

**Profiler Talk: Post Capital's Mitchell Davidson on successful behavioral health exit**  
by Deborah Balshem in Ft. Lauderdale  
February 1, 2017

*On 9 January, New York City-based **Post Capital Partners** exited behavioral healthcare company **Invo HealthCare Associates**, based in Jamison, Pennsylvania.*

***The Wicks Group of Companies**, a private investment firm, completed a majority recapitalization of Invo along with management. Post Capital retained a minority stake in the business.*

*Invo is a national provider of school and community behavioral health and other therapeutic services to individuals with special needs, including Autism Spectrum Disorder. The company serves more than 60,000 children annually in the areas of occupational therapy, physical therapy, speech and language pathology, and Applied Behavioral Analysis (ABA).*

*Mergermarket spoke with Mitchell Davidson, co-founder and managing director of Post Capital Partners, about Post's success in growing Invo from a small therapy staffing firm into a comprehensive behavioral health business. Davidson's full list of deals and relationships can be found [here](#), download [PROFILER](#).*

*For an overview of Post Capital Partners' private equity portfolio, please click [here](#).*

### **Competitive process**

Post Capital acquired a majority stake in Invo in December 2012, with founder and then CEO Mary McClain and COO Jason Ralph re-investing a significant amount of their proceeds into the business. Davidson and Post Capital co-founder Michael Pfeffer joined the Board of Directors at that time.

Post choose to recap Invo roughly four years later as the market was placing strong value on attractive behavioral health businesses and therefore Invo was likely to draw significant interest from investors, Davidson said.

The company ran a formal process, targeting both strategic acquirers and financial sponsors in the US, and saw "a great deal of competition," Davidson added, who said the sale process took approximately three months.

Post Capital ultimately chose the Wicks Group as "we had a shared vision on how to grow Invo" and because Post was able to re-invest a significant portion of its proceeds into the new deal, Davidson noted. Post is now a minority investor and continues to serve on its Board.

In addition, the senior members of the Wicks Group had an established relationship with Invo CEO Anthony Manley and were committed to his vision for the future of the business.

### **CEO played key role**

"Perhaps the most consequential driver of Post's success in growing Invo was the hiring of Anthony Manley as CEO in 2015 following Mary McClain's retirement," Davidson said. Manley previously was COO of **Catapult Learning** and a senior executive with **Kaplan** in a variety of roles, including the leader of its K-12/Pre-College business unit.

"Anthony accelerated Invo's growth and brought best-practices from his experience at larger businesses. He expanded the Company's sales and recruiting efforts and came to us with significant experience in evaluating and integrating acquisitions," Davidson said.

Additionally, Post Capital understood that Invo would need to upgrade its technology, particularly its CRM system, to be able to effectively scale and grow. To that end, Post also added 25-year staffing and technology industry veteran and Post Capital Executive Partner Steve Vesce to the Board of Directors.

Vesce has executive-level experience in both human capital and technology, “so he had the ideal skill set to assist Invo in this significant technology transformation,” Davidson said.

### **Growing demand**

An increasing demand for special needs and autistic services, particularly for children, was (and remains) a key macro trend that initially attracted Post Capital to Invo. “A growing numbers of schools are choosing to outsource non-core functions such as therapist recruiting to both streamline costs and enhance efficiency of limited administrative resources,” Davidson said.

Additionally, Invo’s services have very stable and growing funding sources. Invo is compensated directly by the schools, which draw their funds from both local tax dollars as well as from the federal government through the Individuals with Disabilities Education Act (IDEA), Davidson said.

IDEA provides financial support for schools to offer therapy services to special needs and autistic students. These are mandated services that schools must provide to eligible students, according to Davidson, who said IDEA funding has grown nearly every year over the past 10 years.

Invo’s business model was also highly attractive, with a very strong recurring revenue base and more than 90% annual retention, Davidson added. Most of Invo’s clients have been long-term customers and have relationships that span more than 10 years.

Post Capital also recognized that Invo, despite being a relatively small company, was one of only a few national players in a highly fragmented market. “We saw Invo’s placement in the market as a sound platform to transform the business through service expansion, additional executive resources and acquisitions.”

### **Then and now**

Invo is a therapy services business that partners with schools to assist them to deploy physical therapists, occupational therapists and speech pathologists to help students with autism and special needs.

Under Post’s tenure, Invo expanded and grew its core therapy services into behavioral health, growing services such as ABA therapy, social work and psychologists. Invo also expanded its community-based therapy segment (services provided in the home or in community centers) to complement its legacy foundation in school-based therapy.

From a geographic perspective, Invo expanded its services into five new states, growing its coverage from 23 to 28 states.

Under Post Capital’s ownership, Invo’s revenue more than doubled while its EBITDA almost tripled, Davidson said. According to published reports, Post made roughly 6.5x its investment.

### **Strategic acquisitions**

Invo completed two add-on acquisitions under Post’s ownership. In February 2016, Invo acquired **Progressus**, its largest pure-play competitor. The acquisition significantly increased the size of the company and further strengthened Invo’s position in the market, especially in larger urban districts, Davidson said.

In September 2016, Invo closed another small, highly accretive add-on acquisition of a therapy services provider that extended its reach into the North Carolina market.

With the acquisition of Progressus, Invo became “the largest pure-play provider of autism and special needs services in its market with broader geographic coverage and deeper recruiting resources than any of its competitors,” Davidson said.

Davidson said Invo continues to evaluate acquisitions of both larger national and smaller local and regional therapy service providers as well as ABA therapy and other autism service providers.

When Post Capital initially acquired Invo, there was limited consolidation in the sector because there were few players of scale. Currently, there are more private equity-backed platforms in the industry so Davidson expects increased consolidation.

### Advisory details

**Cain Brothers** led by [Todd Rudsenske](#) served as financial advisor to Invo on the transaction. **Winston & Strawn** led by [Bradley Vaiana](#), **Benesch Friedlander Coplan & Aronoff** led by [Ross Kirchick](#) acted as legal advisors. **RSM US** led by [Ron Ellis](#) provided accounting advice and **Crowe Horwath** led by [Chris Barrett](#) provided tax advice to Invo.

### About Post Capital

The key component of Post Capital's platform is its "Executive-First" investment strategy, in which the firm first identifies and partners with talented senior operating executives and then works proactively with those executives to jointly source and evaluate investment opportunities, and drive value in the business.

Davidson has played a role in many of Post's investments, including **Agent Media**, the growth capital investment in **DTT Surveillance**, the recapitalization of **BHS Specialty Chemicals** and the acquisition of **EC Waste**.