Mid-Size Company

Turnaround of the Year

Allen Systems Group

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Allen Systems Group ("ASG" or the "Company") is a global provider of enterprise IT and business software solutions that grew significantly through debt-funded acquisitions, including seven acquisitions between April 2011 and March 2012. By mid-2012, it employed nearly 1,300 employees in over 90 offices worldwide. That year, the Company generated revenues of approximately $298 million and EBITDA of approximately $51 million.

ASG's 2014 revenues declined to $246 million and EBITDA declined to $8 million largely due to integration missteps and lack of focus on its core business. Throughout early 2014, ASG's liquidity and day-to-day operations suffered from shareholder bloated cost structure. Its financial situation was well publicized in the press, and its lenders, employees, and customers were questioning its ability to survive. It was evident that an immediate operational turnaround and balance sheet restructuring was necessary to stop the Company's precipitous EBITDA decline and return profitability to levels that were acceptable to its lenders and comparable to peers.

Huron identified and together with ASG management led the implementation of a phased turnaround plan aimed at reducing approximately $56 million of annual operating expenses. Initiatives were segmented into three phases based on the liquidity and timing required to execute and realize savings. The turnaround plan involved a significant reduction in unproductive employees and a right-sizing of functional/product teams to revenues, an elimination of non-core expenses or burdensome costs, and a modified cultural emphasis on both organization-wide and product-level profitability.

Simultaneously, ASG negotiated an efficient and expedient pre-packaged Chapter 11 restructuring, involving a settlement agreement with the Company's sole shareholder and the support of ASG's pre-petition debtholders, to significantly reduce its debt and annual interest obligations. The pre-packaged Chapter 11 restructured approximately $660 million of pre-petition obligations, consisting of $550 million of existing secured debt and $110 million of interest and fees. The $660 million of pre-petition obligations were converted to $240 million of post-emergence secured debt in the reorganized ASG, reducing its annual interest obligation from $62 million to $22 million, or over 60 percent, and also generating $40 million in initial liquidity to stabilize and grow ASG.

After the turnaround and balance sheet restructuring, the Company built a world class management team, retained 1,000 employees worldwide and increased its employee and customer retention rates. The turnaround and restructuring resulted in over 100 percent improvement in actual and pro-forma EBITDA from 2014 to 2015 with commensurate increases in liquidity and operating cash flow. Entering 2017, the rebranded ASG Technologies is an industry leader, well positioned for growth.