

VSS USES  
SOURCESCRUB TO  
GET GRANULAR  
AND ACCELERATE  
DATA-DRIVEN DEAL  
SOURCING BY 150%

# ABOUT VSS

VSS Capital Partners, known as VSS, is a private investment firm that provides flexible capital for lower middle-market companies in the business services, healthcare, and education industries. Founded in 1987, VSS boasts nearly 100 portfolio companies, has completed more than 400 add-on acquisitions, and has managed \$4 billion in capital since inception.

## Case Study Highlights

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**150%**

faster direct deal  
sourcing

**100%**

increase in  
proprietary deal flow

**125%**

growth in add-on  
opportunities



# The Challenge:

## Increased Competition and Market Uncertainty

Access to complete, accurate company data has always been a challenge for firms like VSS that are focused on the lower middle-market.

**“With millions of non-transacted businesses in existence and little to no public data about them readily available, most firms spend hours upon hours digging through Google for scraps of information,”**

says Jordan Margolin, who leads Business Development for VSS.

Directly sourcing proprietary platform opportunities as well as potential add-ons for portfolio companies meant that Jordan needed a more efficient and reliable tool. Data solutions that focused on already-transacted companies came up short.

**Jordan and his team needed to identify opportunities more methodically if they were to win proprietary deals. Not only did they need accurate coverage of founder-owned companies, but also reliable data signals for quickly evaluating strategic fit and potential.**

**Using traditional methods typically resulted in lists with too many unqualified targets, or too few.**

Zooming in on the right targets can be particularly tricky when you're working in fragmented markets. In an ideal world, Jordan's team would generate a list of around 100 relevant leads for outreach, with 30% of these targets responding, netting 3% under NDA, and 2% under LOI.

“As competition heats up and the market grows increasingly uncertain, the best companies are looking for firms with really specific sector expertise,” Jordan shares.



**Having a tool that gives you granular visibility into the universe of private companies and helps you start connecting with them as early as possible in their lifecycles was very important to me.**





# The Solution:

## Granular Perspective on the Private Company Universe

Today, VSS uses SourceScrub's private company intelligence platform to find, research, and connect with top founder-owned targets. The tool allows users to quickly cut through data to surface qualified targets across millions of bootstrapped businesses using data like year founded, ownership type, company size, headcount growth and more.

**“Financial data just isn’t publicly available for private companies, but SourceScrub gives you the data signals you need to create a proxy and do some back-of-the-napkin math that helps you figure it out,”**

reveals Jordan. He uses the platform's new industry categorization functionality to build short-lists of companies in relevant, highly granular sub-sectors that match the firm's investment theses. Tagging these businesses in SourceScrub not only enables Jordan to build a deeper understanding of the space, but it also allows him to set up tracking and alerts to keep tabs on promising targets that may not yet be ready for funding.

**But identifying the right opportunities is only half the battle — SourceScrub also helps Jordan monitor and start building relationships with them.**

SourceScrub provides contact details for key decision makers for 99% of founder-backed companies, making it easy for Jordan to get in touch with the right people to build relationships with.

**To differentiate VSS from other private investment firms, Jordan leverages SourceScrub to understand a company's digital footprint and maturity journey through their conference attendance, presence in award publications, industry recognition lists, and investment bank-generated market maps.**

This knowledge allows VSS to uniquely engage founders of bootstrapped companies and come in with deeper industry understanding.

With the return of in-person trade shows, VSS uses a similar approach to help guide its conference strategy. Before investing the time and resources to attend an event, Jordan turns to SourceScrub to determine whether any of the companies he's tagged and hopes to connect with will also be in attendance.

"Whether you're having active conversations with an opportunity or looking for reasons to reach out to someone so that your firm is top-of-mind once they're ready to talk, SourceScrub gives you the data you need to go into these conversations more knowledgeable about your specific targets and these niche industries as a whole," says Jordan.

This team is also responsible for normalizing, editing, and QAing all of the data inside the SourceScrub platform to ensure maximum accuracy and completeness. As Jordan says, "There are other data service providers out there that scrub the private company universe, but it's the combination of technology and AI with a human touch that makes SourceScrub data the cleanest and most reliable."

**Last but not least, VSS leverages SourceScrub's 800+-person data operations team to do custom research around specific bootstrapped companies.**



# The Results:

## More Proprietary Deal Flow and Greater Confidence

Approximately 50% of VSS's closed deals are now proprietary, and Jordan credits SourceScrub with playing a large role. "SourceScrub enables us to find amazing bootstrapped opportunities much faster and earlier than other firms," says Jordan. "Getting there first really increases the chances of winning those deals."

**Since choosing SourceScrub, VSS has seen an 100% increase in proprietary deal flow, as well as 125% growth in add-on opportunities.**

Jordan references the firm's most recent platform investment, Globo, as an example of how the platform enables him to efficiently hone in on specific sectors and proactively generate relevant deal flow: "Globo is a language services business, which is part of a super fragmented market. But using SourceScrub we were able to really understand each of these segments and pinpoint the opportunities that made sense for us."

**We quickly narrowed it down to 100 private companies, made contact with about 60% of them, had 10-15 conversa-**

**tions, signed two NDAs, and signed one LOI."**

**With SourceScrub, Jordan directly sources deals 150% faster** than he would be able to using Google and other traditional, highly-manual sourcing methods.



**Time is money, and SourceScrub saves a lot of time.**



With so much unpredictability in the market, Jordan and the team at VSS look forward to continuing their relationship with SourceScrub to help power the firm's flexible investment strategy and take a data-driven approach to deal sourcing. "Agility is critical in times of uncertainty," shares Jordan, "and having so much visibility into the private company universe and being able to get up to speed on new sub-sectors and opportunities so quickly helps me feel more confident and secure."



SourceScrub, LLC is a market-leading data service for investment and M&A firms looking to research, find, and connect with privately-held companies. Founded in 2015, the SourceScrub platform has over 150M data points on private companies and combines the most advanced technologies with a Data Operations team of over 600 to ensure the highest quality signal. In 2020, SourceScrub was recognized by Inc as one of the top 600 fastest growing companies in the United States.

To learn more, visit  
[www.sourcescrub.com](http://www.sourcescrub.com)

