CASE STUDY · CARE & COMMUNITY SERVICES · TARGETS ALREADY IDENTIFIED

How Independent Analysis Saved a Client $3.35M

The client had already decided. Independent analysis changed their mind - and saved them $3.35M.

45%	$3.35M	2 weeks	1 / 1
Purchase price reduction	Capital preserved	Negotiation to agreed price	1 recommended / 1 walked away

THE SITUATION

You have targets.
That is the beginning, not the answer.

A national acquirer in the care and community services sector came to Zenify with two targets already identified - both allied health businesses serving aged care and NDIS participants. They had met both founders. They had formed a view. Target A was the preference: better reported margins, an established relationship with the founder, a business they felt they understood. Target B had made a poor first impression. On the surface, Target A appeared to be the stronger option.

The analysis told a different story. This is the most common entry point for the Targeted Acquisition Program - the client has done the initial work and has deal options in front of them. What they need is independent analysis to tell them which one is genuinely right, and negotiation to get it at the right price. What Zenify found changed both which business the client acquired and what they paid for it.

	Target A - Client Preference	Target B - Zenify Recommendation
Asking price	$5M initial → $3M floor	**$3M initial → $1.65M negotiated**
Revenue	$4.6M	$7.3M stated / $6.2M adjusted
Margins	15% - genuine	Sub-5% stated / significantly higher adjusted
DCF at $3M	Supported. Good value.	**Supported. Better value.**
Relative to each other	Good business. Not the best available.	**Better business at a lower price.**
Outcome	Not pursued	**Acquired at $1.65M**

THE ANALYSIS

What the numbers were hiding.

The advisory question independent analysis exists to answer is not "is this deal worth doing?" but "is this deal the best available use of the client's capital?" Those are different questions. On Target A, the answer to the first was yes. On Target B, it was the second that mattered.

On Target A – a good business, but not the best available

Target A was a profitable business. The 15% margins were real and the revenue base was decent. Zenify had already invested significant effort negotiating with Target A's founder - bringing the asking price down from an initial $5M to a floor of $3M. That was a meaningful reduction, and at $3M the DCF valuation showed the deal looked fair. Supportable. Not unreasonable. But fair is not the same as best available, and best available was still an open question.

The real question was not whether Target A stacked up on its own terms. It was whether Target A was the better acquisition compared to everything else in front of the client. With Target A at $3M looking acceptable, Zenify turned its full attention to Target B.

Target B - two findings that changed everything

Target B's reported sub-5% margins had made the business look unattractive. Zenify's independent analysis identified two separate explanations - both of which changed the picture materially.

- The first was an inter-company revenue treatment. The founder had implemented internal billing between office locations as a management tool - a way of creating accountability and tracking performance across each site independently. This was not an attempt to inflate revenue. It was a legitimate operational practice. But it meant that approximately $1.1M in internal transactions were included in the reported top-line figure. Those flows needed to be stripped out to arrive at the true underlying external revenue. Once removed, the adjusted revenue base was lower - and the margin applied to that adjusted base was materially stronger. The profitability gap between Target A and Target B had already begun to close.
- The second explanation was growth investment. Within the last two years, Target B had opened two new office locations. New offices carry upfront costs - fit-out, staffing, business development, and the lag between incurring cost and generating revenue. Those costs were flowing through the profit and loss and suppressing the reported margin. This was not structural weakness. It was the normal financial signature of a business actively investing in expansion. The sub-5% margins were not a red flag. They were a growth story that the surface numbers had obscured.

Together, these two factors explained the entire margin gap. Once both were understood and adjusted for, Target B's profitability was comparable to Target A's - at a similar asking price, with a larger revenue base, across three regions. Target B was the better business. The only remaining question was how much further Zenify could drive the price down.

The DCF already supported Target B at $3M.

Most advisors would have stopped there.
Presented the analysis. Recommended proceeding. Let the client pay $3M.

Zenify led the negotiation anyway.

THE NEGOTIATION

The DCF said it was worth more.
We negotiated it down further anyway.

Zenify led the commercial negotiation with Target B's founder directly.

The DCF valuation had already established that Target B was worth significantly more than the founder's $3M asking price. Zenify went ahead with the negotiation anyway - not by revealing the internal valuation, but by building the case from market-based evidence for why the price should be lower. Market comparables. Transaction precedents. Businesses of similar size and sector. Sector risk discounts.

Faced with well-evidenced arguments, the founder accepted our position. An offer of $1.65M, with 75% paid upfront, 25% payable at 12 months contingent on EBITDA and sales performance targets.

Oral agreement reached. Zenify then moved to convert that agreement to paper - managing the process to ensure both parties signed the Heads of Agreement while the momentum was still warm. In acquisition negotiations, the gap between an oral yes and a signed document is where deals can unravel. Over another two weeks of back and forth on remaining points, both parties signed.

Founder’s asking price	Agreed price
~~$3,000,000~~	**$1,650,000**

The rest was history.

THE OUTCOME

Better business.
Lower price.
Structured to protect.

The $3.35M difference between the client’s original intended path and what Zenify delivered was not won at the negotiating table. It was won during the analysis phase - before any commitment had been given. That is where acquisitions are won or lost.

The acquisition of Target B closed at $1.65M - 45% below the founder’s asking price of $3M, and $3.35M less than the path the client had originally intended with Target A. Target B offered nearly twice the revenue base on a normalised basis, a three-region geographic footprint with two locations already in growth phase, and margins temporarily suppressed by active expansion investment - not structural weakness. The DCF had captured that. The original asking price had not.

The 75/25 payment structure - with the final quarter contingent on EBITDA and sales performance - ensured the acquirer’s remaining obligation was tied to what the business actually delivered through the transition. Not what the seller projected.

The client came in preferring Target A. They left having acquired Target B at $1.65M - a business they had not seriously considered when the engagement began.

WHAT THIS MEANS IF YOU HAVE TARGETS

Four things this mandate proved.

01 The right question is not "is this worth doing?" It is "is this the best available?"

Target A was a supportable acquisition at $3M. The DCF supported it. Zenify had negotiated hard to get it there. Most advisors would have confirmed the preference and moved forward. Zenify asked the harder question: relative to everything else available, is this the best use of your capital? That question led to the better choice for the buyer.

02 The numbers you have been shown are not the complete picture.

The $1.1M in inter-company revenue flows was a legitimate management practice. But the same treatment that served the founder's operational goals distorted the picture for an acquirer. Finding it required independent, methodical analysis of the revenue composition. If you are evaluating a target based solely on what the seller has provided, you may be evaluating an incomplete picture.

03 Low margins are not always a red flag. Sometimes they are a green one.

Target B's sub-5% margins initially signalled weak profitability. They were actually signalling active growth investment - two new offices opened in two years, with the cost flowing through the P&L before the revenue had fully ramped. The difference between a business investing in growth and a business structurally incapable of profit is not visible in a single year's numbers. It requires judgment built from seeing many businesses at many stages.

04 A deal that is already worth doing can always be made better.

The DCF supported Target B at $3M. Zenify negotiated it to $1.65M anyway. The analysis was not the endpoint - it was the foundation for a negotiation that delivered 45% more value than the asking price justified. Good enough is never the standard when better is available.

Have targets? Get the analysis right before you commit.

Independent analysis. Rigorous negotiation. The right business at the right price.

Zenify offers a confidential introductory conversation – no pitch, no obligation.
We will tell you honestly whether what you have in front of you is the best available use of your capital.

hello@zenifyinvestments.au · +61 404 887 166 · zenifyinvestments.au