

Voices.com – Follow the Numbers

Understanding “The Deal” and what it means for the VO Industry

The purpose of this document is not to persuade anybody into believing anything in particular, we are not calling anybody a liar and only presenting public information that shows a trail of money and you are able to draw your own conclusions based on the words taken directly from voices.com and Morgan Stanley.

Numbers do not lie, people do. Draw your own conclusions.

The Foundation / Understanding the Money:

Voices.com Annual Revenue: 5-10 million - <http://www.canadianbusiness.com/profit500/2016-94-voices-com/> (pictured below)

www.canadianbusiness.com/profit500/2016-94-voices-com/

ADVE

Website	www.voices.com
Stock Ticker	

Company Financials

5-Year Growth	798
Exports as % of Sales	89
Employees 2015	86
Revenue Range 2015	5-10 m

Read More

- [How to Make the Banks Do Your Bidding](#)
- [Fastest-Growing Marketing & Media Companies](#)
- [London's Fastest-Growing Companies](#)

Voices.com existing debt

- \$5 million in outstanding loans <http://business.financialpost.com/investing/voices-com-plans-to-go-global-with-2-million-in-funding>

FINANCIAL POST

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CLAIRE BROWNELL

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Filed under
[Investing](#)

SEE ALSO

Debt-financing route helps keep voice-over business in the family

Voices.com has raised a total of \$5 million so far, all of it debt financing.

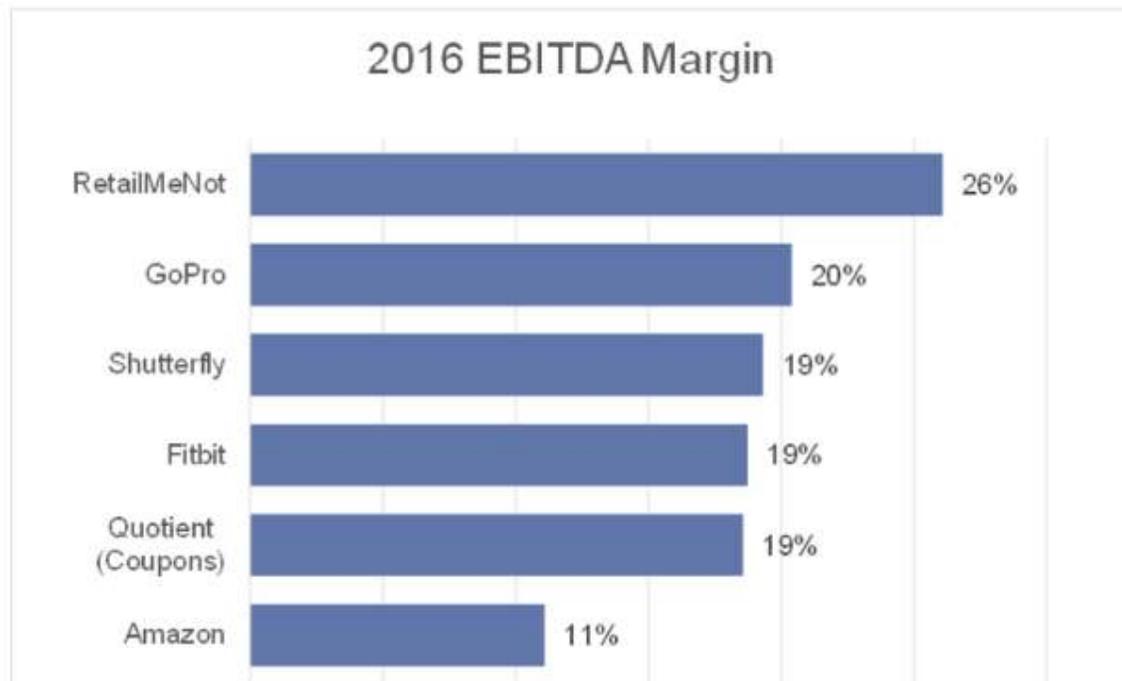
Ciccarelli said the company could have raised a lot more by offering equity, but he and Stephanie Ciccarelli, his wife and co-founder, are committed to retaining ownership for now.

So far, we have established that voices.com generates up to \$10 million a year in revenue and has at least \$5 million in debt.

Let's now look at the investment from Morgan Stanley, but first let's make sure we understand how they value companies so we can understand the investment.

-Business Valuations: <https://www.valuadder.com/glossary/ebitda-business-valuation-multiple.html> How to calculate the value of a business using **EBITDA** (the most common method)

-**EBITDA** of other ecommerce platforms: <http://www.mahesh-vc.com/blog/here-is-why-ecommerce-companies-arent-worth-very-much>



Typical Valuation multiples:

<https://www.vikingmergers.com/blog/2016/preparing-to-exit-how-to-sell-a-digital-marketing-agency/>
<https://www.vikingmergers.com/blog/2017/everything-need-know-selling-software-company/>

While only a professional business broker can tell you what your business is worth, we have included some commonly used multiples to give you an idea of what they currently stand.

- 4-6x EBITDA
- 3-4x Cash flow

Now that you have an idea of what goes into valuing a digital marketing agency, taking the necessary steps to ensure you get the best value for your business. Some pointers to give business owners the insight they need.

Recap:

Voices.com Revenue: \$10 million/yr (maximum)

Cash Flow: **Negative** (\$5 million in existing loans to cover expenses / expansion)

EBITDA: 26% (based off the most profitable ecommerce/SaaS platform) or \$2.6 million/year

Valuation: \$10.6 million

-Here is the math: \$2.6 Million (EBITDA) x 6 (valuation multiple)= \$15.6 million - \$5 million (outstanding debt) = \$10.6 Million

The Investment - \$18 million

Voices.com telling which division of MS invested (important to understand objective of investment)

<https://www.voices.com/company/press/2017/morgan-stanley-invests-18-million>

Voices.Com Inc. [CA] | <https://www.voices.com/company/press/2017/morgan-stanley-invests-18-million>

Voices.com

SEARCH FOR TALENT... POST A JOB HELP SIGN UP LOG IN

VOICES.COM ANNOUNCES \$18 MILLION GROWTH INVESTMENT BY MORGAN STANLEY EXPANSION CAPITAL

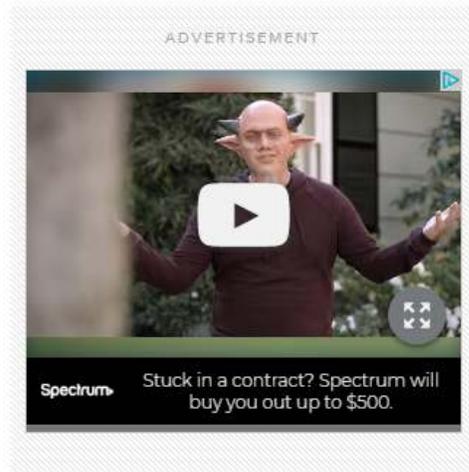
About Us	Voices.com Announces \$18 Million Growth Investment by Morgan Stanley Expansion Capital
Contact Us	July 12, 2017 - Voices.com, the largest global voice over online marketplace, today announced an \$18 million growth investment from Morgan Stanley Expansion Capital, the growth-focused private investment platform within Morgan Stanley Investment Management. This represents the Company's first institutional investment since its founding in 2005. Investment funds will be used to scale global operations, expand client and subscriber product offerings and further enhance Voices.com's leading proprietary technology and systems.
Leadership	
Investors	Voices.com is the leading online platform connecting global buyers of audio and voice over products and services with the largest online selection of over 200,000 voice actors representing over 100 languages and dialects. Its flagship website, www.voices.com , records approximately two million unique visitors annually and has enabled over 250,000 transactions to date. Users leverage the site to complete animation, documentary, corporate content, film, radio, video games and other projects. Voices.com clients include Fortune 500 companies, leading production, advertising, and creative firms, and small to medium-sized businesses.
Careers	
Awards	
Newsroom	The online voice over market is expanding rapidly within an industry measured at over \$4 billion annually. With advances in digital recording and editing technologies enabling high-quality audio production from remote studios, professionals turn to Voices.com to connect to traditional and new buyers of voice over products and services. Voices.com provides buyers with rapid access to a global, diverse and historically underutilized pool of voice over talent, seamlessly selected and delivered through the Company's end-to-end online platform. Work is generally completed within 24-48 hours, dramatically shortening production schedules when compared to historical recording methods.
Press	
Reports	
Technology	"Voices.com has broken the traditional barriers of time, geography and access to bring the best voice over actors to our clients, without sacrificing product quality thanks to rapid and ongoing technological advances. This investment marks the beginning of a new era for the Company and will enable us to even better serve our diverse set of constituents," Voices.com CEO and Co Founder David Ciccarelli explains. "Content creators, whether video producers or brand managers at companies large and small expect voice over work to move at the speed of thought, and Voices.com makes that possible. As we embark on our next phase of growth, we will stay laser-focused on delivering increased value to both our business clients and voice over talent."
Trust	
Legal	"We are excited to enter into this partnership with Voices.com," adds Robert Bassman, Managing Principal at Morgan Stanley Expansion Capital. "Through its

This is not a loan, this is a debt/equity deal. Morgan Stanley is an OWNER –David Ciccarelli

This isn't a loan as David explains, MS is an owner.

<https://globalnews.ca/news/3592315/londons-voices-com-receives-18m-investment/>

“Beforehand, we’ve been able to secure debt financing, which ultimately we need to pay back and we always have, and that was around \$2 million, so to put that into perspective this is almost 10 times as large of an investment, and this is really Morgan Stanley taking a minority position or a minority stake in the ultimate success in the company, so by far the biggest investment we’ve ever received,” said Ciccarelli.



The owner / Morgan Stanley explains their intentions of selling in 2-5 years

Pulled from the Morgan Stanley site, they list voices.com and a 2-5 exit strategy (objective of investment), they are an owner and now call the shots. This is their goal.

<https://www.morganstanley.com/im/en-us/institutional-investor/strategies/private-credit-and-equity/expansion-capital.html>

The screenshot shows a web browser window with the URL <https://www.morganstanley.com/im/en-us/institutional-investor/strategies/private-credit-and-equity/expansion-capital.html>. The page title is "Expansion Capital Strategy". The navigation menu includes "OVERVIEW", "INVESTMENT APPROACH", and "PORTFOLIO MANAGERS". The main heading is "Strategy". Below this, there is a paragraph: "We seek companies largely beyond the development-risk phase and that have demonstrated customer and market validation. While we do not require profitable operations for prospective investments, capital efficiency is emphasized." The page is divided into three columns: "Investment Focus", "The Morgan Stanley Advantage", and "Value-Added Approach".

Investment Focus

- Minority and shared-control, private equity investments.
- Active lead investors, typically with board representation.
- Predominantly U.S.-based with opportunistic investing internationally.
- Expansion/late-stage opportunities targeting investment horizons of 2–5 years.

The Morgan Stanley Advantage

Expansion Capital benefits from Morgan Stanley's global resources, relationships, and franchise. This unique relationship affords our portfolio companies unparalleled access to thought-leaders, corporations and management teams and our investors with a unique channel for proprietary deal flow and portfolio access.

Value-Added Approach

Our strategy is to provide relevant advice to our portfolio companies, particularly regarding financing, board governance, capital structure, strategy and operational improvements, recruiting, and exit opportunities. Our team of industry experts continues to engage with our portfolio companies throughout the lifecycle of an investment.

PORTFOLIO

CURRENT PORTFOLIO

Voices.com	Leading online marketplace for voiceover talent and other audio products and services
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“Shared Control” with private equity

“Active Lead Investors” The private money behind this are not silent partners, they are leading this.

“Board Representation” They control who runs the company and can sell it or replace leadership.

“Investment horizons of 2-5 years” They plan to get out of this investment very soon and expect it to make money by then.

Let's look at their Exits/Sells and we can see they look for large returns in the 5-10x investment range.

EXITED HOLDINGS

Creative Circle	Exited June 2015. Creative Circle is a staffing agency representing advertising, creative, marketing, visual communication and digital/interactive professionals. It delivers talent to top advertising agencies and marketing firms as well as to the marketing and communications departments of industry-leading companies.
EmployBridge	Exited February 2015. EmployBridge is a leading provider of outsourced HR and specialty-branded temporary staffing services in the US. It operates primarily under the ResourceMFG, ProLogistix and ProDrivers brands, providing skilled personnel for specialty manufacturing, warehousing/logistics and transportation companies.
Learning Care Group	Exited May 2014. Learning Care Group is a provider of childcare services to children between the ages of 6 weeks and 12 years. LCG operates under 5 distinct brands: Children's Courtyard, Childtime Learning Centers, La Petite Academy, Montessori Unlimited and Tutor Time Childcare/Learning Centers.
Zenith	Exited March 2014. Zenith is one of the UK's largest independent fleet management and vehicle outsourcing businesses, managing over 27,000 vehicles. Founded in 1989, it is headquartered in Leeds, and operates under the trading name Zenith - Intelligent Vehicle Solutions.
Tops Markets	Exited November 2013. Tops Markets is a leading full-service grocery retailer in upstate New York. Tops operates as an independent, locally owned organization and considers their stores to have a "neighborhood grocer" feel.
McVee's Appliance	Exited November 2013. McVee's Appliance is a leading appliance distributor company for the appliance industry nationally.

3 years on target, massive profit.



New York —

Morgan Stanley Global Private Equity (MSPE) today announced the sale of its majority interest in Creative Circle, a leading professional staffing firm specializing in advertising, creative and marketing talent, to On Assignment, Inc. (NYSE: ASGN) for \$570 million, plus up to \$30 million in contingent consideration if certain financial performance measures are achieved in 2015. MSPE acquired a majority stake in Creative Circle from its founders in September 2012 in a transaction that valued the company at \$230 million.

Final Recap:

Voices.com Revenue: \$10 million/yr (maximum)

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Summary: Morgan Stanley Private Equity has invested \$18 million for partial ownership on a company that has \$5 million in debt and it could buy for \$11 million with a plan to make 5-10x (\$100-150 Million) return on their investment in 2-5 years.

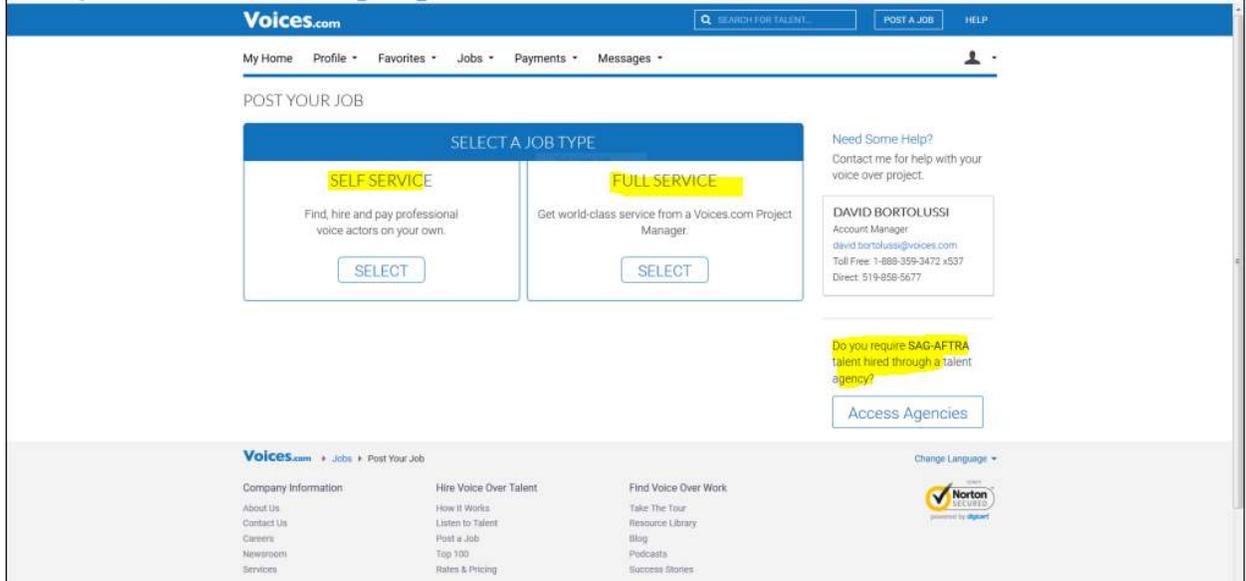
Great, we know that Morgan Stanley owns a piece of VDC and expects big profits in a short time, but what does this all mean to us???

It is important to follow the money. What we (Talent/Agents/Union) are facing is not the acquisition of voicebank.net, but a 2-5 year strategy to turn this industry on it's head and sell it to a large company that can afford \$100-150 million target return. These are the words of the Morgan Stanley (owners / leadership).

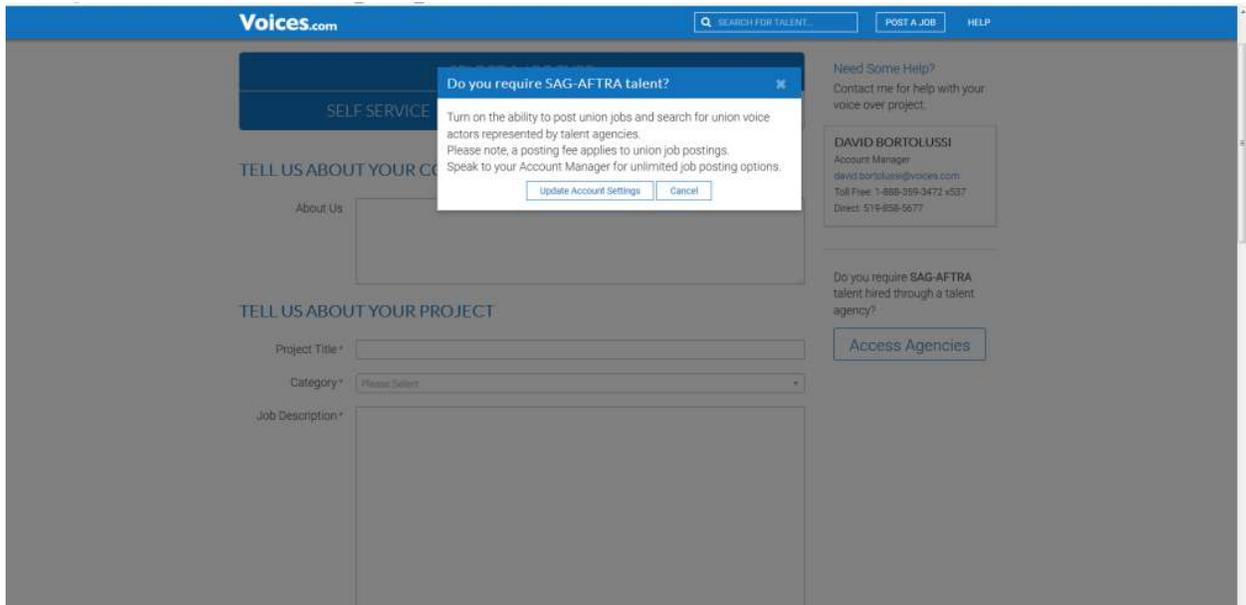
Currently a few things are happening that show voices.com is working on disadvantaging SAG-AFTRA

1. Non-Union postings are free, Union postings are \$299.
2. Here is a screenshot of the page a Producer sees when they want to post an Open Audition.
-The 2 main options that are highlighted and in the center of the page are for non-union talent, with “Full Service” getting a “Project Manager” that does the work of an Agent.
-“SAG-AFTRA” option is off to the side at the bottom and is not highlighted, but actually matches the background.

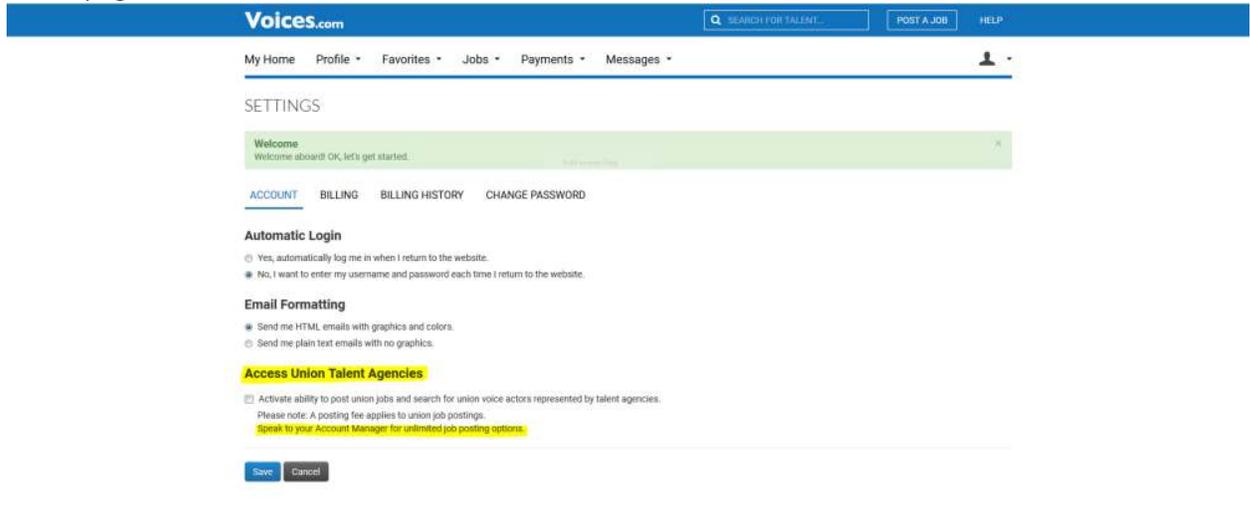
3. When clicking the “Access Agencies” button,



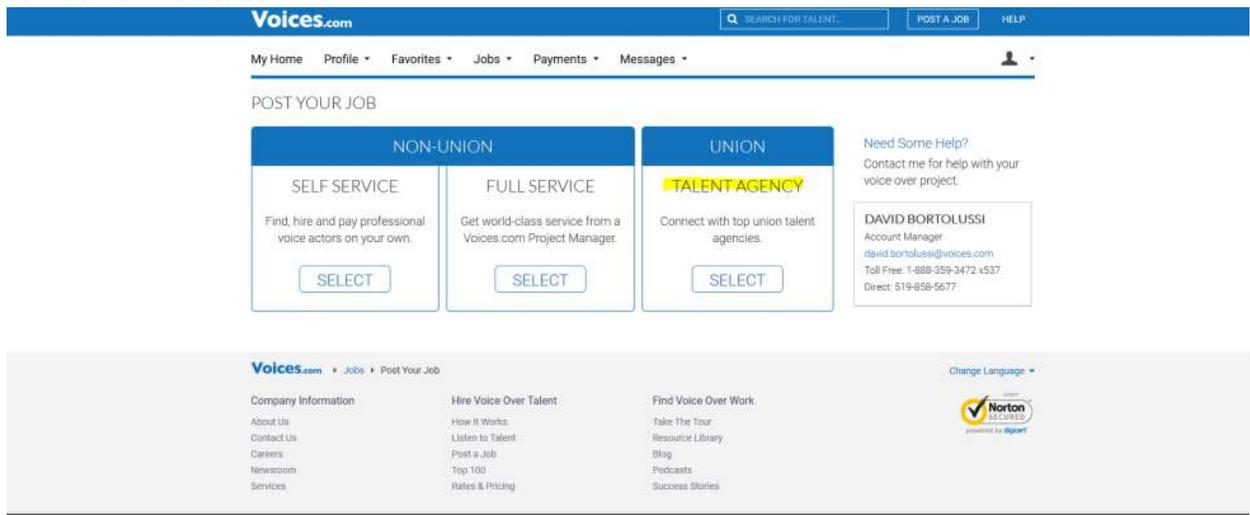
they warn you that you will have to pay and that union talent may not be required and you are urged to call your “Account Manager” for “Unlimited jobs postings”.



- After clicking “Update Account Settings” you see that “Access Union Talent Agencies” is disabled by default and the only way to do this is manually going into your settings - found at the bottom of the page.



- Now you have an option of “Connecting with top union talent agencies” or getting “world-class service from voices.com”



- All Producer information including name, company and contact info is not given to the Agents who are invited to the job, they must contact voices.com to relay any questions.