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LAC Group to seek more buys; might consider private equity in future, CEO says

by Marlene Givant Star

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LAC Group, a provider of information and knowledge management, will seek further acquisitions following its purchase of PRO-TEK last month, said Deborah Schwarz, CEO.

The Los Angeles, California-based company receives frequent private equity interest and might entertain offers in the future, she added. It is not actively looking to sell a stake to private equity but "we hear from them all the time", she said. LAC has been able to finance acquisitions with its own cash flow and inexpensive credit. Its bank is PNC. "We're certainly not looking to bring in a majority partner but wouldn't rule it out," Schwarz said.

When asked if there was any successor to someday take over the company, she said: "No. I have no successors in the family. I wish I did."

LAC acquired Burbank, California-based **PRO-TEK Vaults**, a film preservation and archival storage company, from **Kodak** earlier this month. Clear Capital Advisors was the buy-side advisor. LAC's law firm was Mosaic Legal Group in Washington DC. Once it integrates that acquisition, LAC will seek further buys, she said. PRO-TEK was the company's fourth acquisition since Schwarz founded LAC in 1986. Before this, the company's last purchase was in 2011. "Our M&A appetite has not diminished at all. We will take a pause for integration," she said.

In terms of potential targets, Tyler Leshney, executive vice president, corporate strategy and development, said LAC will look at companies that can help its clients manage and parse information. The size can be in the USD 5m to USD 25m revenue range, he added. "Companies that can help make the glut of information digestible are of interest," whether through the efforts of human beings or algorithms, Leshney said.

Schwarz said the company doesn't disclose revenue but has close to 400 employees and teams of professionals in Los Angeles; Rockville, Maryland (for its federal government services business) and New York City. The government services business involves running libraries for several agencies, she said.

Future acquisitions won't necessarily be in the US. For example, the company started a UK operation about two years ago and might look to expand there through acquisitions, Schwarz said.

Schwarz said the PRO-TEK deal underscores the continued value of traditional film, especially to the entertainment and media industries. Leshney said the acquisition is part of the continuum of information management, bridging the digital and traditional model. "With the rush to digital, people didn't have their physical houses in order," he said.

As studios scramble to adopt the new ultra HD programming standards for TV broadcasts, there will be a greater need to retransfer from original film to get the resolution required, which is almost 4K, he said. "Film is still the most resolute high fidelity image capture medium created, and has the longest longevity," he said.

LAC was founded in 1986 as **Library Associates** and serves government agencies, law firms, university libraries and Fortune 500 companies. The Southern California company also manages a large archive of entertainment, broadcast, media and news libraries on both the east and west coasts, according to a press release.