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So You Want to Sell Your AV Business?

Being acquired should be a part of every integrator's succession planning. But what exactly does that imply? Are there concrete steps to be taken or is it business as usual? Hurrairah bin Sohail investigates.

The AV industry is experiencing an accelerating rate of consolidation with mergers and acquisitions coming thick and fast. Forté's acquisition of Vega is the latest business deal to be concluded, and it is most certainly not going to be the last.

Acquiring businesses as a strategy for growth might only be available to those that have the means. But, considering the current business climate, being acquired is an option that AV businesses should explore when it comes to succession planning.

Being acquired is not as simple as agreeing to a number and performing a handshake deal. There are many moving parts to a successful merger and acquisition, and through the course of this article we will be exploring the work that goes into the sale of an AV integration business.
The conversations, comments, and advice from the professionals featured in this article were communicated within the loose context of a founder-led, mid-sized AV integration business looking to explore the possibility of a sale.

Keeping Counsel

The DAK Group is a mid-market M&A advisory firm guiding AV, security, technology integration, and live experiences businesses across APAC, EMEA, and Americas through sell-side, buy-side, and strategic advisory work, from the first conversation about value through to close. When representing a seller, The DAK Group builds and defends a valuation case, runs a structured, competitive process toward multiple bidders, and controls the flow of information so the owner negotiates from a position of strength.

Ari Fuchs, Managing Director of The DAK Group, who has personally overseen well over 100 transactions totaling in excess of USD 3 billion in value across M&A, restructuring and strategic advisory work, starts the conversation by discussing one of the major hurdles: "The pitfall I see cost owners the most money isn't operational at all, it's negotiating with one buyer. An owner gets a flattering unsolicited call, the number sounds good against a business they've never had valued, and they engage exclusively, sign a term sheet with a no-shop clause, meaning they're legally barred from talking to other buyers while the deal is being worked through, and spend the next five months as the only party without leverage. Every diligence finding from that point forward is a one-way price adjustment, because there is no second bidder to walk toward."

He continues: "Nobody intends to end up there; it happens because the first serious conversation about value happens with a buyer rather than with an advisor. My standing recommendation is to never let the first credible look at your business come from someone who wants to buy it. Get your own valuation view, commission a sell-side Quality of Earnings report before going to market rather than after a buyer requests one, and run a process with real alternatives, even a quiet one with four or five parties."

Denis Pozigun, Principal at The DAK Group, who spent nearly two decades operating AV and security integration businesses across 20 countries, including leading acquisition strategy in Asia Pacific, before moving into

advisory, gives his perspective of what blindsides exist for sellers: “Owners are often surprised by how much weight buyers place on things that never show up on a typical P&L. Manufacturer and vendor relationships, certifications, and how backlog is structured all matter as much as trailing revenue. A large backlog with thin, volatile project margins is not the asset an owner thinks it is.”

He continues: “Deal structure is another blind spot. Many owners assume a sale is a single cheque at close. In reality, structure often includes an earnout tied to backlog conversion or client retention, a working capital adjustment, and either an escrow holdback or, for larger deals, representations and warranties insurance. That insurance generally only makes economic sense above roughly USD 20 to 30 million dollars in deal value, so smaller mid-market sellers should expect a more traditional escrow and negotiated survival period instead. The other surprise is personal and organizational rather than financial. Owners underestimate how long a process takes, typically six to 12 months from first buyer conversation to close, and how much of their own attention it pulls away from running the business at exactly the moment performance needs to hold steady.”

Fuchs adds: “The variable that blindsides owners most often is how much of the deal lives on after the closing. Owners think of a sale as an ending; legally and practically it isn’t. Representations and warranties survive, indemnity obligations sit against escrowed proceeds, and the money an owner has already mentally spent can still be clawed back over a disclosure nobody thought twice about during diligence. Across a range of industries, I’ve found this is the single least understood part of a transaction for a first-time seller, and it’s why I stay deeply involved through diligence and negotiation rather than handing off at the term sheet. The most common version of this, and one that almost always surfaces late, is indirect tax compliance: sales and use tax, VAT or GST, and the filing obligations that come with operating across national, state, provincial, and local jurisdictions.”

Pozigun has clear advice for business owners looking to sell: “Start preparation 12 to 24 months before going to market. Clean up your financials so they will hold up under a buyer’s scrutiny, cap any single client well below a level that would concern a buyer, build management depth beyond the founder, and grow your recurring revenue base before you need it.”

Fuchs counsels: “My advice would be less about the operating checklist and more about sequencing, because in my experience owners do the right things in the wrong order. They spend the preparation window on the business and leave the items that are personal and structural until a buyer forces the issue. I’d invert that.

Get your personal tax and succession planning done first, because the proceeds you keep, not the headline number, are what fund the rest of your life, and once a letter of intent is signed most of the useful levers are gone.”

Corporate prudence Lincoln International is a leading global investment banking advisory firm, established in Chicago in 1996, and recently listed on the New York Stock Exchange. It focuses on private capital markets, with M&A and other investment banking services including debt advisory, private funds advisory, portfolio valuations, and transaction opinions. As corporate financiers, when it comes to mergers and acquisitions, Lincoln’s role is focused on helping business owners and shareholders consider their strategic options.

Over the last 12 months, Lincoln International has successfully advised the respective shareholders of Kinly and Vega Global on transformative transactions to realize value: Avedon Capital Partners’ sale of Kinly to Yorktel, and Baird Capital’s sale of Vega Global to Forté.

Thomas Gittens, director at Lincoln International, says: “We help business owners explore the strategic options available to them. Whether that is selling to a strategic trade buyer, partnering with private equity, or continuing to operate independently for a few more years, we help clients determine the right path forward.”

Project-based revenue is a defining characteristic of the AV sector and Gittens talks about how Lincoln International works to present an accurate picture of an AV integrator’s capabilities: “While private equity generally favors contractually recurring revenue, the M&A market has evolved significantly. When Lincoln evaluates these businesses, we look beyond this. We perform repeat customer analysis and reoccurring revenue analysis, and these sit alongside traditional recurring metrics to demonstrate predictable revenue patterns, even in the absence of long-term contracts.”

He continues: “Many integrators are expanding their managed services and support operations. Managed services are typically underpinned by multi-year contracts. That recurring managed services growth is a key value driver across the modern AV landscape.”

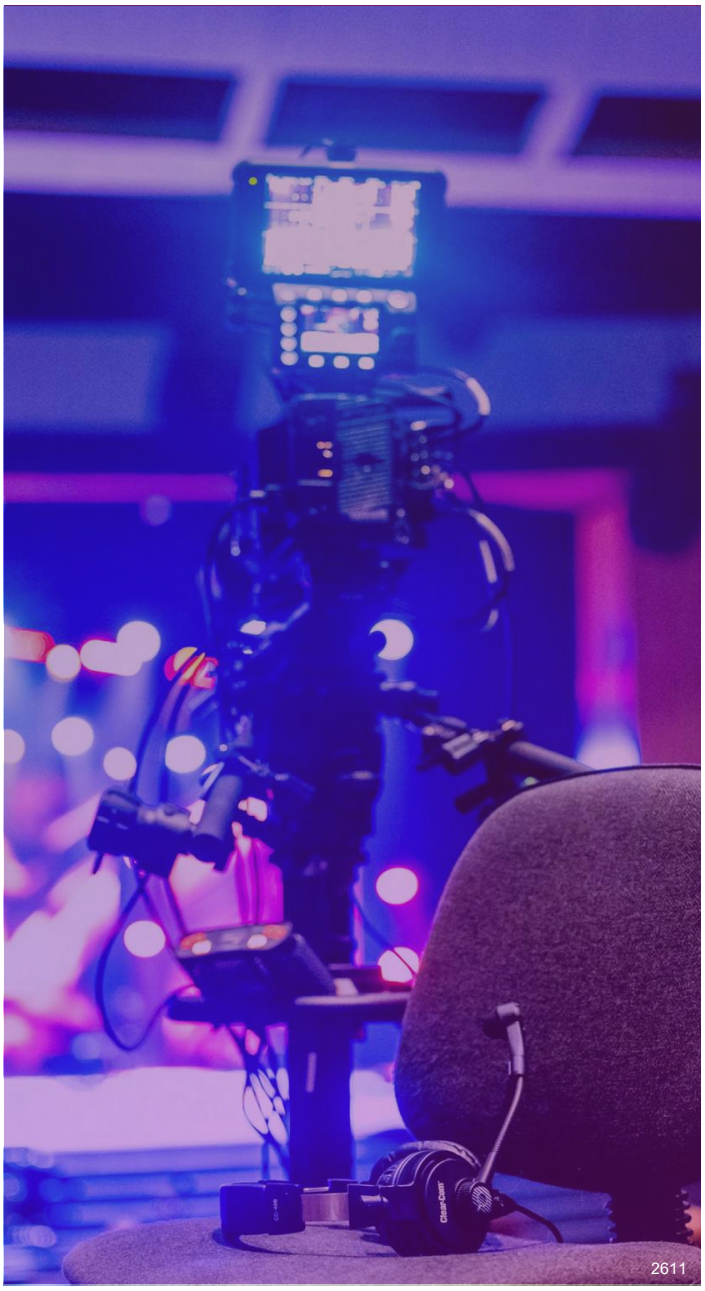
Gittens elaborates on what he finds to be one of the most common hurdles in his experience: “In the context of founder-led or owner-managed businesses, one of the most common issues that can stall M&A is the inconsistency and operational inefficiency of the target platform, especially its systems and processes. Buyers want high-quality platforms because they want to grow the business post-deal, and trade buyers also have to consider integration. They have questions such as how are we going to integrate this business into ours, and are we

operating on a common platform? Maximizing business value relies heavily on effective integration, which requires an operationally efficient platform free from inconsistencies."

Beyond general operational efficiency, Gittens identifies further points sellers must consider: "Ensuring sales pipeline methodologies and operational KPI tracking have been consistent over the long term, and that these metrics are commercially attractive, gives buyers confidence that the asset is well positioned for the future. Identifying whether all legal entities and holding structures are active is key, inactive entities or complex holding companies should be rationalized. It's also important to verify that all customer and supplier contracts are signed, up to date, and fully adhered to."

When asked to put himself in the shoes of an owner looking to prepare his business for acquisition, Gittens has concrete actions to suggest: "Identify clear differentiators: Define your 'right to win' and your competitive edge. Articulate clearly why your customers choose your business over a competitor. Align with market trends: Link your key differentiators directly to the industry's long-term growth trajectory to frame your business as a 'must-have' asset. Clean up operational processes. Standardized back-office systems are essential not only for post-merger integration, but also for adopting emerging automation and AI tools. Build a rich data lake: every argument made to buyers must be backed by verified data. Sellers must prepare a comprehensive suite of financial, customer, and operational data ahead of time to substantiate their growth story and valuation."

With the overall outlook for M&A activity in the AV sector being hugely attractive right now and into 2027, the argument to start implementing this advice is extremely compelling.





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