The Webinar Will Begin Shortly

Click the ARROW in the upper right corner to open the dashboard.

Type in questions to ask the presenter, questions will be answered at the end of the session.

All questions may not be answered due to time constraints but all questions will be captured, answered and emailed to all participants.
VIP Presents

How to Leverage an Acquisition to Accelerate Growth
The VIP Program

Accelerating the Growth of Veteran Owned Small Businesses in the Federal Marketplace
VIP Training Programs
VIP START: 95
VIP GROW: 100
VIP INT’L: 50
245 Companies trained over 12 months

Success for Graduates
• On average, companies grow 64% one year after graduation from the VIP program
• 4 of the 2018 SBA Small Business Person of the Year Award Winners are VIP Graduates
• Over 1/3 of the VA VECTOR winners are VIP Graduates
• Lockheed Martin and Crowley Fabricating & Machining Company were named the U.S. Navy’s only Nunn-Perry award winner in 2015

Socio Economics Statistics
79% SDVOSB, 33% 8a, 60% Minority Owned, 19% Woman Owned, 12% Hubzone
The VIP Program

- Accelerate Success in the Federal Space
  - 3-day, 27-hour comprehensive certification program
  - Bolger Center, 11 miles from the White House
  - No cost for training, hotel, meals (travel not included)
Instructor

Erin Andrew, Managing Director for Government Contracting
Live Oak Bank
General Small Business Contracting Trends
Overall SDVOSB Allocation

SDVOSB obligated dollars by year has increased overall based on publicly available data.
Agency Spending

SDVOSBs do most of their work at DoD and VA
NAICs Codes

SDVOSB spending is high in the 236220 and 541 NAICs
Keys to Successful Growth

Past performance is key to winning work and incumbents win the majority of the work.

According to Grant Thornton study, 73% of incumbents win recompete.

Awards go to the incumbent nearly:
- 80% of the time at SBA
- 90% of the time at USDA
- 94% of the time at HHS
Agency 8(a) Spend

Once you win 8(a) work at an Agency, you can continue to win work

Total 8(a) dollars awarded by both the SBA, DoD, HHS, USDA, DHS and Treas.

$9.4B available from DoD to 8(a) companies in 2017, but only 6% went to new companies

$1.5B available from HHS to 8(a) companies in 2017, but only 9% went to new companies

$919M available to 8(a) companies in 2017, but only 11% went to new companies
Diversification Matters

Companies that picked up 1 additional agency from 2016-2017 saw roughly $0.5MM+ increase in obligated dollars on average.
Recommendation for Sustainable Growth
Acquisition Leads to Expansion

On average 73% of work goes to the incumbent so leveraging existing cash to build your contract backlog through acquisition allows you to:

1. Access to new agencies
2. Decrease the amount of money and time you spend on business development and acquire a strong team
3. Access ongoing and existing revenues and cash you can use to grow
Business Acquisition

Traditional banks often don’t understand unique nature of projections in this sector and typically won’t provide financing

**Borrower Challenges**
- Business identified with:
  - $15M revenue
  - $2.7M EBITDA
  - $8.5M purchase price
- Purchase price based on projected revenues from new awards, rather than historical income
- Buyer has little liquidity to use as down-payment
- No collateral

**Product: Business Acquisition**
- LOB finances purchase of business assets
- LOB finances 90% of the purchase price, as well as finances all loan fees and provides working capital
- Borrower works with group of pre-identified investors to bring 10% equity to the deal
- First $5M of loan has payments stretched over 10 years, and any amount over has payments stretched over 5 years

**Outcomes**
- Buyer able to acquire new business with little out of pocket--liquidity then helps fund growth-related OpEx
- Buyer now owns >90% of a $15M firm
- Business grows with injection of new revenues from acquired contracts
- Assumption of relationships and past performance enhances ability to capture new work
Mobilization Financing

- There is a lot of other 8(a) work above $1M at agencies in the 541 and 561 NAICs codes
- Roughly $106M of 8(a) work above $1M is available for non-incumbent firms at DoD
- Based on an average P-WIN rate of 5%, 15% and 30% a firm could have access to $5.3M, $15.9M or $31.8M of work.
- You could bid on all of this if you leveraged debt in the right way.
Mentor Protégé Programs  SBA vs DoD

Mentor-Protégé Program (MPP)

DoD’s Mentor-Protégé Program is the oldest continuously operating federal mentor-protégé program in existence. Originally established in the midst of the First Gulf War, the MPP helps eligible small businesses expand their footprint in the defense industrial base.

Under the MPP, small businesses are partnered with larger companies. In the past five years, DoD's MPP has successfully helped more than 150 small businesses fill unique niches and become part of the military's supply chain.

Many mentors have made the MPP an integral part of their sourcing plans. Protégés have used their involvement in the MPP to develop technical capabilities. Successful mentor-protégé agreements provide a winning relationship for the protégé, the mentor and the DoD.

certify.SBA.gov

Welcome to certify.SBA.gov

The U.S. Small Business Administration (SBA) is working to modernize the application process for federal contracting programs. Manage your application and eligibility documentation for the WOSB and All Small Mentor-Protégé programs online from our easy-to-use dashboard. Get started today!

New Features

Experience a unified SBA contracting program certification process and complete SBA forms directly online. Upload and manage your documents across multiple programs and receive email notifications such as expiration and renewal notices.

Am I Eligible?

Answer a few questions to discover if your company should pursue participation in SBA’s contracting programs. Are you eligible to join the Woman Owned Small Business (WOSB) Program, HUBZone Program, or 8(a) Business Development Program? Find out

Upcoming Activities

New as of March 22, 2018, firms should submit their Annual Reviews in Certify! You will soon be able to apply to HUBZone via Certify. Until then, please use the SBA General Login System (GLS) for HUBZone applications.
Introducing
Live Oak Bank
What is Live Oak Bank?

- FDIC chartered bank
- $6B since inception (2008)

- #1 SBA lender in the U.S.
- $2B in new originations in 2017

- Live Oak Bank has government contracting domain experts
Government experience necessary to finance your true needs

Steve Smits
Chief Credit Officer
• Former SES Associate Administrator for Capital Access at SBA
• 27 years of lending to government contractors

Patrick Kelley
General Manager
• Former SES Deputy Chief of Staff
• Deputy Associate Administrator for Capital Access at SBA
• Special Advisor to the Undersecretary for the U.S. Patent and Trade Office

Erin Andrew
Managing Director
• Former SES Associate Administrator at SBA
• Director of Cluster Initiatives and Senior Advisor at SBA
• Senior Consultant Booz Allen and PMP

Eric Rabinovich
Director
• Former Contract Specialist at FDA
• PwC Senior Consultant and Project Management Professional (PMP)

Jackie Robinson-Burnette
Domain Expert
• Former SES Deputy Associate Administrator of SBA’s Government Contracting & head of 8(a) Program
• Head of Army and Corp of Engineers Small Business Programs and CO
<table>
<thead>
<tr>
<th>Funding Department</th>
<th>Small Disadvantaged Business Percentage</th>
<th>8(a) Procedure Actions</th>
<th>8(a) Procedure Dollars</th>
<th>8(a) Procedure Percentage</th>
<th>Veteran Owned Small Business Actions</th>
<th>Veteran Owned Small Business Dollars</th>
<th>Veteran Owned Small Business Percentage</th>
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<td>$17,524,314.91</td>
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<td>CONSUMER FINANCIAL PROTECTION BUREAU (5500F)</td>
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<td>80</td>
<td>$4,610,367.94</td>
<td>3.2994%</td>
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</table>
Questions?

Erin Andrew
Managing Director, Live Oak Bank
(202) 905-0599 | erin.andrew@liveoak.bank
The VIP Program

Thank you for attending the VIP Webinar

• There will be a short survey at the conclusion of the webinar. Your opinion and feedback are very important in continuing the webinar series. Please take moment and complete the 3 question survey

• Our next Webinar is scheduled: Thursday, February 21, 2019 2:00 pm – 3:00pm (EST)