

Enertech Holdings Continues to Grow with Acquisition of CMS Wireless

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Four months after receiving a fresh infusion of private equity, Enertech Holdings, a turnkey wireless infrastructures services company, has acquired CMS Wireless, which performs tower site construction, collocations, structural modifications and decommissionings in the central southern United States. CMS Wireless joins Enertech Resources, EasTex Towers and Legacy Telecom in the Enertech Holdings family of companies.

Also included in the transaction is Communication Integration Specialists, which is the Springfield, Missouri-based associate brand of CMS Wireless.

Eric Chase, CEO at Enertech Holdings, said that growth is necessary for his company to keep up with the demands of the wireless industry.

"I didn't think we could grow fast enough organically to keep up with an industry that is running wide open all the time," he said.

Carriers don't necessarily want a nationwide telecom services option; however, they are interested in simplifying procedures in developing and maintaining their networks, according to Chase.

"If you look at the turf model that AT&T uses, it certainly speaks to the sort of thinking at the customer level to simplify, not only "the who," but "the how" they administer network development," he said. "That's what the turf model, frankly, does, and we've seen initiatives through Verizon that, while not similar to the turf model, have the same undertones."

With shrinking average revenue per user and rising wireless infrastructure costs, carriers may want to reduce their vendor pool. Larger tower services companies may seem more essential to the carriers' operations.

"There has to be a certain size and scale on the vendor level that the customer would expect," Chase said. "Growth was a necessity for solving problems for clients on a scale large enough to be meaningful. While definitely valuable to the industry overall, a small company running a few crews simply isn't impactful enough to many of today's carriers."

"The cost for a carrier annually to maintain one vendor as an active vendor is a big number," Chase said. "They measure the cost associated with maintaining potentially thousands of vendors and recognize there is a cost savings in minimizing that pool. The idea is to make sure your company is among the ones that do not get minimized."

In November 2019, ONCAP, a \$1.1 billion private equity fund, acquired Enertech Holdings from Tower Arch Capital. Enertech Holdings has 15 regional offices and a service area spanning 20 states, across southern, central and Pacific Northwest regions of the United States. It provides turnkey services in the wireless infrastructure business, including technology upgrades, structural engineering, macro tower builds, small cells, DAS and 5G installations, tower modifications, generator services, project management, civil services and microwave networks.

But just becoming big is not the endgame, according to Chase.



“Size alone will not keep the carriers as customers. Safety and quality of service are key,” he said. “The values we apply to an acquisition target are so critical because, if you grow solely for the sake of scale, you may do it in spite of safety or quality and that’s going to come back and bite you.”

Enertech Holdings takes a strategic approach to acquisitions that is based on relationships and trust in firms’ management teams, which by and large it keeps in place.

“We pluck out the absolute best companies and choose the people that we would be proud to partner with,” Chase said. “Frankly, the day you close the deal, if you don’t consider them one of your closest friends, it’s a bad deal.”

Jim Tracy, who remained CEO of Legacy Towers after it was acquired by Enertech Holdings in June 2018, applauded the firm’s approach to partnering with existing management of the acquired companies.

“One of the things that really differentiates Enertech Holdings’ approach to acquisitions is that it allows the brand loyalty that its new partners have built as a small business to remain intact,” he said.

Along with Tracy, Jim Miller, CEO of Eastex; Ian Stringfellow, president of Eastex, and Todd Williams, president of CMS Wireless, all remain in leadership positions at their companies, post-acquisition.

Link to original press release:

<https://www.aglmediagroup.com/enertech-holdings-continues-to-grow-with-acquisition-of-cms-wireless/>

