

Client Value Study

TransContinental Title Company

Brief Overview

Anyone purchasing a home or property knows that among the stack of documents required to close the transaction is evidence of title. Less appreciated is the work required to carefully examine title records for evidence of ownership and to provide a safety net to the buyer in the form of title insurance. In this world, Florida-based TransContinental Title Company has grown to national prominence since its 1987 origin. Led by its CEO and sole shareholder William Baumgart, TransContinental is a comprehensive, nationwide outsourced provider of title and loan closing services to national and regional lending institutions.

With annual revenue surpassing \$60 million, TransContinental agreed in December 2005 to be acquired by one of the nation's two largest title insurers, First American Title Insurance, with more than \$8 billion in annual revenue. To ensure success, TransContinental engaged Tatum to help in preparing for the transaction and to help introduce a more sophisticated and structured financial management approach.

Situation

In a rapidly consolidating industry, TransContinental has long stood out as a prized independent company with

extensive lender relationships and strong transaction volume. A planned sale to a private equity group was scuttled in 2003 after the prospective buyer encountered difficulty raising funding during a broad capital-market downturn. To continue improving its business operations while it contemplated the possibility of a later sale, TransContinental made a decision to upgrade its finance infrastructure, including financial management systems, people and processes.

Why Tatum

The decision was prompted in part by TransContinental's satisfaction with due-diligence work Tatum had conducted in preparation for the company's 2003 presumed sale. Based on insights into the company's finances that the Tatum effort produced, TransContinental engaged Tatum and its financial leadership services.

In the past, the company's accounting, tax and finance work had been handled by an outside accounting firm. Now, with Tatum in place, TransContinental had the benefit of a more structured, perceptive approach to assessing its financial condition, weighing the advantages of expanding or discontinuing regional offices, and otherwise operating from a more informed posture.



SITUATION

Reliance on outside CPA firm to handle basic tax and accounting functions obscures detail and perspective on financial impact of business decisions.

TATUM SERVICE

Tatum CFO Roadmap:
Tatum's application of sophisticated financial analysis techniques and provision of detailed monthly reports provides insights into profitability metrics and aids management in decision making.

SITUATION

Presentations to prospective buyers lack financial detail and supporting data essential for proper due diligence.

TATUM SERVICE

Tatum Merger & Integration and Private Equity Services:
Tatum's preparation of detailed presentation book impresses potential acquirers and elevates valuation over an aborted 2003 offer.

SITUATION

Certain supplier agreements presumed to offer competitive rates aren't subject to informed scrutiny and diligent negotiation.

TATUM SERVICE

Tatum CFO Services and Intellectual Capital:
Based on knowledge gleaned from Tatum network, Tatum renegotiates key overnight delivery agreements, producing annual savings of more than \$500,000.

Sound financial leadership raises selling price for national provider of title and loan closing services.

Tatum's experience both in raising private capital and in assisting with initial public offerings for growing companies provided valuable guidance in TransContinental's presentations to prospective acquirers. This insight resulted in a higher selling price.

Results

Tatum served TransContinental in both tactical and strategic manners from the onset. Among the tactical contributions made by Tatum was a renegotiation of overnight delivery services—an essential tool for the fast-paced title insurance business—that produced more than \$500,000 in annual savings. The renegotiation was fortified by Tatum's extensive experience in the category, including valuable information about prevailing rates and cost structures in the overnight delivery business.

Tatum also formalized the company's financial reporting processes by producing detailed monthly reports that offered management an unprecedented view of business trends and important metrics such as revenue per transaction and the relative profitability of retail branch offices.

On the strategic side, Tatum played a prominent role in supporting the sale of the company in several ways. First, Tatum engaged a regional investment banking firm that identified prospective acquisition candidates and introduced them to TransContinental. Again, the Tatum network played a key role. The selected firm had impressed Tatum in a previous assignment, and within a few months of its engagement TransContinental had received several letters of intent from private equity firms and other strategic suitors. Tatum

also aided in establishing a favorable fee structure for this engagement, saving TransContinental several hundreds of thousands of dollars.

Subsequently, Tatum produced a comprehensive report that provided prospective buyers with detailed information on the company's performance and its trend lines. Packed with statistics that provided exacting detail on up-to-date financial metrics, the report elevated the perceived value of the company.

"Tatum's organization of the financial accounts of the company to provide accurate and timely financial data to potential buyers was critical to instilling confidence in buyers in the operations of the company," said John Hill, the senior managing director of Hyde Park Capital Partners, the investment firm that brokered the sale. After completing this evaluation, Tatum Partner Marc Bendesky used his relationship-building know-how to introduce a leading investment firm to TransContinental Board and Executive team.

During the sale, Tatum was present at meetings and discussions with prospective buyers to provide insight and detail about the company's financial posture. Tatum's experience both in raising private capital and in assisting with initial public offerings for growing companies

provided valuable guidance in TransContinental's presentations to prospective acquirers. This insight, combined with a mortgage lending boom that lifted TransContinental's revenues, resulted in a higher selling price than the aborted 2003 offer had provided.

The sale ultimately negotiated with First American calls for TransContinental to continue to operate under its current name and management structure, working in conjunction with First American's National Lenders Advantage unit. The events leading up to the sale of the company underscored Tatum's reputation across the business community. TransContinental executives were pleased with the broad network of service providers that know and respect the Tatum brand, and today recommends Tatum to similar growth companies."



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About Tatum, LLC

Companies turn to Tatum when critical business challenges arise because we immediately deliver financial and technology operational expertise via solutions tailored to the Office of the CFO. We understand the urgency of NOW and we leverage nearly 1,000 executives and consulting professionals nationwide to accelerate results to create more value.™