3 We designed the branch and corporate structure required to meet organizational goals

Branch structure

Corp. structure



4 We planned the expansion of the corporate organization to align with platform growth

	Y1 HC	Y2 HC	Y3 HC	Y4+ HC
C-Suite	X	X	X	X
HR	X	X	X	X
Operations	X	X	X	X
Finance	X	X	X	X
Revenue Generation	X	X	X	X
Legal	X	X	X	X
M&A	X	X	X	X
Total	**X**	**X**	**X**	**X**

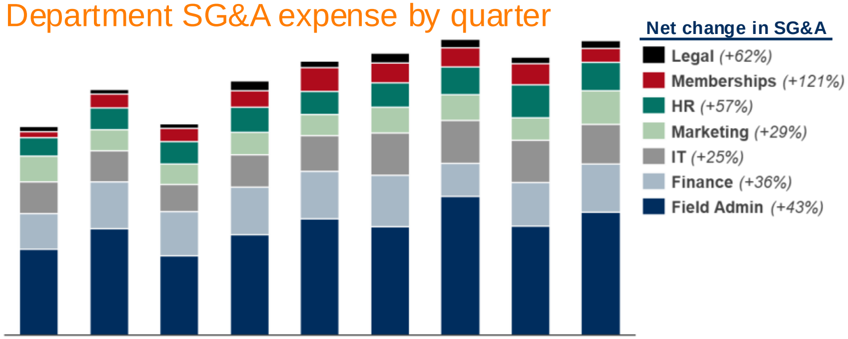
Result: We provided the team with an operating model to implement and test with acquisitions. SATOV drove the early-stage implementation of multiple initiatives at both the branch and corporate levels

Cost optimization: Residential services provider

Context: A multi-center provider of residential services was looking to improve profitability by cutting costs while minimizing disruptions to revenue generating portions of the business

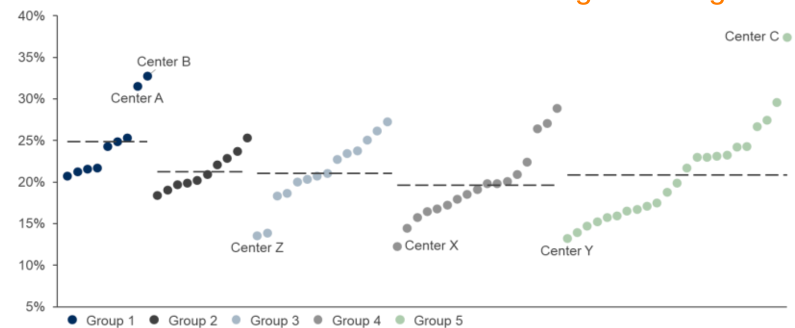
1 We interviewed and analyzed each department to understand structure, performance, and growth

Department SG&A expense by quarter



2 We compared the operations and profitability across centers to identify leader and laggards

Percent of center staff that are revenue generating



3 We visited centers and corporate locations to determine opportunities and best practices

Center back-office administration processes

Best practices:

- Back-office staff have secondary and tertiary roles, reducing staff downtime
- Center admin staff submit claims for all potential warranty parts to reduce cost of faulty parts

Opportunities:

- Accounts payable and invoicing process involves time-consuming manual inputs that can be automated
- An IVR system and online appointment scheduling will reduce call staff requirements

4 We created initiatives and sized the associated cost savings

Initiative	Timeline	Confidence	Savings value
Initiative 1	2-3 months	High	$0.9M
Initiative 2	4-6 months	High	$1.2M
Initiative 3	1-2 months	Medium	$0.5M
⋮			

Result: We provided project charters, time-frames, expected savings values, and owners to implement cost-savings initiatives, totalling $10M within the first 4 months of implementation

Customer segmentation: Residential services provider

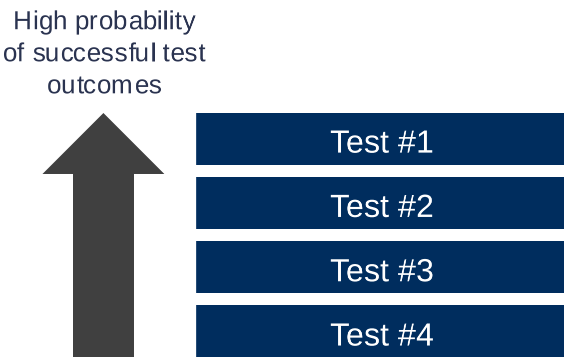
Context: A residential services company wanted to improve customer profitability by focusing the company on a more customer centric and segmented approach

1 We modified existing customer segments based on new research

Split segment X into two separate segments	• Two large distinct groups
	  • Characteristic #1
	  • Characteristic #2

Revised Segment Y into Segment Z	• Segment Y customers were segmented and mapped primarily due XYZ • Customers who explicitly stated ABC are distributed across segments
Merged Segment A and Segment B	• Small number of customers defined by the algorithm • Segment B customers have low scores for other segments' defining attributes

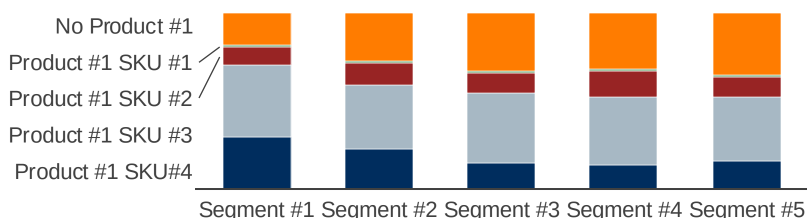
2 We developed four A/B tests to prove segmentation value



3 We determined the remaining value in the existing product portfolio

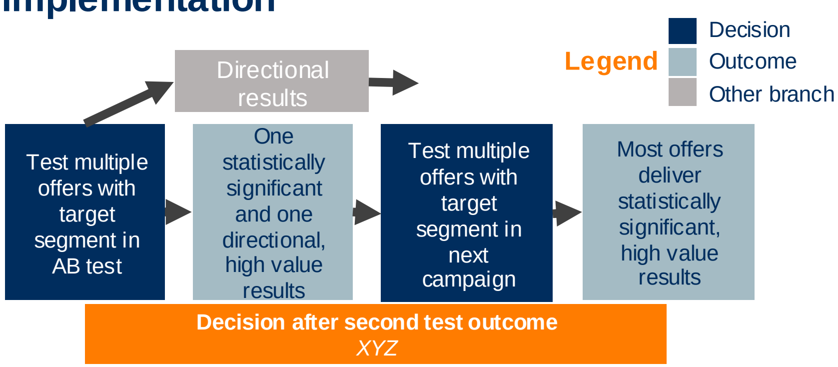
Product #1 ownership by segment

NUMBER OF CUSTOMERS BY SEGMENT WHO OWN PRODUCT #1



Maximum annual revenue opportunity for no product #1 customers ($M)	$XXM	$XXM	$XXM	$XXM	$XXM

4 We designed A/B testing methodology for implementation



Result: The company implemented the testing plans to validate the refined customer segments and improve marketing effectiveness

Customer experience strategy: Residential services provider

Context: A multi-center provider of residential services was looking to size the benefit of improving their top of funnel experience through improved call routing, online scheduling, and interactive voice self-service

1 We researched best practices and competitor offerings to understand our position

Competitor call taking systems

Competitor	IVR?	Central or local call handling?	IVR prompts caller to go online?	# options in first menu?	IVR can text information to caller?	IVR prompts caller to call a different number?	Information caller is prompted to enter?	Connects to a rep in < 2 selections?
National Competitors								
National Competitor A	Y	Local (franchises)	Y	5	Y	Y	N/A	Y
National Competitor B	Y	Local	N	0**	N	N	Zip Code	Y
National Competitor C	Y – Voice Command	Central	N	4	N	N	Phone # connected to account	Y
Reginal Competitors								
Regional Competitor A	Y	Local	N	5	N	N	N/A	Y
Regional Competitor B	Y – Welcome message only	Local	N	0*	N	N	N/A	Y*

2 We detailed omni-channel improvement opportunities

Call taking solutions

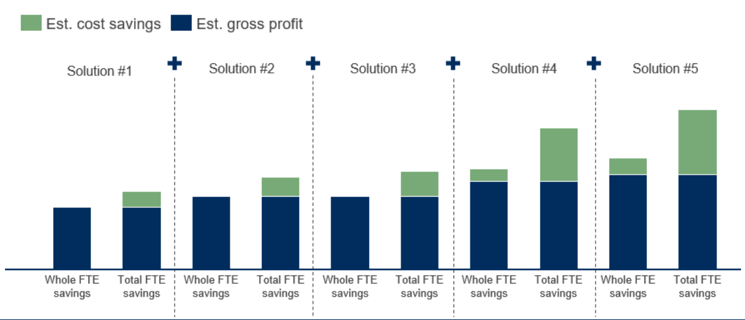
Improved call taking	New Call Taking "Phase 1" *Basic functionality*	New Call Taking "Phase 2" *Advanced functionality*
xxx	xxx	xxx

Non-call taking solutions

Customer portal	Website-based online scheduling	Solution #3	Solution #4
xxx	xxx	xxx	xxx

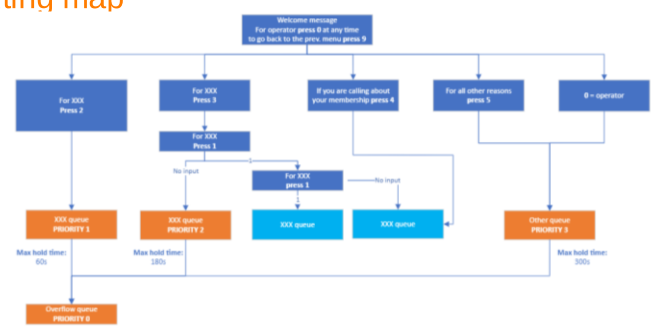
3 We sized up the incremental savings and profit potential of implementing solutions

Value generated through CX changes



4 We created an improved call routing structure to prioritize revenue generating calls

Call routing map



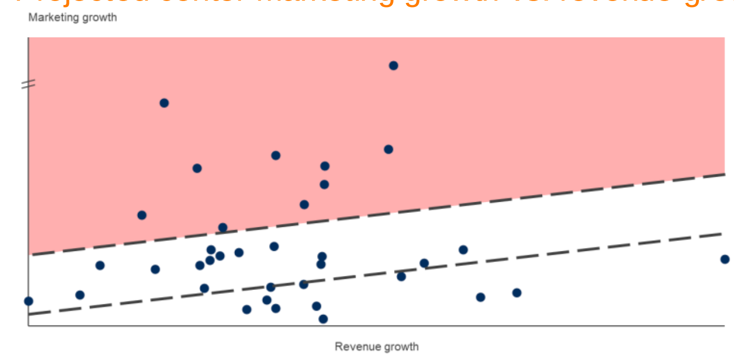
Result: We designed a feasible improvement plan anticipated to provide a more positive customer experience, improve operational efficiencies, and generate significant revenue and cost savings

Marketing cost optimization: Residential services provider

Context: A multi-center provider of residential services was looking to improve profitability by cutting marketing costs, while also increasing efficiency in their marketing efforts

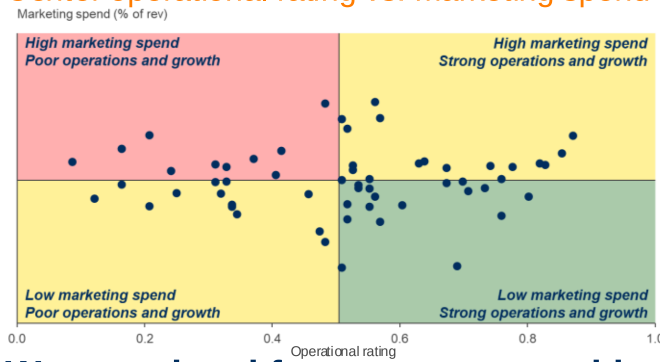
1 We identified centers with marketing growth that significantly outpaced revenue growth

Projected center marketing growth vs. revenue growth



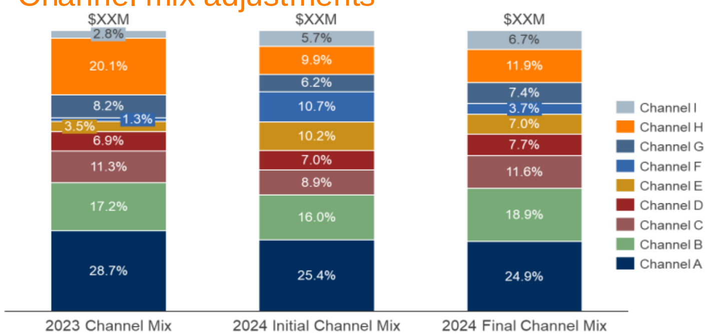
2 We categorized centers with poor operations and high spend to identify additional cuts

Center operational rating vs. marketing spend



3 We adjusted center marketing mix to ensure centers minimized their cost per lead

Channel mix adjustments



4 We negotiated future contracts with our marketing vendors to lower vendor costs

Vendor fee proposals and expected cost calculations

Contract	Base cost	Additional cost per lead	Expected leads	Total cost
1	$X.XX	$X.XX	$X.XX	$X.XX
2	$Y.YY	$Y.YY	$Y.YY	$Y.YY
3	$Z.ZZ	$Z.ZZ	$Z.ZZ	$Z.ZZ

Result: Through budget reallocation, channel mix adjustments, and vendor negotiations, we reduced the next year's marketing budget by over 10%

Sales and customer experience enhancement: Residential services provider

Context: A US PE firm was developing a residential services platform and wanted to determine an ideal sales and customer experience model for current and future acquisition branches

1 We observed the sales and CX processes, and generated areas of improvement

Sales and Customer Experience processes

Findings:

- Sales team effectively closes the initial sale but struggles to cross-sell other services
- Separate sales teams contact customers across the service lines

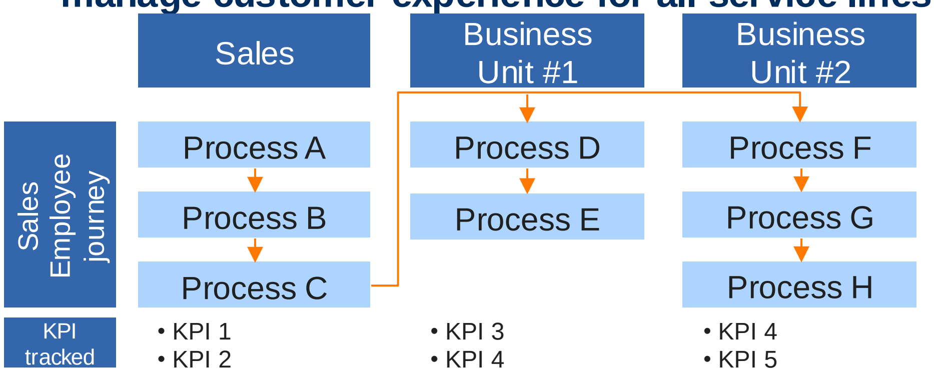
Ideas:

- Create a role solely responsible maintaining contact throughout the customer's journey
- Begin the cross-sell process during the initial sales call

2 We determined the EBITDA impact of improving cross-sell rates between service lines

		BU #2 attachment rate		
		XX%	XX%	XX%
BU #1 attachment rate	XX%	+X.X% *($XXX)*	+X.X% *($XXX)*	+X.X% *($XXX)*
	XX%	+X.X% *($XXX)*	+X.X% *($XXX)*	+X.X% *($XXX)*
	XX%	+X.X% *($XXX)*	+X.X% *($XXX)*	+X.X% *($XXX)*
	XX%	+X.X% *($XXX)*	+X.X% *($XXX)*	+X.X% *($XXX)*

3 We created a new sales role and process to manage customer experience for all service lines



4 We built collateral and trained staff members for the initial roll-out

Collateral type	Status
Process and training collateral	
Sales process	Complete
BU # 1 process	Complete
Insurance process	Complete
HR collateral	
Job offer and compensation plan	Complete
Job description	Complete
Execution collateral	
Project suite	Complete

Result: We created a revised sales and customer experience model. SATOV assisted in training the sales and center staff for a pilot of the new model; initial results suggested improved cross-sell rates

Pricing review: Telecom service demarcation

Context: A US telecom provider engaged SATOV to help define service demarcation policies that would align with customer expectations

1 We developed an analytical framework to inform profit opportunities

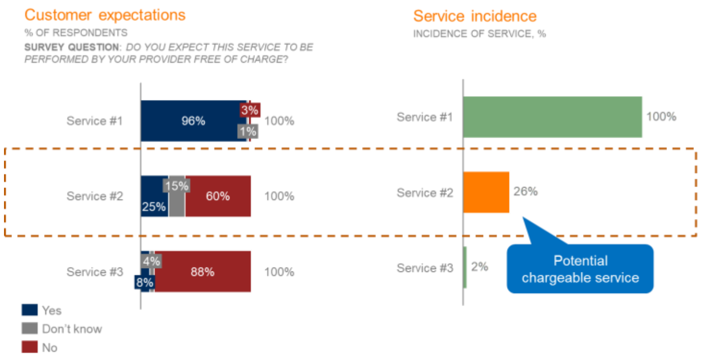
We can profitably update our service demarcation policies

Revenue impacts
- Revenue by service at incidence rates, considering compliance
- Service plan revenues
- Impact to churn, installation cancelations

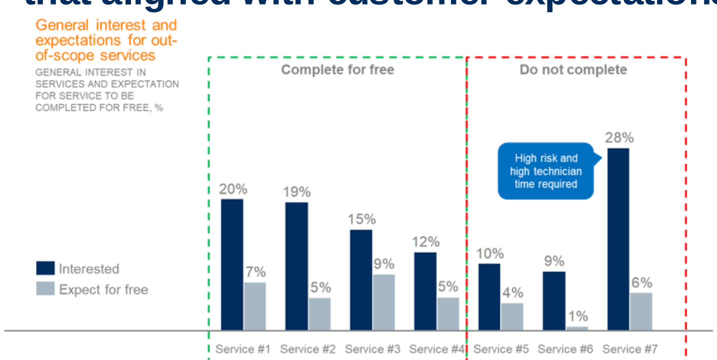
Cost impacts
- Time saved from fewer truck rolls and/or less time per roll
- Increased costs to service plans
- Increased CC time from calls, longer handle times, training
- Increased field services costs from repeat truck rolls

Profit opportunity
Profit risk

2 We identified that the client was overinvesting in non-chargeable services



3 We developed new demarcation policies that aligned with customer expectations



4 We built performance measurement systems that aligned with demarcation

	Metric	Target	Score	Weight	Weighted Actual
Cust-omer	NPS	92%	89%	15%	26.7%
	First call resolution	85%	88%	20%	17.6%
Product-ivity	% Talk Time	83%	83%	25%	16.6%
	Availability	98%	98%	15%	9.8%
Required	Attendance	96%	96%	Mandatory	Met
	Blended demarcation compliance	96%	96%	Mandatory	Met

Result: The company improved annual profits by over $33M by implementing our recommended service demarcation policies

Healthcare and pharmacy

Post merger integration: Healthcare consolidator

Context: The client recently acquired two competing assets one region and needed help determining and planning how to best integrate the assets (locations, brand, staff, equipment, organizational structure, etc.)

1 We created frameworks to make each integration decision

- Is physical capacity a bottleneck?
- Is the company more profitable with multiple locations?
- Is there significant value having multiple brands?
- Is the company capturing different patients due to location?

No → Close site A

Yes → Keep site A

2 We evaluated profitability of different scenarios given our demand and staffing forecast

	Year 1						Year 2					
	Base			Best			Base			Best		
Scenario	A	B	Dif.	A	B	Dif.	A	B	Dif.	A	B	Dif.
Demand high	$X	$Y	**$Z**	$X	$Y	**$Z**	$X	$Y	**$Z**	$X	$Y	**$Z**
Demand low	$X	$Y	**$Z**	$X	$Y	**$Z**	$X	$Y	**$Z**	$X	$Y	**$Z**

3 We created a new regional organization and redefined roles

New regional role

Existing role

- Regional operations lead
  - Director of Revenue
  - Site A Manager
    - Team A
  - Site B Manager
    - Team B

4 We developed and managed the implementation plans

Patient transfer plan status

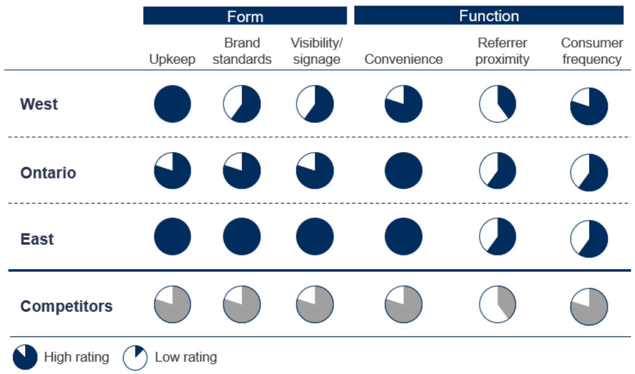
Current tasks and major milestones	Status	Target Date
Task A	**Complete**	D/M
Task B	On track	D/M
Decision	**Status**	**Target Date**
Decision C	On track	D/M
Risks	**Mitigation**	
Risk D	xx	

Result: Client pursued our recommendation to merge the two operations and we helped plan and execute the resulting site closure and operational changes

Commercial diligence: Healthcare services provider

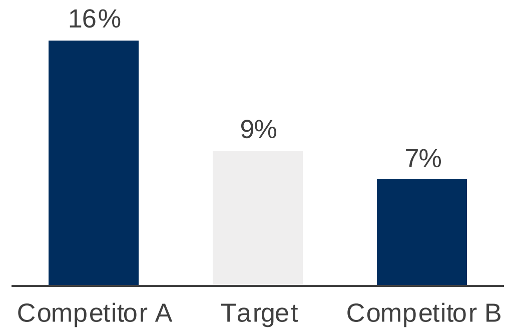
Context: A private equity fund was evaluating the purchase of a network of clinics and wanted to assess the quality of the locations, brand perceptions of the network and referrer and practitioner perceptions

1 We evaluated the physical quality and location of clinics

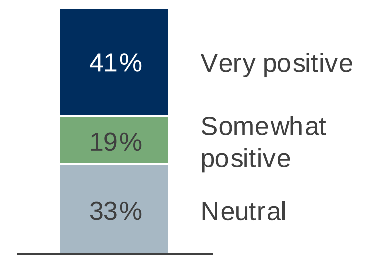


2 We assessed brand awareness and perceptions

Brand awareness of different clinics

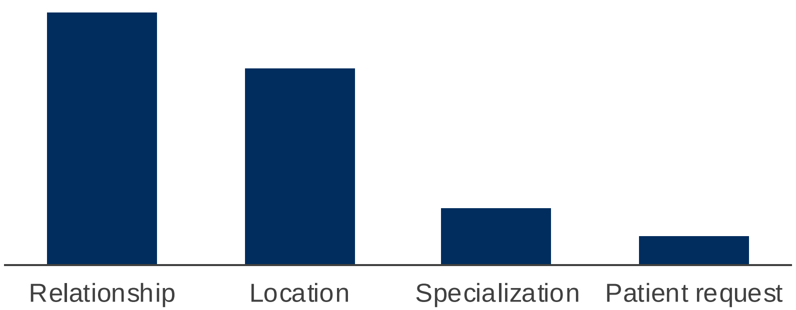


Impression of target brand if aware



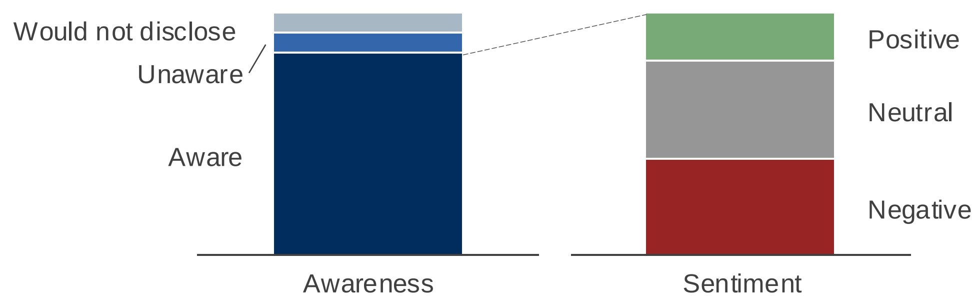
3 We determined referrer decision criteria

Clinic referral decision criteria



4 We assessed practitioner willingness to join the network

Awareness and impression of target network



Result: We presented a favourable view of the target with optimistic growth prospects; the fund acquired the target

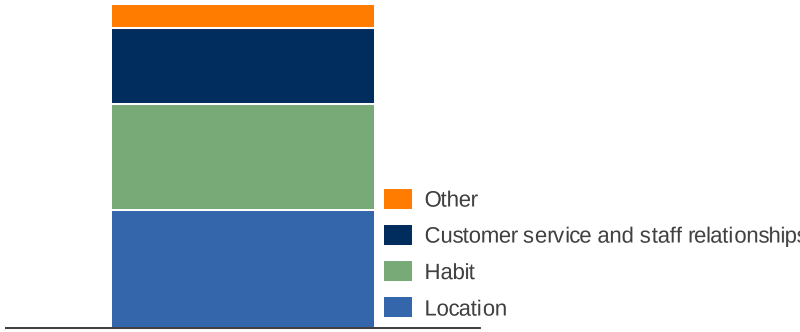
Commercial diligence: Private healthcare and pharma

Context: A private equity fund was evaluating a private healthcare chain rollup as a potential acquisition and wanted support to inform market share, consumer preferences, and changing regulatory environment

1 We evaluated the target against competitors across key criteria

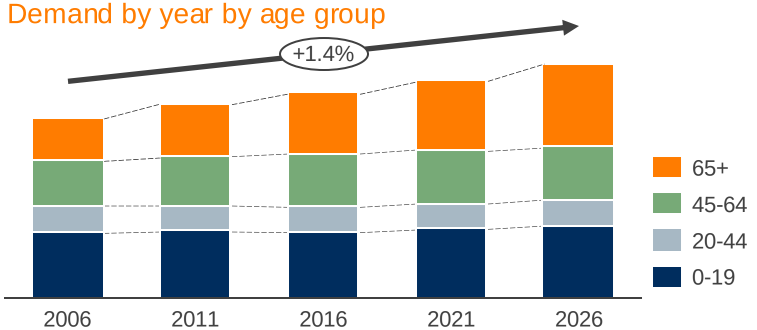
Competitor	Pricing	Loyalty program	Location attractiveness	Service
Target	◑	✓	◔ - ◕	◕
Competitor 1	◕		◕	●
Competitor 2	◑		◑	◑
Competitor 3	●	✓	◔	◕

2 We determined the rationale for store selection

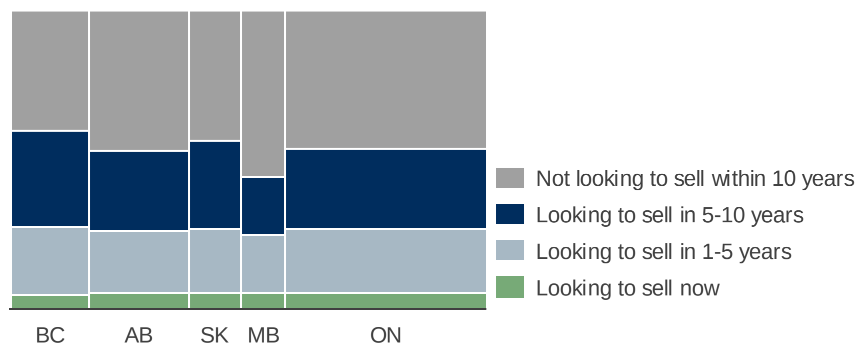


3 We analyzed the effect the aging population would have on demand

Demand by year by age group



4 We projected the time horizon for available targets across geographies

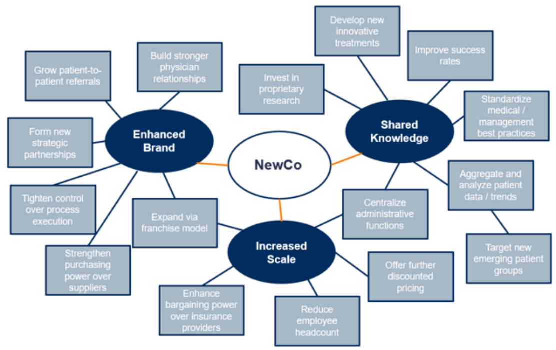


Result: We created a database of potential acquisition targets, assessed demographic trends, narrowed down targets based on priority regions and provided opportunities for future acquisitions

Value Creation: Healthcare services

Context: A private healthcare provider had recently merged with a large competitor. We were engaged to help develop an integration plan to maximize deal synergies

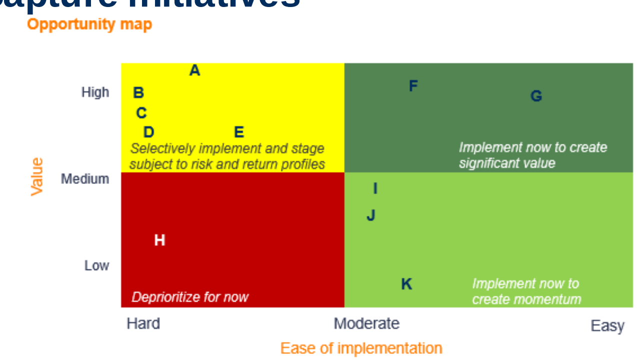
1 Identified opportunities to maximize value of the newly merged company



2 Quantified potential cost synergies

Location	Dept. 1	Dept. 2	Total value
A	$X	$Y	$XY
B	$A	$B	$AB
C	$Z	$402k	$940k
N	-	$261k	$337k
Total	$M	$M	$M

3 Prioritized immediate value capture initiatives



4 Created a comprehensive integration plan

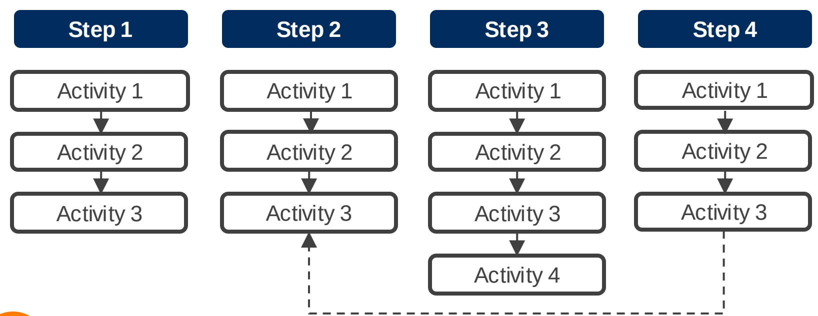
Result: We identified >10% in cost synergies and developed an actionable implementation plan that enabled continued expansion and EBITDA growth

Opportunity viability assessment: Specialty healthcare

Context: A private equity company was looking to expand their healthcare business to include additional specialties and wanted SATOV to determine the viability of each opportunity and recommend the most attractive specialty to pursue

1 We mapped the lead-to-cash process for existing operations and potential additions

Process map



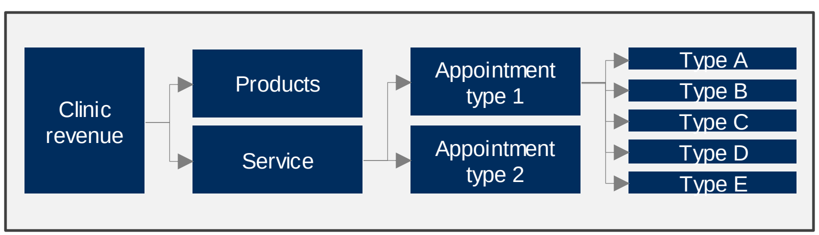
2 We quantified cost savings from resource sharing and incremental referral revenue

Degree of synergy by specialty

Synergy type	Specialty 1	Specialty 2	Specialty 3	Specialty 4
Revenue				
Cost A				
Cost B				
Cost C				

3 We built a unit economic model to compare the financial attractiveness of each specialty

Revenue buildout



4 We ranked the four specialties under consideration

Specialty rankings

Factors	Specialty 1	Specialty 2	Specialty 3	Specialty 4
Factor A	4	1	3	2
Factor B	1	3	4	2
Factor C	3	1	4	2
Factor D	4	2	1	3

Result: After evaluation, we found that all four specialties were viable, and recommended the client select the specialty we identified as having the strongest synergies and best operational alignment

SATOV

416-777-9000
www.satovconsultants.com