

BACKOFFICE ASSOCIATES[®] SEEKING NEW CEO AND HIRING ADDITIONAL EXECUTIVE MANAGEMENT BEFORE IPO, CEO SAYS

By Ilene Friedland
May 26, 2011
Mergermarket

BackOffice Associates, LLC, the private Harwich, Massachusetts-based provider of ERP data migration and data management software and services, is seeking a new CEO before it has an IPO, said CEO **Trish Kennedy**.

BackOffice Associates, which has more than USD 150m in annual revenues and is very profitable, is now seeking a new CEO and bringing on more executive managers, Kennedy said. The company was founded in 1997 by Kennedy and her husband Tom Kennedy, who is BackOffice's CTO (chief technology officer).

BackOffice is now exploring the IPO market and has been advised that Wall Street will see a perceived risk in a public company that has a husband and wife team at the top. While Kennedy affirms that she and Tom have a very strong, stable relationship after 27 years of marriage and four children, she also recognizes that a "perceived risk" could lower Wall Street's evaluation, so the company is changing its senior management team.

Trish Kennedy will stay on after the new CEO is hired to help with the transition process. Her exact role and the length of time she will stay with BackOffice is currently undefined; becoming the COO or chairperson are two possibilities. Tom Kennedy will continue in his role as CTO.

There is no set time frame for the IPO but it will not happen until the new CEO has had time to be integrated into the company, Kennedy noted. However, the company has been preparing for an eventual IPO filing by being aware of

Sarbanes-Oxley requirements and having eight years of audits by PwC.

Although the company is focusing on an IPO, it has had a number of approaches about a sale; but none that were of interest, Kennedy said.

In 2008 Goldman Sachs made a USD 30m investment in the company which gave Goldman a 15% ownership interest. The Kennedy's had 70% ownership at that time and BackOffice employees owned the rest. Goldman recently made a significant investment in BackOffice, but the amount was not disclosed and Kennedy declined to state the new ownership percentages.

BackOffice works with Goldman Sachs on the private equity side, but has not yet mandated Goldman Sachs "on the IPO side," Kennedy said. Although BackOffice might consider working with Goldman Sachs for the IPO, that has not yet been decided and they might consider other possible advisors for the IPO, Kennedy added.

BackOffice's corporate legal counsel is Goodwin Procter in Boston and DuretteCrumpp in Richmond Virginia. It works with Fish and Richardson for IP issues. The company's commercial bank is Citizens Bank.

In 2010 BackOffice made three acquisitions: San Jose, California-based HiT Software, Mason, Ohio-based Quadrate, and Singapore-based CPM Consulting. Kennedy said there are no immediate plans for more acquisitions, but it will consider potential targets that have a strategic piece of technology or can provide an entry into a new market or geography.

BackOffice provides software that assists large global companies with the implementation of integrated ERP (enterprise resource planning) software from SAP, Oracle, and other ERP providers. Kennedy explained that the ERP implementation process can be extremely difficult because the data in old legacy systems, which can often come from numerous corporate divisions in different locations, was not in a form that can be easily downloaded and integrated.

The company's software and services make a smooth data migration possible and work with any kind of original software, Kennedy said. "We can move anything to anyplace. It is important to have an agnostic technology for this process that will work on any legacy software system," she explained. BackOffice's first customer was Lucent Technologies and its second was Exxon Mobil.

BackOffice is the second software company that the Kennedys have founded. The first company, which they founded in 1985 in Richmond, Virginia, was sold in 1992.

The Kennedys met in Richmond, Virginia when Trish Kennedy was looking for an apartment and Tom Kennedy was a landlord with an apartment to rent. Tom Kennedy rented the apartment to Trish, asked her to help him run his business, and the rest is history. They moved to Cape Cod to raise their four children because it has a "small town-family oriented vibe. Like raising your children back in the 1950's," Trish Kennedy said. The Kennedys are the parents of four boys, two are in high school and two are in college. Two of the boys have had internships at BackOffice Associates.

BackOffice Associates, LLC
PO Box 808, South Harwich, MA 02661
T +1 508.430.7100 F +1 508.430.7105
info@boaweb.com www.boaweb.com

Copyright © 2011 BackOffice Associates, LLC. BackOffice Associates, Boring Go Live and all associated logos are trademarks or registered trademarks of BackOffice Associates, LLC in the United States of America and elsewhere.

