
Pearl Interactive would listen to offers; eyes sale in 2019, founder says

By Jeff Sheban

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Pearl Interactive Network, a Columbus, Ohio-based staffing and contact-center company, would like to sell itself in two pieces beginning as early as 2019, but would entertain serious offers for the whole company before then, said CEO Merry Korn.

The plan is to organically grow two lines of business ahead of a sale – most likely to separate strategic buyers – in 2019, said Korn, who founded the company in 2004 and is the sole owner. By then, each line of business will be worth nearly USD 20m, she added.

“When I sell, I would prefer the sale to satisfy a great niche for a strategic buyer.” Pearl has engaged Porter Wright M&A attorney Curtis Loveland, who is “advising on how to structure and position for sale,” she said. Loveland recently commissioned an independent valuation of the company from Ohio-based Western Reserve Partners as part of a process to assign share appreciation rights to key employees, Korn noted.

Pearl Interactive provides staff sourcing and contact-center services on behalf of federal government contractors, and is developing a similar line of business for property/casualty insurers. The company screens, manages and hires military veterans, disabled veterans, people with disabilities and those from economically disadvantaged regions for prime government contractors who must contract with women-owned and small businesses to satisfy federal requirements. Clients pay for resumes of screened and qualified workers.

A significant number of its 450 employees in 23 states work from home or at client sites, and Pearl also operates a call center in Winchester, Kentucky.

The company anticipates revenue of USD 12.5m this year, roughly flat with 2015, as Korn has made key hires and investments to expand the two lines of business. More than 90% of revenue currently comes from federal contracting activities.

Korn wants to achieve overall sales of more than USD 40m within four or five years, with slightly more than half coming from contracting with the federal markets and the balance from the insurance industry. Pearl has hired a business development official with US Department of Defense experience and is taking steps to become a prime government contractor itself, a status it hopes to achieve by the end of this year or 2016. Prime status “makes us more valuable to someone who might acquire us,” Korn said.

The insurance vertical is also slated for organic growth, and Korn hopes to achieve revenue of about USD 14m by the end of 2018. She said insurance carriers are facing a projected shortage of 450,000 entry level workers in coming years, and there is “a great desire to fill jobs with veterans.”

Asked for examples of companies that could show interest in acquiring Pearl, Korn said **CACI International** (NYSE:CACI) and **General Dynamics** (NYSE:GD) among federal contractors, and **State Farm** and **Nationwide** among insurers.

Pearl has a USD 1.5m commercial line of credit with Commerce National Bank; Laubie, Karling & Associates provides accounting; the law office of Larry Pliskin provides legal counsel and Ohio-based Fleisher Communications Group provides public relations and media strategy.