

Three Part Advisors, LLC

Corporate Development Execution Case Study



XETA Technologies (Nasdaq: XETA) Case Study



- **XETA Technologies** was a reseller and services provider of primarily PBX systems and voice networks for large enterprise and government customers. XETA had been a small capitalized publicly traded company for more than 20 years with a checkered performance history. The most recent recession had led to further revenue declines for XETA and its industry, which was beginning a period of rapid change.
- XETA's board of directors and CEO were looking to take advantage of the rapidly evolving external forces to grow the organization and create greater strategic options than the company had in the past.
- Three Part Advisors had been engaged as investor relations consultant for XETA for several years. Three Part Advisors expanded its relationship to work with XETA's CEO and other executives as an extension of the executive management team. TPA was tasked with the following responsibilities during its tenure:
 - 1) Analyze the company's internal and external prospects and macro and micro drivers
 - 2) Create corporate strategies that were sustainable and met the goals of growth and greater strategic options
 - 3) Execute wide-ranging corporate development initiatives even though there was limited capital and little organization-wide expertise
 - 4) Manage numerous functional groups that focused on the growth and future of the company including, corporate development, FP&A, strategy, R&D, vendor management, new business development and marketing
 - 5) Facilitate and aid in the sale of the company

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- **While XETA set out the course for a 3 year plan after TPA's arrival, the company's significant evolution allowed it to become attractive to numerous potential buyers and ultimately it was sold in just 18 months for a 100% premium stock price from when TPA began**
- XETA's annualized revenue increased from \$70 million to \$110 million in just six quarters
- During TPA's tenure a number of initiatives were accomplished, including:
 - 1) Completed Deals to Execute Strategies and Re-Charge XETA's Growth Prospects
 - 5 acquisitions generating 35% annualized revenue growth to XETA
 - Filled geographic and customer scale, service/product competencies, OEM vendor partnerships, sales/technical/leadership talent
 - Created internal integration machine based on robust processes and a guiding principles approach with limited disruption to overall organization
 - 2) Developed Talent Organization
 - 20% total organization turnover throughout all ranks to position firm for growth and stronger financial results
 - Allowed outside knowledge/ideas to enhance organization initiatives
 - 3) Enhanced Strategic Analysis Effort
 - Established methodical and analytical processes for generating strategy around whole business as opposed to individual ideas with less than complete understanding
 - 4) Created Organizational Processes to Improve Productivity and Efficiency
 - Restructured Sales Team
 - New approaches to vendors, product development and new business development