

Recently a reporter from Mergermarket regarding the M&A climate for staffing firms interviewed Ken Ampy, CEO of Astyra Corporation. Below is a copy of the article that was published from that interview.

**Astyra**, a private IT staffing and consulting company, is “ready to react” to the right M&A scenario, should it present itself, according to CEO Ken Ampy. For the last three or four years, the 14-year-old company’s annual internal strategic review has “contained language somewhere related to us being positioned to acquire or to be acquired,” Ampy said.

Richmond, Virginia-based Astyra has USD 15m in revenue and is owned 50:50 by Ampy and his cofounder and former college roommate Sam Young, president. Astyra is not in an active process and or in need of M&A, Ampy said. But, the company – a “moving target” in terms of growth until 2010 – recently has seen annual growth rates start to taper off at around 12%-15%. The company is now more seriously considering options such as the acquisition of a small, niche-contingent labor player in a budding market like healthcare, Ampy said.

Similarly, Ampy said “some major (strategic) player that doesn’t have presence in this region might be interested in grabbing a mid-sized firm that could add 10 new Fortune 500 clients.” Ampy said he would consider USD 7x-8x EBITDA a “decent” multiple for the company.

Ampy noted offers in just the last couple of months, at least from financial investors, have been as low as 2x-4x EBITDA, although he acknowledged some have been higher. An industry executive said Astyra could likely garner a 5x-6x EBITDA multiple in today’s market.

Ampy said he has heard “from all the M&A guys” he has spoken with recently that a company in Astyra’s space with USD 15m to 20m in revenue “starts to catch the eye of the big players.” He named UK-based **Sapphire Systems**, Switzerland-based **Adecco** (under its recently acquired Modis group) and US-based **Apex Systems** as examples of similar but much larger IT staffing and recruiting firms, although he noted all three have a presence in Virginia. Apex is also headquartered in Richmond.

But the industry executive maintained that companies like these are looking more for large, global buys. Adecco right now is rumored to be eyeing UK-based rival **Hayes** for around EUR 2.2bn, he pointed out. A local, mid-sized buyer for Astyra might be more realistic, the executive reasoned.

Astyra specializes in IT staffing and contingent staffing, and project-based IT work mainly for the financial, energy, and state and local government sectors. The company was founded in 1997 and currently has 150 employees. Law firm McGuireWoods is a regular advisor.

Ampy mentioned that Astyra was seriously approached when it was at USD 3m in revenue but the buyer waited too long and Astyra outgrew the investor’s size limit in the almost two-year courtship.

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