LOS ANGELES BUSINESS JOURNAL

CFO OF THE YEAR AWARDS 2025

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THURSDAY, SEPTEMBER 25

InterContinental Los Angeles Downtown | 6:00 - 8:30PM

Register at labusinessjournal.com/events/cfoawards2025

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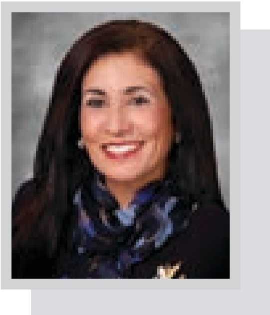
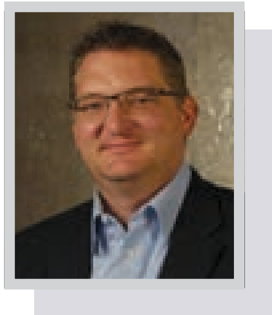
Los Angeles Business Journal CFO of the Year Awards 2025

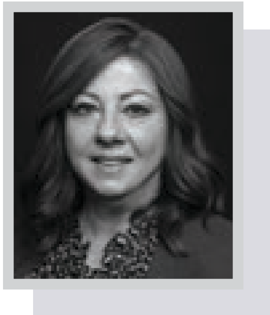
2025 NOMINEES



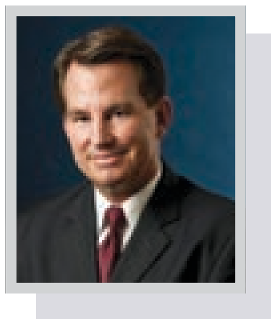
OLIE ABBAMONTO
Chief Financial Officer
Moffatt & Nichol



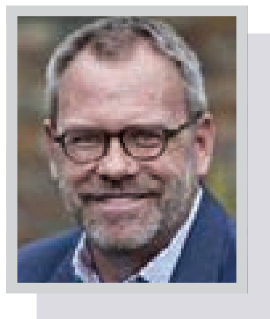
BRETT ABBEY
Chief Financial Officer
Realtime



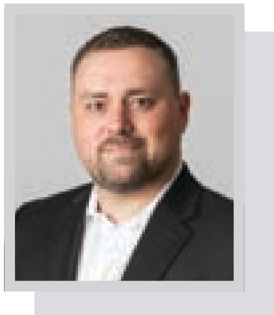
NANCY AGGER-NIELSEN
Chief Financial Officer
Bentley Mills



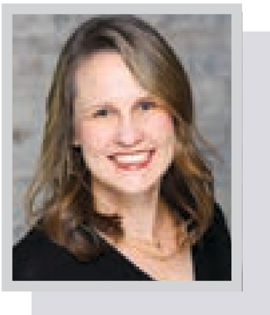
ERIC ANDRES
Chief Financial Officer
WattEV INc.



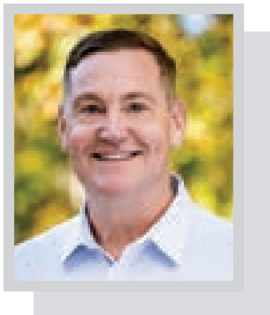
SCOTT ARNESON
Chief Financial Officer
Point Foundation



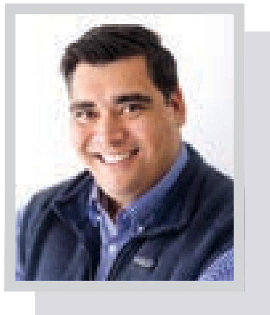
LORENS ARONSON
SVP, Finance
Turner Impact Capital



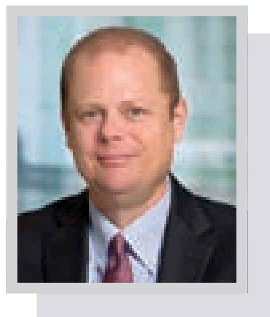
BETH BEDNARSKI
Chief Financial Officer
SK Global Entertainment



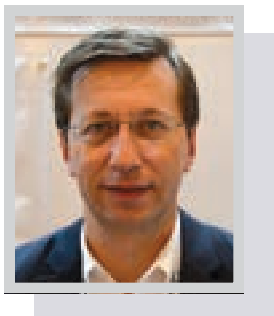
DALE BROCKMEYER
Chief Financial Officer
Dollar Shave Club



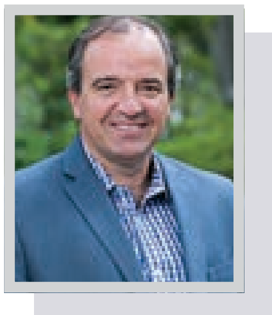
NATE BROWN
Vice President, Finance
Anonymous Content



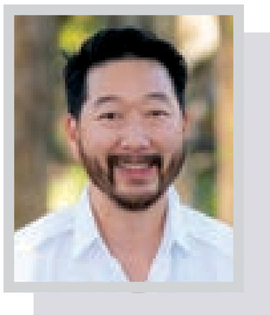
STEVE BURDICK
Executive Vice President; Chief Financial Officer
Tetra Tech, Inc.



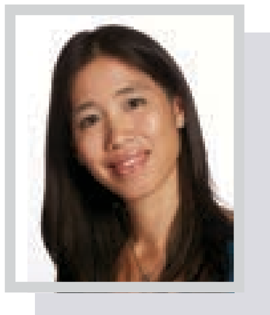
XAVIER CALVEZ
SVP, Planning; Chief Financial Officer
ICANN



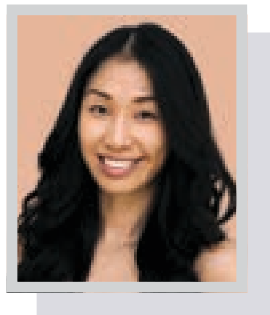
SANTIAGO CAPDEPONT
Chief Financial Officer
NBC Universal Consumer Products



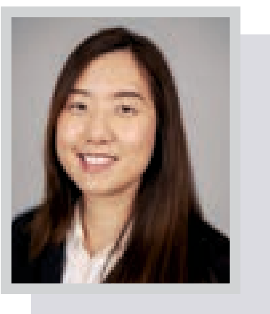
ARIC CHANG
Chief Financial Officer, Real Estate
Public Storage



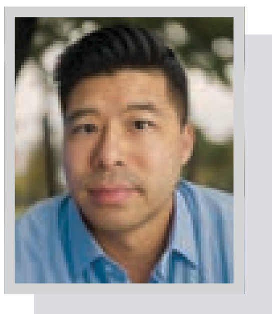
ROSA CHANG
Chief Financial Officer
El Clasificado EC Hispanic Media



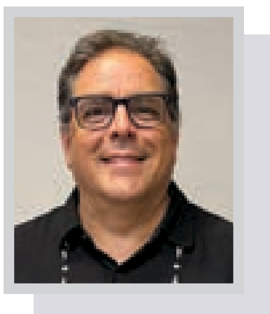
LINDA CHAU
Chief Financial Officer
EightPM



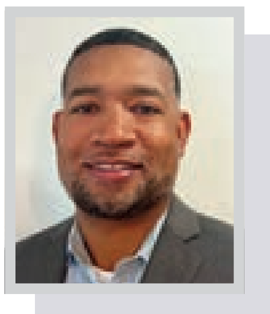
ANGELA CHEN
Chief Financial Officer
Core Digital Media



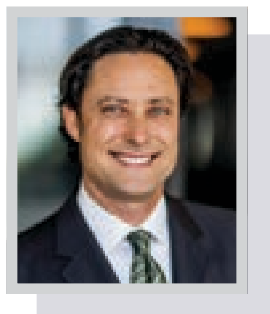
ERIC B. CHIN
Chief Financial Officer
Akido Labs



MICHAEL CORNFORTH
Chief Financial Officer
NKSFB, LLC

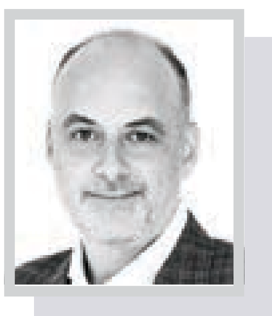


CHRIS CRAWLEY
Chief Financial Officer
Hofman Hospitality Group

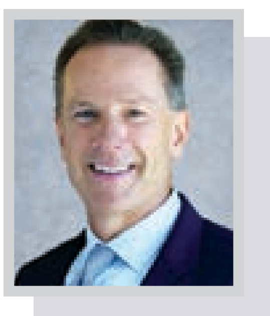


SEAN CUNNINGHAM
Chief Financial Officer
Integrated Capital Management

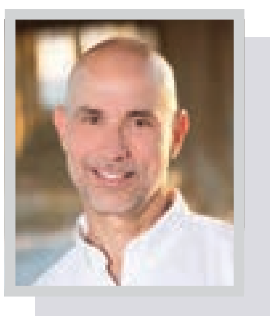
DARSH DAHYA
Chief Financial Officer
GT's Living Foods, LLC



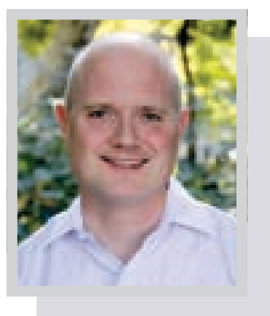
FELIX DANCIU
Chief Financial Officer
BankCard USA Merchant Services



STEVE DeGENNARO
Executive Vice President; Chief Financial Officer
Marcus & Millichap



REY DEL VALLE
Chief Financial Officer
RdV Consultants LLC



LEO DENCIK
Chief Financial Officer
Crafty Apes

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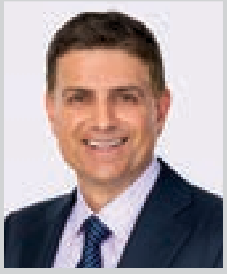
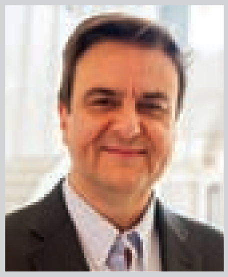
2025 NOMINEES

ARVIN DERMEGERDICHIAN
SVP Finance (Head of Finance)
BuildOps



JOHN DESIMONE
Chief Financial Officer
Herbalife



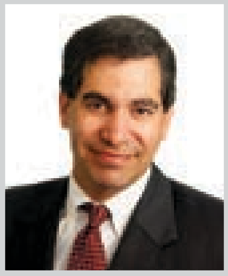
ROBERT DIKA
Chief Financial Officer
Primex Group of Companies

LADY KIMA DISIMULACION
Executive Vice President, Finance
Bernards

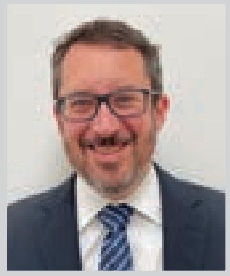
JOSHUA DOCTOR
Chief Accounting Officer
CenterCal

CHRIS DOLL
Chief Financial Officer
City National Bank

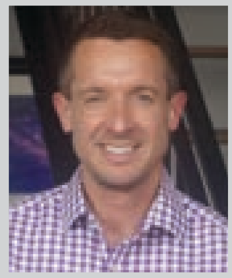
MATT DUNAJ
Chief Financial Officer
FLY BY JING



ALAN EDRICK
Chief Financial Officer
OSI Systems

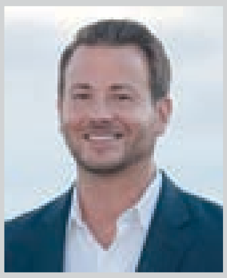


JOE FABER
Chief Financial Officer
Steward Partners

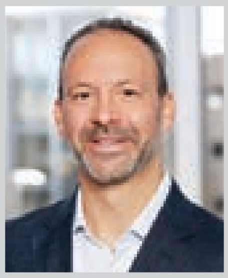


RYAN FOWKES
Chief Financial Officer
MAJCO, LLC
dba Big Brand Tire & Service

SHELBY GEYER
Head of Finance; Chief Financial Officer
Kite Pharma



JOHNNY GIAKOUMINAKIS
Chief Financial Officer;
Chief Operating Officer
Thermosource Tooling and Manufacturing

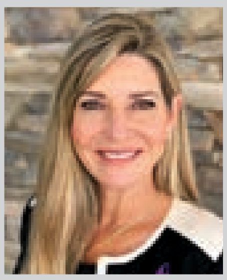


MARC GOLDBERG
Chief Financial Officer
Partner Engineering and Science, Inc.

GREG HENDRY
Chief Accounting Officer
PennyMac Financial Services and
PennyMac Mortgage Investment Trust

ANGEL HERRERA
SVP Finance
Goldrich & Kest Management

TED HILL
General Partner; Chief Financial Officer
B Capital Group



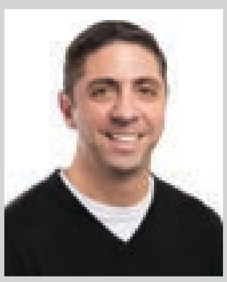
LYNN HOPKINS
EVP; Chief Financial Officer
Royal Business Bank

APRIL HOULEHAN
Chief Financial Officer
Murad Skincare, Unilever Prestige

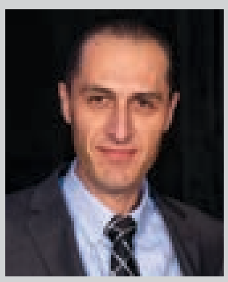
JEREMY IACCINO
Chief Financial Officer
Eastdil Secured

NICK JAGADISH
Chief Financial Officer
Hawkins Way Capital

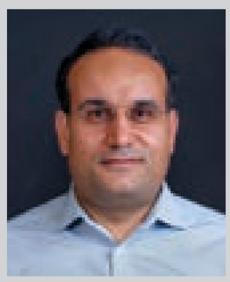
AFSHIN KATEB
Chief Financial Officer
Palladius Capital Management



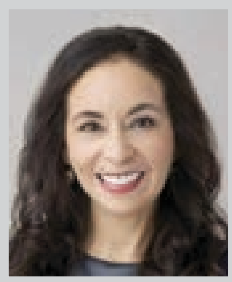
TODD KATZENSTEIN
Chief Financial Officer
SkinSpirit



PETROS KESHISHYAN
Chief Financial Officer
Yoshinoya America, Inc.



BABAK KHANBEIGI
VP Finance
Jafra Cosmetics International Inc. /
Betterware America LLC.



IRENE KLEPP
Chief Financial Officer
Los Angeles Sports and
Entertainment Commission

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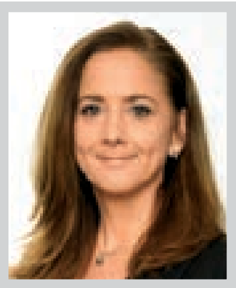
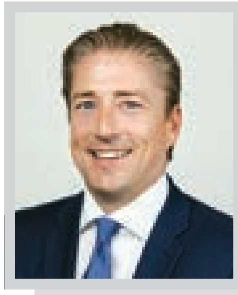
2025 NOMINEES



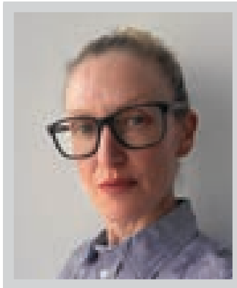
ERIN LAFFERTY
Chief Financial Officer
Reveleer

VIRGINIA BERGMAN LOO
Chief Financial Officer
Child Care Resource Center

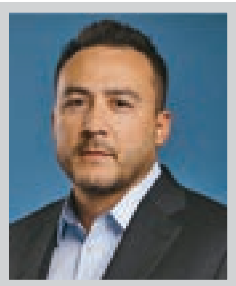
TERESA LUONG
VP, Finance
HexClad Cookware



MICHAEL LYNN
Founder; Chief Financial Officer
Pray.com

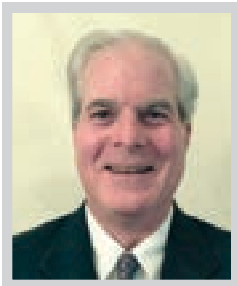


MICHAELA MACOLA
Chief Financial Officer
Caulipower

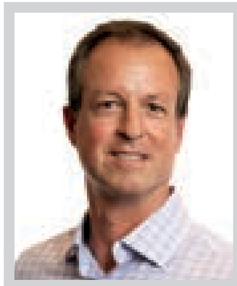


MOISES MAGANA
Chief Financial Officer
My Code

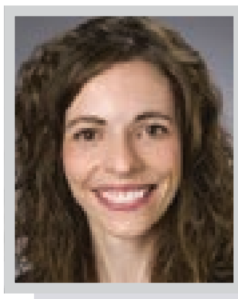
GARY MARK
Chief Financial Officer
Happiest Baby Inc.



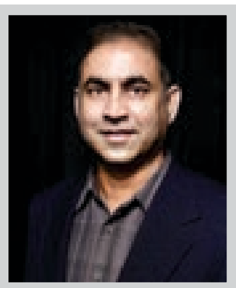
KEN McCORD
Chief Financial Officer
Elizabeth's Food Company Inc.



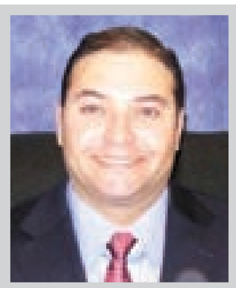
SCOTT McGINNESS
Chief Financial Officer
Cohen Asset Management



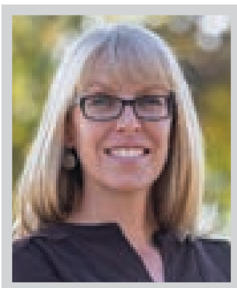
TAMARA McGRATH
Chief Financial Officer
Roaming Hunger



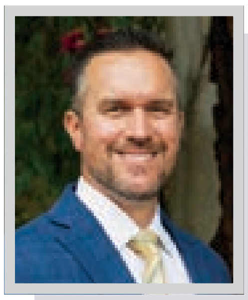
KOTI MEKA
Chief Financial Officer
Faraday Future



PAUL MENDEZ
VP, Finance, Supply Chain, Partnerships and Support Operations
FabFitFun, Inc.

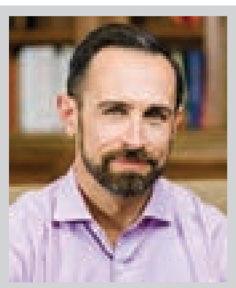


VICKY MILES
Chief Financial Officer
Boys & Girls Clubs of Santa Monica

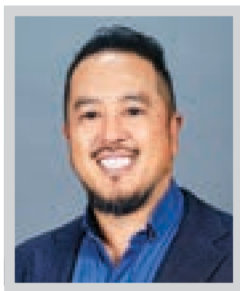


JONATHAN MONROE
Chief Financial Officer
Altior Healthcare

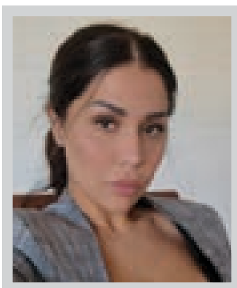
WILLIAM (BILL) MOORE
Chief Financial Officer
Trench Shoring



ERIC MUHLHEIM
Chief Financial Officer
Mozilla

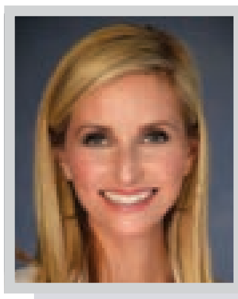


ERIK NAKAMURA
Chief Financial Officer
Journal Technologies

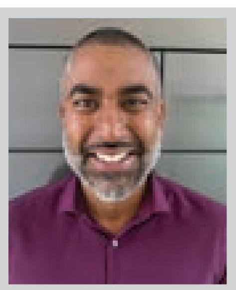


ASAL NAZI
Chief Financial Officer
Cult Gaia

TIM ORTEZ
VP; CFO; CIO
Weingart Foundation

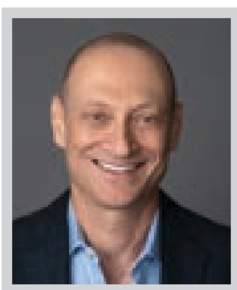


JOSIE PADILLA
Global Chief Financial Officer
Icelandic Glacial

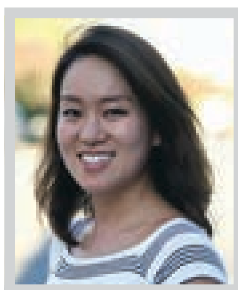


GAURAV PAHWA
Chief Financial Officer; Chief Operating Officer
Wilhelmina Models

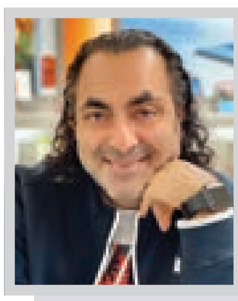
JASON PANZER
Chief Financial Officer; President
Hexclad Cookware



MARK PARISER
Partner
Dunn, Pariser, Peyrot



LISA PARK
Chief Financial Officer
Sunkist



SUNNY PARMAR
Chief Financial Officer
Formerly Regent L.P.

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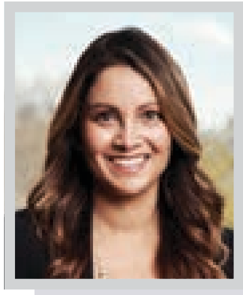
2025 NOMINEES

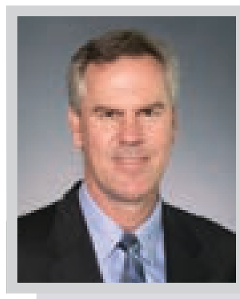


RASHMA PATEL
Chief Financial Officer
Levine Leichtman Capital Partners, LLC

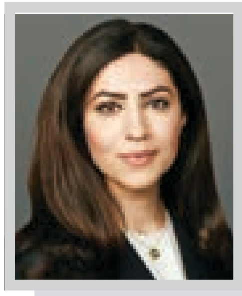
CAYLA PINGEL
SVP, Finance and Business Operations
Imagine Entertainment

CHASE PION
Co-Founder; Chief Financial Officer; Chief Operating Officer
Bezel

SHRIRAM PITCHUMANI
Chief Financial Officer; Chief Operating Officer
Hirsch Pipe & Supply



MICHAEL PLUMB
Chief Financial Officer
SCAN Group



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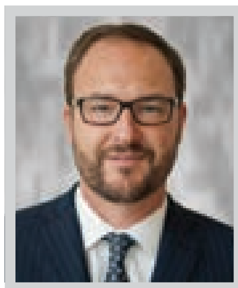

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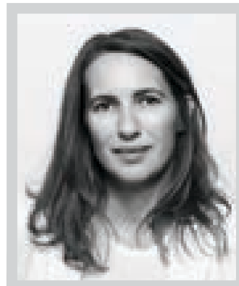

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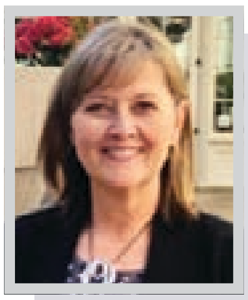

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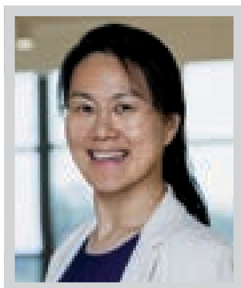

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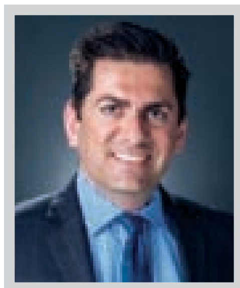

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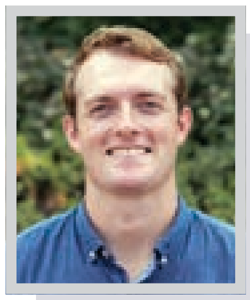

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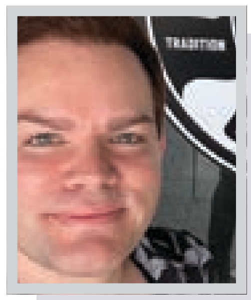

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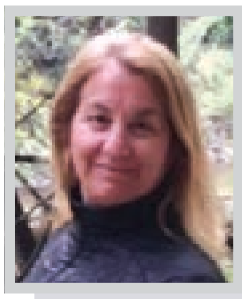

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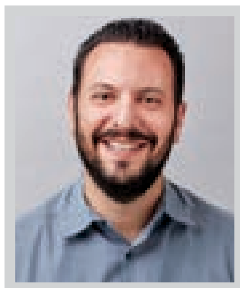

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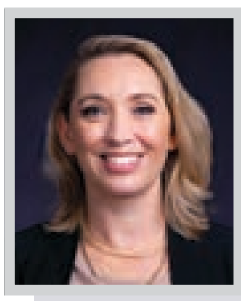

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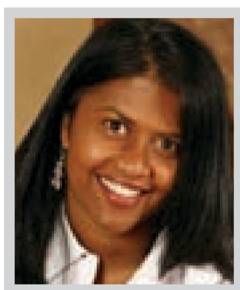

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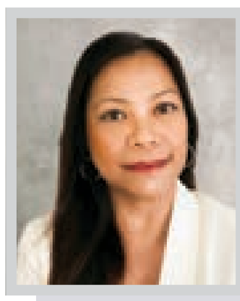

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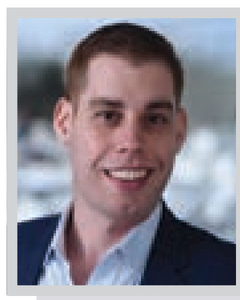

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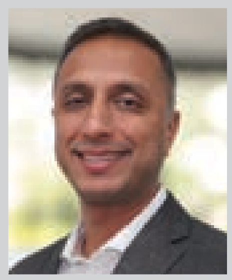

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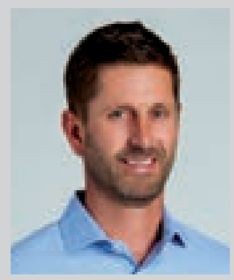

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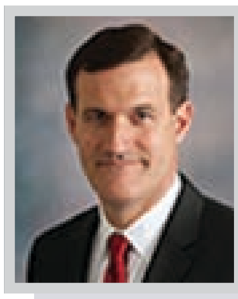

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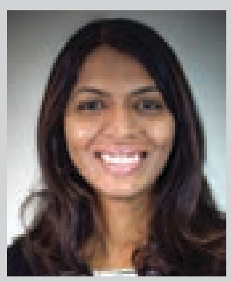

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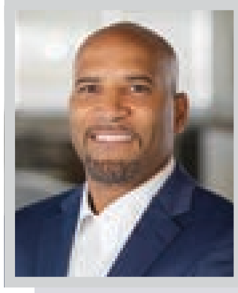

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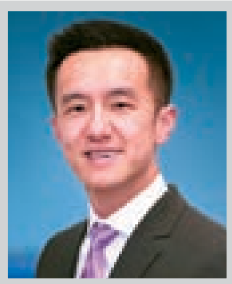

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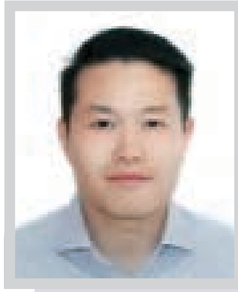

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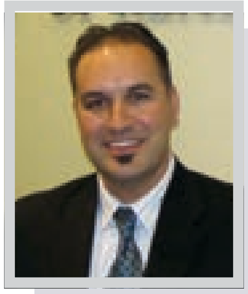

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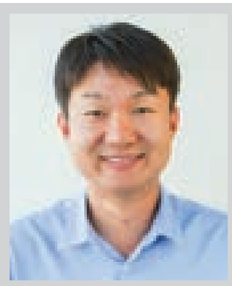

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Mitigate or Protect Your Business from Online Denial-of-Service Attacks

Explore how denial-of-service (DoS) attacks can disrupt operations, damage reputations and impact revenue while learning practical steps your business can take to mitigate risk and minimize damage

In the dark world of cyber threats, denial-of-service (DoS) incidents are becoming an increasingly common tactic. These attacks flood servers or networks with excessive traffic, which overwhelms their processing capacity and denies access to legitimate users. When executed through bot nets, a network of compromised devices, it's called a distributed denial-of-service-attack (DDoS).

According to Verizon's 2025 Data Breach Investigations Report, DoS attacks accounted for more than 50% of incidents, surpassing social engineering and system intrusions. While many DoS incidents result in only minor service disruptions, targeted attacks that impact an organization's networks or servers at peak hours can result in financial and reputational damage.

Unlike other cyberthreats, DoS attacks don't require access to internal systems or data. This makes them a cost-effective tool for bad actors seeking to disrupt operations, demand ransom or even gain a competitive edge.

"Historically, attackers have launched DoS and DDoS attacks during the day to maximize their impact on service or operations," said Chris Fant, vice president for cybersecurity at Fifth Third Bank. "But there's also the possibility that these attacks are a misdirection tactic. While an organization is dealing with the service interruption, the attacker could be taking other actions that could impact the organization in a more substantial way."

Identifying a DoS attack isn't always straightforward. "Depending on how your infrastructure is set up, it's not uncommon to experience slowdowns when a lot of legitimate customers are trying to utilize a service," said Stephen Salerno, senior director for cyber threat interdiction at Fifth Third. "The slowdown could also be evidence of a credential validation attack, in which an adversary automates high-volume login requests to validate credentials that will be used in future attacks."

DoS attacks can affect both the network layer and its applications, such as email or web browsing functions. Symptoms include sluggish performance, inaccessible websites and delays in routine operations. While some attackers lack the sophistication to sustain long-term damage, others can unleash high-volume traffic at critical times, causing serious harm.

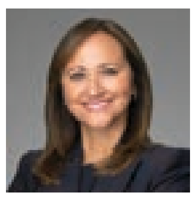
> '...there's also the possibility that these attacks are a misdirection tactic. While an organization is dealing with the service interruption, the attacker could be taking other actions that could impact the organization in a more substantial way.'
>
> CHRIS FANT
> Fifth Third Bank

HOW ORGANIZATIONS CAN PREPARE AND RESPOND

While it's difficult to prevent a determined attacker from launching a DoS attack, businesses can take proactive steps to reduce their vulnerability and respond effectively:

- **Invest in protections you can afford.** Automated tools like web application firewalls and intrusion prevention systems can detect and block malicious traffic before it reaches critical systems.
- **Make sure your operating systems are properly configured.** Regularly review and update system configurations, including firewalls and routers. Limit the number of connections and duration of each session to reduce exposure. Resources like the SANS Institute and the National Security Agency offer configuration guides tailored to various environments.
- **Develop a response and continuity plan.** Take a "when, not if" approach to cyberthreats. Establish clear roles and responsibilities for key personnel, and ensure your incident response team regularly reviews and updates the plan. Include contingencies for multipronged attacks

Even the most powerful DoS attacks are difficult to sustain indefinitely. With preparation and the right tools, businesses can better weather the disruption and minimize long-term damage.



Information for this article was provided by Fifth Third Bank. Learn more from Elsa Burton, Fifth Third Bank's Los Angeles regional manager, at Elsa.Burton@53.com or (818) 259-3108, or visit 53.com/commercial.

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Blockchain and Tokenization Ignite Innovation in Financial Markets

By MARISSA SCHLAGENHAUF

Blockchain technology has continued to fuel innovation in the financial services industry, particularly through the emergence of tokenized assets. The value of tokenized assets is expected to grow from $300 billion to $18.9 trillion by 2033, according to a recent report by Ripple and Boston Consulting Group. Those assets include stablecoins, deposits, real estate and — most notable for the capital markets sector — equities.

Tokenized equities or tokenized stocks are positioned to revolutionize trading and market access, for both public and private company shares. Alongside larger financial services firms, middle market capital markets organizations—including digital asset exchanges—are actively seeking regulatory approval to deploy tokenized stocks on their platforms.

Digital asset organizations such as Robinhood, Dinari, Gemini, Coinbase and Bybit are leading the way in offering tokenized stocks. Robinhood and Gemini have already launched these products in Europe, signaling the potential for global expansion. (This would echo a similar recent trend in event contracts, which are gaining popularity in the United States.)

WHAT ARE TOKENIZED EQUITIES?

Tokenized equities are digital representations of traditional stocks, or shares of a company, that exist on a blockchain. These tokens represent either a fraction or a whole share of the underlying equity and allow for crypto exchanges to offer traditional equities — either listed on platforms such as the New York Stock Exchange or directly on their own exchange. Tokenized equities are also seen as a mechanism to offer shares of private companies on crypto exchange platforms, depending on the model deployed by the issuer.

There are three main structures for issuing tokenized equity offerings:

- **Issuer-native:** The company, or issuer, initially offers the equity as a tokenized version directly on a blockchain.
- **Special purpose vehicle:** A separate legal entity known as a special purpose vehicle issues blockchain-based tokens that represent fractional ownership of the underlying asset the vehicle manages.
- **Tracker certificate:** An issuer mints an on-chain certificate that provides 1:1 price exposure to a referenced stock/exchange-traded fund, with the underlying shares held in issuer-titled custody.

WHAT BENEFITS DO TOKENIZED STOCKS OFFER?

Using blockchain technology for equity access comes with various benefits to broker-dealers, exchanges, crypto-native organizations and investors alike. One of the most significant advantages for investors is the potential for faster and almost instantaneous settlement when compared to more traditional trading, clearing and settlement mechanisms.

If tokenization for trading is widely adopted by exchanges and investors, it should lead to increased liquidity in the markets, as investors are able to buy and sell securities on a 24/7 basis unconstrained by the market hours of traditional exchanges.

The structure of blockchain technology also inherently allows for better transparency. This gives investors further visibility into transactions and asset ownership. Additionally, equities will be more accessible to retail investors — especially for assets that have high stock prices and those that are privatized — through fractional ownership. Private asset equity access is generally limited to accredited investors who must meet strict net worth or income requirements to qualify. As of 2024, about 87% of US firms worth over $100 million in revenue are private. This means most Americans are locked out of investing in many growing companies, as companies in the US have remained private for longer given the fewer initial public offerings this year. Increased retail investor access to these types of assets can in turn benefit capital markets organizations through further diversification of their customer base.

Though fractional shares are currently offered by capital markets organizations, the use of blockchains enables easier issuance and enhances transparency in the tracking of fractional shares, which remains a challenge for exchanges and broker-dealers.

This is particularly advantageous for crypto-native organizations, as they now offer more than just cryptocurrency tokens on their platforms, attracting investors seeking portfolios diversified beyond crypto assets. Investors are generally looking for a full-service financial services provider, and this further positions crypto native organizations as such.

POTENTIAL CHALLENGES OF USING TOKENIZED SECURITIES

Though the offering of tokenized securities is largely beneficial to investors and capital markets organizations, it does not come without challenges and potential risks. The challenges vary by the underlying model the organization uses.

- **Issuer-native model challenges:** If an organization opts to deploy the issuer-native model, it must ensure the security and management of investor keys in the event a key is used to access or transfer ownership of the security. A robust key management and investor protection program is imperative, yet generally challenging for organizations. Even after an effective implementation, the success of this model itself is largely dependent on speed, reliability and investor confidence in the on-chain IPO process, which may take time for investors to embrace and understand.
- **Special purpose vehicle model challenges:** When deploying the special purpose vehicle wrapper model, the organization may be left vulnerable to cyberattacks and hacking, due to the sensitive nature of the organization's mission and the confidentiality of the data within its environment. Additionally, the landscape associated with this model is filled with overlapping regulatory frameworks, creating numerous complexities and challenges for organizations to address.

From a private company perspective, this model may be controversial, as the issuing organization does not need direct involvement from the company whose shares are being offered.

- **Tracker-certificate model challenges:** Lastly, under a tracker-certificate model, investors may face operational complexities around dividend handling, as dividends are often not passed through and typically do not receive voting rights, which may prompt some to trade on traditional equities exchanges. Furthermore, because the underlying shares are held in issuer- titled custody at third-party brokers or custodians and redemptions are cash-settled with the issuer, investors have limited control over the collateral and may encounter settlement bottlenecks or redemption delays.

CHALLENGES TO WIDESPREAD ADOPTION

This summer, multiple firms have announced plans to launch tokenized stock products. Robinhood and another leading cryptocurrency exchange both launched tokenized equities to European Union customers on June 30. Meanwhile, Coinbase suggested it is seeking exemptive relief to offer tokenized equities in the US, signaling an intent to pursue a formal path to approval.

Mentions of "tokenization" during broker-dealer and exchange quarterly earnings calls increased by 350% between Q2 2025 and Q3 2025, showing it is gaining attention in the capital markets space.

While there are not yet public statistics on market adoption, some early blockchain data indicates the market is currently shallow.

For instance, NVDAx is a Solana network token that mirrors Nvidia's stock. Bybit's service offering allows investors to deposit and withdraw NVDAx. There are about 8,100 NVDAx token holders with about $4.5 million in combined value. On Aug. 5, on-chain trading of NVDAx was about

$150,000 from midnight to 11:59 p.m. For comparison, Nvidia's actual stock traded roughly $27 billion to $28 billion that same day, demonstrating that NVDAx on-chain activity is fractional in comparison to traditional trading.

As demonstrated by the on-chain data, the shallow market is already producing pricing gaps and slippage. Restricted availability, a lack of shareholder rights in the tracker model and limited transferability suggest product structure limitations are having more of an impact than a lack of investor appetite for these products. To resolve these issues, more market makers need to engage in tokenized equity transactions, which should fuel liquidity. Furthermore, broader and more diversified equity listings are needed to entice investors. Lastly, clearer custody and transfer rules are needed for these products to be adopted and accepted by broker-dealers and investors alike.

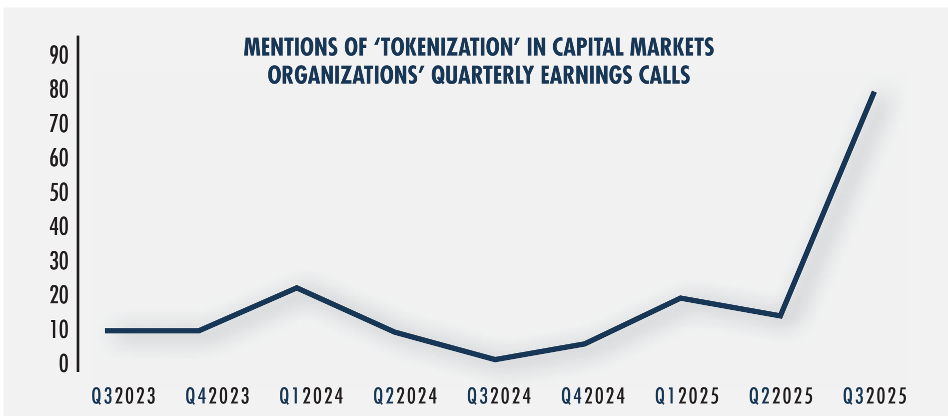
However, some of these market constraints could soon be lifted. On Aug. 5, the US Senate Banking Committee released a discussion draft of the proposed Responsible Financial Innovation Act of 2025. The draft directs the SEC to modernize and tailor rules for digital asset activities — including custody, recordkeeping, clearing, settlement and customer protection — for broker- dealers, ATS', and exchanges seeking to offer these products on their platforms. If enacted, the bill could streamline compliant tokenized equity offerings and the secondary trading of these tokens, ultimately expanding availability in the financial markets.

THE TAKEAWAY

Though tokenized equities have the potential to revolutionize trading, capital markets organizations must remain mindful of the challenges they may face along the way when developing and implementing this offering. They must also understand the distinctions, benefits and risks associated with each model — and which model is best suited to help them accomplish their organizational goals.

Marissa Schlagenhauf is a financial services senior analyst with RSM US LLP, a limited liability partnership and the US member firm of RSM International, a global network of independent assurance, tax and consulting firms. The member firms of RSM International collaborate to provide services to global clients, but are separate and distinct legal entities that cannot obligate each other. Each member firm is responsible only for its own acts and omissions, and not those of any other party. Visit rsmus.com/about for more information regarding RSM US LLP and RSM International.

Tokenized equities or tokenized stocks are positioned to revolutionize trading and market access, for both public and private company shares.



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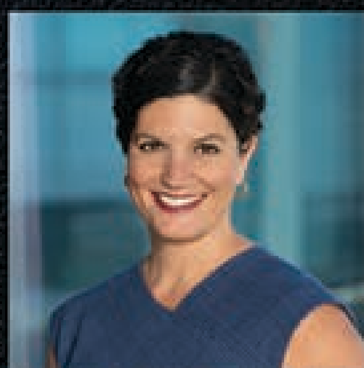

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Considerations for Earnouts in Acquisitions

By ALEX GEORGE, CFA and
ROBERT HARROD

During the process of structuring and/or negotiating mergers and acquisitions (M&A), there is often a meaningful gap between the views of the buyer and the seller regarding both the valuation of the target business and the overall risks involved. These views may arise due to many factors related to the profile of the target, such as projected financial performance, high levels of customer concentration, or the target management team's importance to the future success of the business.

An earnout is a common structural and financial arrangement designed to help bridge these gaps, allowing both parties to feel that they have achieved a fair deal in terms of purchase price and/or risk sharing. Below is a more detailed look at what an earnout entails, along with some of the more commonly seen advantages and disadvantages of the structure.

WHAT IS AN EARNOUT?

An earnout is a negotiated purchase price structure under which a portion of the consideration in an acquisition is held back from the closing and potentially paid at a later date (or dates), contingent upon the target company achieving certain performance metrics post-closing. In most cases, earnouts constitute no more than roughly 40% of the total purchase price consideration, and the earnout payment(s) are fully paid no later than three years post-closing.

The specific terms and conditions of the negotiated earnout structure are detailed in the definitive asset or share purchase agreement signed by the parties to consummate the transaction. Earnouts can be structured around several metrics, including but not limited to the following:

- **Financial performance**. This is probably the most common basis for an earnout structure. Depending on the profile of the target business, metrics can include revenue, gross profit, net income, or earnings before interest, taxes, depreciation and amortization (EBITDA). An earnout based on profitability is often more challenging to negotiate. In theory, the buyer can make decisions after closing that can have an impact on the target's profitability, potentially negating the likelihood of the earnout payment(s) ultimately being paid in full.
- **Revenue levels related to certain key customers.** In a target business with higher levels of customer concentration, a buyer may wish to mitigate the risk of certain customers leaving the target business post-closing. In such cases, an earnout may be structured under which the ultimate payment of the earnout consideration is based on whether those key customers continue to purchase from the target company at a negotiated level over a specified period.
- **Retention of key management.** A buyer may predicate an earnout payment on a key manager or managers remaining with the target business for a certain period. This is often the case when such managers have deep knowledge of the business and/or are crucial to the continuation of the target's customer relationships, such that their retention is critical to the target company's ongoing success, through a transition period and beyond.

ADVANTAGES OF EARNOUTS

- Mitigates risk for buyers. By tying part of the purchase price consideration to future performance, buyers may ensure they are not overvaluing the target business based on optimistic forecasts that may not materialize.
- Aligns interests of both parties. Sellers are motivated to ensure that their company performs well post-acquisition, as a portion of their ultimate sale proceeds depends on the business achieving specific performance targets.
- Facilitates deals. Earnouts can help bridge valuation gaps between buyers and sellers. When both parties have different views on the company's worth, an earnout can provide a compromise by allowing the seller to potentially receive a higher price based on future performance.
- Preserves liquidity for buyers. By deferring part of the purchase price, earnouts may allow buyers to manage cash flow more effectively. This can be particularly advantageous for buyers who need to preserve liquidity for working capital for other operational needs.

DISADVANTAGES OF EARNOUTS

- Complexity and disputes. Earnouts can complicate the acquisition process, as the calculation of and agreement on performance metrics can lead to disputes between the two parties. Clear terms and robust metrics are essential to minimize misunderstandings.
- Potential for manipulation. Sellers could engage in short-term tactics to meet earnout targets, potentially compromising the long-term health of the business. This can be a risk if the earnout metrics are too closely tied to short-term performance.
- Management challenges. If the seller remains involved in the company post-acquisition, the buyer may face challenges in integrating the seller's management style with their own. This could impact the company's performance and, consequently, the earnout.
- Uncertain outcomes. Because the final purchase price is not known until the earnout period concludes, this can create financial unpredictability for both parties.

Earnouts can be a valuable tool in the M&A landscape, providing a mechanism to bridge valuation gaps, share risk and align incentives between buyers and sellers. While they offer several advantages, they also come with potential drawbacks. Both parties should carefully consider these factors and structure an earnout agreement that addresses potential issues and ensures a mutually beneficial transaction.

Alex George, CFA, (vice president) and Robert Harrod (director) are with BMO Corporate Advisory.

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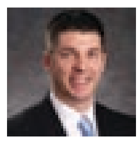

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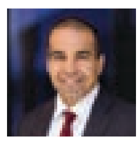

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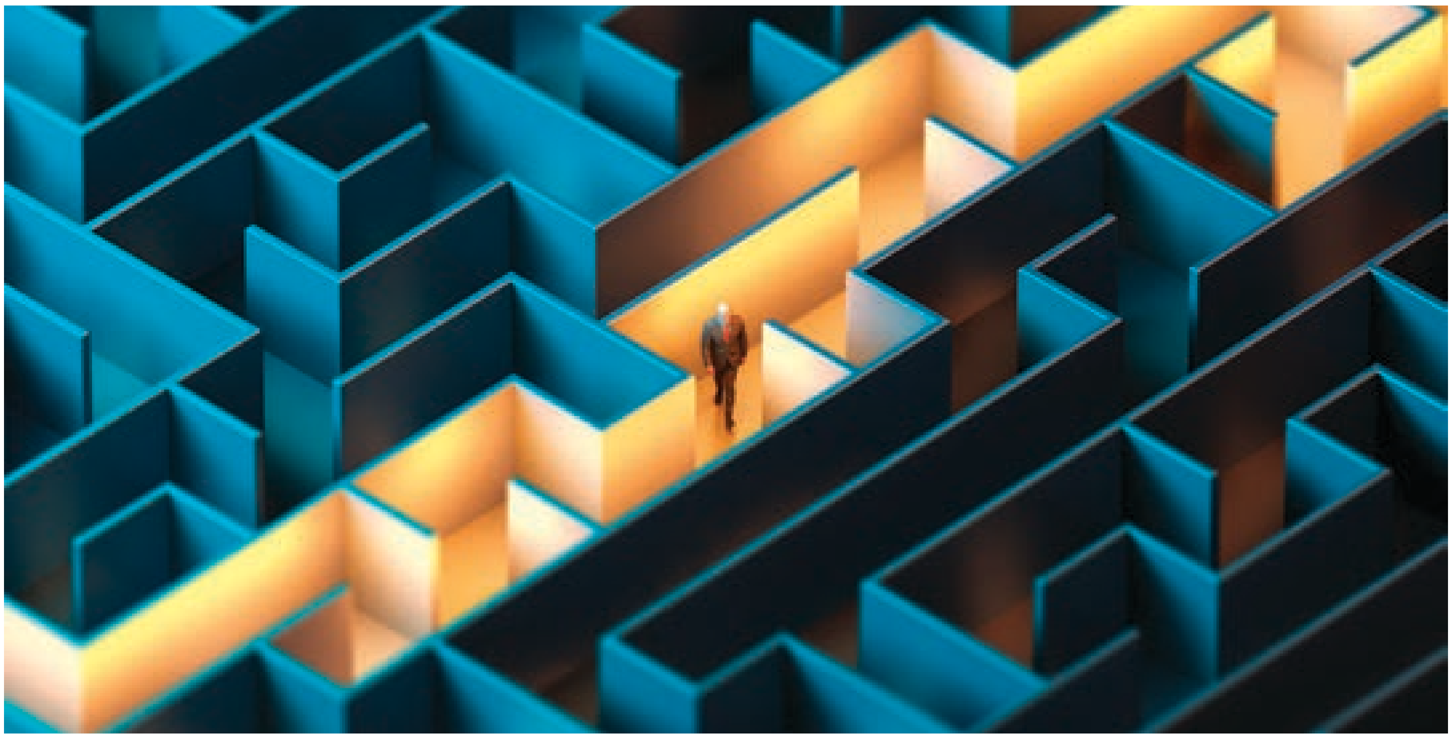
LOS ANGELES BUSINESS JOURNAL CFO OF THE YEAR AWARDS 2025

How CFOs Can Use Risk Mitigation Strategies in LA's Volatile Market

By WALTER MERKAS and NINA CHMURA



Risk mitigation strategies are essential tools for CFOs and financial executives. The financial landscape in Los Angeles presents distinct challenges, with recent economic uncertainty, new tariffs imposed, destructive wildfires, protests that impact businesses and communities, new adoption of AI technology and ongoing tax regulation changes.

CFO responsibilities in Los Angeles' volatile market must go beyond traditional financial management to anticipate disasters, regulatory shifts and workforce disruptions, while safeguarding stability and driving growth.

RISK REALITIES IN LA'S BUSINESS LANDSCAPE

Los Angeles businesses are experiencing operational risks that require sophisticated financial planning. To successfully navigate the volatility, businesses must first categorize risks and assign probabilities.

- **Physical and natural disasters:** Southern California is at risk of a wide range of natural disasters, including earthquakes, floods and wildfires. According to FEMA, 43% of businesses impacted by a natural disaster never reopen.
- **Regulatory pressures:** New tariffs and changing tax regulations are impacting businesses nationwide. Disruption in materials pricing is affecting import-heavy industries based in LA.
- **Changing customer demands:** Businesses in Los Angeles face customer expectations that evolve at different speeds. AI and emerging technologies are transforming customer service experiences. Unexpected events like pandemics can upend demand patterns overnight, forcing businesses to pivot quickly.
- **Workforce changes:** The customer base isn't the only thing that can change; the workforce can also impact how businesses survive. In recent years, the number of college graduates has steeply declined. Workforce changes and labor shortages are impacting the entertainment and technology industries, which are crucial to LA's business community.

AGILE PLANNING AND RESILIENCE BUILDING

Financial agility enables organizations to navigate uncertainty through strategic foresight. While no approach can eliminate all threats, structured risk mitigation significantly enhances resilience and continuity. By understanding LA's specific risk landscape, CFOs can develop targeted strategies that protect company assets while maintaining operational capabilities during challenging periods.

DISASTER RECOVERY PLANNING

Scenario planning transforms abstract risks into manageable challenges through the structured examination of potential futures and the development of responses before disruption occurs. Contingency plans identify threats, prioritize risks and delegate responsibility.

CFOs should meet with key leadership within the organization to ensure the business has documented disaster recovery and incident response plans, alongside proactive measures in place to mitigate any disruption should the unexpected occur.

SUPPLY CHAIN CHANGES

Amid volatility, businesses should consider making long-term changes to their supply chain. Supply chain disruption has a unique impact on Los Angeles, where the Port of LA and the Port of Long Beach handle 40% of US imports. In addition, California has specific environmental regulations, like clean air rules, that affect trucking and shipping. Strategic planning includes diversifying vendors, nearshoring and creating a variety of new distribution channels.

CFOs of LA-based companies should evaluate port congestion, labor disputes, tariffs on imported goods and environmental regulations as financial risks in their planning.

TRANSFER PRICING EVALUATION

Transfer pricing is a strategic and proactive way for CFOs to manage tax exposure, improve cash flow management, avoid cash traps and maintain profitability, along with understanding any potential business efficiencies in foreign markets. This knowledge enhances a CFO's decision-making capabilities. This control over financial flows provides agility to respond to unpredictability.

CFOs with multinational operations should actively partner with their transfer pricing and international tax advisors to ensure they have an efficient global structure and intercompany transaction flows that capture and improve their business goals.

RISK EVALUATION AND ANALYTICS

Modern risk management demands continuous assessment rather than quarterly reviews. Implementing systems that provide real-time risk monitoring with automated alerts when key indicators exceed established thresholds maintains an ongoing view of organizational health. Rolling forecasts improve accuracy and dashboard alignment.

CFOs of LA businesses that rely on the ports can look to unusual spikes in shipping delays or container backlogs as an early warning sign, foreshadowing supply chain disruptions and higher costs.

LEVERAGING AI AND ERP SYSTEMS

Modern CFOs in Los Angeles can strengthen risk mitigation by integrating AI with enterprise resource planning (ERP) systems. AI-driven analytics layered into ERP platforms provide real-time visibility across finance, supply chain and operations, enabling leaders to detect emerging risks such as supplier delays, regulatory cost impacts or sudden cash flow pressures.

By unifying data streams, CFOs can gain predictive insights that support scenario planning and faster decision-making during market volatility. Embedding AI in ERP improves efficiency and resilience.

OUTSOURCED ACCOUNTING SYSTEMS AND SERVICES

In volatile times, outsourcing certain accounting functions can provide stability and efficiency. Many organizations are turning to external support for tasks such as vendor payments, automated bill processing, accurate financial reporting and process automation. Outsourcing supplements finance teams and reduces overhead through tech-driven efficiencies.

CFOs should evaluate which functions are core to their strategy and which could be streamlined or supported externally to enhance agility, free up resources and improve reporting accuracy. CFO support services can offer budgeting and forecasting. Now is the time to ask: where can outsourcing strengthen resilience in your finance operations?

CYBERSECURITY

Cyber threats remain a constant in today's business environment, but volatility in Los Angeles makes organizations particularly vulnerable. Remote work adoption across LA's sprawling metro area has increased exposure points, while industries heavily concentrated here, such as entertainment, logistics, healthcare and real estate, have all seen rising cyberattacks targeting sensitive data. Port and supply chain disruptions also attract malicious actors who exploit moments of operational stress. Breaches can erode investor confidence and damage brand trust.

CFOs should ensure robust frameworks exist for regulatory compliance, incident response and proactive threat monitoring, ensuring their financial systems remain resilient.

CFO LEADERSHIP DURING MARKET UNCERTAINTY

CFOs are critical in shaping how organizations perceive, prepare for, and respond to uncertainty. The confluence of instability Los Angeles has faced in recent months underscores the need for proactive financial stewardship. The key is integrating risk mitigation into daily decisions. By embedding risk awareness into strategy, guiding cross-functional collaboration and championing resilience, CFOs can help their organizations withstand disruption, adapt and grow. This type of leadership positions companies to move beyond survival mode and toward sustainable, long-term value creation.

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Los Angeles Business Journal CFO of the Year Awards 2025

Is AI the Solution to Agile Hiring?

By RON PROUL

In 2025, artificial intelligence is no longer a futuristic concept in hiring—it's a daily reality. From resume screening to candidate engagement, AI tools are transforming how companies find and evaluate talent. As an executive recruiting and professional staffing firm, Century Group's seen firsthand its power to streamline processes, uncover hidden talent and reduce time-to-hire.

But here's the truth: AI is a tool; not a replacement. In a world increasingly driven by algorithms, the human element in recruiting has never been more essential.

THE PROMISE OF AI IN HIRING

Businesses can no longer afford to rely on rigid hiring models. Instead of focusing on static roles, organizations are forming dynamic teams around projects, problems and evolving business needs. It's a shift from "who do we need to hire?" to "how can we access the right skills at the right time?"

With AI, companies can perform searches through this lens with all the benefits artificial intelligence tools have to offer: speed, scale and consistency. Automated resume parsing and chatbots accelerate the screening process, while predictive analytics can help identify high-potential candidates based on set parameters.

For staffing firms, AI can be a force multiplier—enhancing recruiter productivity and precision. But when these types of companies lean too heavily on AI, they risk missing out on exceptional talent who doesn't fit the mold.

THE RISKS WE CAN'T IGNORE

Most consider AIs usage as a full-proof solution to eliminating bias in the recruitment process, but that's simply not the case. AI learns from historical data. If that data reflects biased hiring practices, the AI will replicate them—at scale.

It's also unable to fully understand nuance. When AI sees a career gap, an unconventional background or transferable skills on a resume, its lack of context may overlook the resume as a viable candidate. But, in a recruiter's hands, they can use their experience and insights to see potential beyond that of an algorithm. For example, a recruiter will take the time to jump on a call and discuss these examples in more detail whereas AI alone would move on without a second thought—losing out on what could be a great candidate for the role.

WHY HUMAN RECRUITERS MATTER—MORE THAN EVER

At Century Group, we believe technology should empower, not replace, human judgment. Here's are a few examples of what skilled recruiting and staffing firms bring to the candidate and

AI is a tool; not a replacement. In a world increasingly driven by algorithms, the human element in recruiting has never been more essential.

client experience that AI can't:

- **Intuition & Adaptability:** Spotting soft skills and cultural fit in ways that don't show up on a resume aren't the only instances where humans have the advantage. When it comes to navigating complex hiring needs, a recruiter can partner with hiring managers to develop creative solutions that are specific to the department, its projects, budget and more. One size does not fit all.
- **Relationship Building:** Creating trust with both clients and candidates is key in talent acquisition. Often our candidates become hiring managers and vice versa—a journey that successful recruiters work hard to be on with the nurtured network of professionals they've been building throughout their careers.
- **White Glove Service:** When it comes to the experience a recruiting firm provides versus that of AI, there's no contest which one rolls out the red carpet. A recruiting firm provides high-touch communication, curated candidate shortlists and end-to-end support—from strategic sourcing and vetting to onboarding and post-placement follow-up. The result is a seamless, efficient and highly personalized process that feels more like a partnership than a transaction.

RECRUITING FIRMS' APPROACH: AUGMENTED, NOT AUTOMATED

- Enterprising recruiting and staffing agencies should embrace AI—but thoughtfully. AI tools should be leveraged to:
- Identify qualified candidates faster.
- Reduce administrative burden.
- Gain insights into market trends and talent pools.

But every candidate must be reviewed by a human recruiter, every client should receive a personalized consultation and every placement made with care, context and connection.

AI will continue to evolve, and we're excited about what it can do. And we're equally committed to preserving what makes recruiting truly impactful: the human connection. Because at the end of the day, hiring is about building relationships, shaping careers and helping people thrive.

Ron Proul is CEO at Century Group. Learn more at century-group.com.

LOS ANGELES BUSINESS JOURNAL CFO OF THE YEAR AWARDS 2025

Six Actions Private CFOs Should Take to Transform the Finance Function

CFOs at private companies — including those backed by private equity — are being asked to do more than manage reporting. They're expected to drive growth, build resilience, and lead transformation, often with lean teams and limited resources. To meet these demands, finance leaders may need to move from transactional oversight to strategic leadership. Here are six actions that can help.

MODERNIZE THE FINANCE TECH STACK

Outdated systems can limit agility and insight. Moving to cloud-based platforms may automate forecasting, budgeting and compliance, freeing time for strategy. AI-enabled modeling can support scenario planning, while governance and cybersecurity help manage risk. Upskilling teams allows them to take advantage of new tools.

BUILD RELIABLE, INSIGHTFUL DATA

Data silos slow decision-making and erode confidence. Integrating systems across functions may establish a consistent source of truth. With clean, governed data, CFOs can deliver dashboards, KPIs, and real-time forecasting that inform better performance. Embedded controls and accountability help keep data accurate and secure.

STAY INVESTOR-READY

Opportunities for deals often arrive with little notice. CFOs who maintain clean reporting, scenario models, and risk visibility are better positioned to act quickly. Preparing for post-close realities — such as cash flow in the first 100 days — can strengthen resilience. Tax strategies may add value, while external advisors bring broader perspective.

STRENGTHEN CAPITAL FLEXIBILITY

Liquidity is the lifeline of growth. Digital forecasting tools can sharpen visibility into working capital and cash flow. Automating payables, receivables and inventory management may free capital for reinvestment, while consolidating banking relationships can reduce costs. Fraud monitoring and strong controls add protection.

BUILD A FUTURE-READY TEAM

Technology alone doesn't drive transformation — people do. Finance professionals want to focus on analysis and strategy, not repetitive tasks. CFOs can redesign roles, invest in digital skills, and promote continuous learning. A culture of adaptability positions finance as a stronger growth partner.

FLIP FINANCE FROM TRANSACTIONAL TO STRATEGIC

Modern finance must be more than a back-office function. Strengthening fundamentals like reporting and forecasting, then layering in AI and digital tools, may improve speed and insight. Tax planning can enhance returns. Empowering teams to think strategically places finance at the center of decision-making.

LOOKING AHEAD

Private company CFOs face rising expectations. Modernizing finance through technology, data, capital management and talent can create a function that better supports strategy and resilience. A benchmarking assessment may provide perspective on how finance compares with peers and suggest starting points for modernization.

Learn more at pwc.com.

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When AI Tools Generate Liability

By MEREDITH WILLIAMS

BRAND RISK MANAGEMENT ON THE LEGAL FRONTIER

Since ChatGPT's release in late 2022 sparked widespread consumer interest in new Artificial Intelligence ("AI") tools, companies and courts have been sprinting to keep up with all that adoption of these tools entails.

For companies that build AI models as a business, potential liability is already a reality, with lawsuits about copyrighted materials used as training data and trademarks infringed in (sometimes hallucinatory) outputs. But with businesses in all fields starting to use AI tools that in turn use and generate intellectual property ("IP"), liability not just for developer — but for the user — is a minefield that many may not realize they are already traversing.

THE DANGERS OF OUTSOURCING BRANDING TO AI

Imagine your company is a start-up or an existing business that wants to launch a new brand. The business plan outlines a marketing strategy to reach your target consumers based on your competitive landscape. The final, crucial piece in the puzzle: replacing the generic "Placeholder" name for your offerings with a compelling brand.

You could hire a marketing agency and/or consult with a lawyer, but both seem too expensive and time-consuming so close to launch. Instead, you wonder — can AI do the job? Sure enough, a quick search turns up dozens of tools to help generate everything from a single logo to an entire brand kit. Your team enters a bit of information about your business and industry, and voilà! You have the brand you were looking for.

You may soon also have a lawsuit you were not looking for. Months later, a competitor responds to your launch with a federal case claiming trademark infringement, asserting that your AI-generated branding is confusingly similar to its own. At an all-hands meeting, the marketing team vaguely recalls inputting some competitor information into the AI tool, but did not realize the output was so similar to this competitor-turned-plaintiff.

Unfortunately, there is no legal defense of "the robot did it" or "the robot made me do it." Both copyright and trademark infringement are strict liability offenses, in the sense that just using copyrighted materials or a mark that's confusingly similar to someone else's mark is what incurs liability. An explanation of how you did so unwittingly (whether using an AI tool or a work-for-hire human designer) can be one factor considered in lowering damages, but it is unlikely to get you out of a case where copying or confusion took place.

Moreover, pointing the finger at the AI tool-maker will not help. Even if their terms of service don't place legal responsibility for infringement on the user (most do), the developer is unlikely to be held responsible for your inputs or final creation. At most, you pull in another defendant for contributory infringement, without getting your company out of the case.

> Unfortunately, there is no legal defense of "the robot did it" or "the robot made me do it." Both copyright and trademark infringement are strict liability offenses.

MINIMIZING THE RISKS—ADVICE TO CLAIM THE IP AND CABIN LIABILITY

While AI-based logo-building tools have only come on the scene in the last decade or so, the key to avoiding the above misstep is not new: a clearance search, preferably reviewed with an attorney. Indeed, trademark practitioners and legal service providers have been using AI tools to enhance traditional clearance and enforcement efforts (see, e.g., the International Trademark Association report from April 21, 2021).

Consulting with an IP lawyer — especially one well-versed in trademark law and the array of new clearance/enforcement tools available — is a critical step for any new brand. Such consultation can also help existing brands devise strategies to better enforce their marks, automating programmable tasks, while giving human decision-makers the best information available in the most cost-effective manner.

Too often, the creative spirit behind marketing and the risk aversion from legal don't mix — how often do you get the same people wanting to talk inspiration boards and insurance? But a dose of legal strategy can avoid a dollop of disaster, from advertising-related claims to zoning issues. For IP, in particular, good advice early helps you determine what is essential to your business, how to claim it (e.g., you can't copyright purely AI-made materials), and how to enforce it. More unpleasant, but crucial, is addressing the unavoidable risks of becoming a defendant on this AI frontier.

Meredith Williams is a litigation and trial partner at Rutan. Learn more at rutan.com.

LOS ANGELES BUSINESS JOURNAL CFO OF THE YEAR AWARDS 2025

Global M&A Trends Include Regional Dealmaking Pivot while AI Investment Continues

Global law firm Norton Rose Fulbright, in collaboration with Mergermarket, has released the third edition of its annual Global M&A trends and risks report, examining the trends shaping dealmaking around the world and including a survey of 200 top-level executives that took place across Q1 and Q2 of this year.

The respondents included 100 executives from multinational corporations as well as 50 from large private equity firms and 50 from major investment banks, all of whom have participated in M&A across multiple regions and sectors over the past two years. Results were analyzed by Mergermarket and responses were anonymized and presented in the aggregate.

Key findings include:

• **New era of volatility unsettles dealmakers:** When surveyed in Q1 2025, 53 percent of respondents expected their own organization's appetite for M&A to increase in 2025 compared to last year. However, the market turmoil caused by "reciprocal tariff" announcements impacted sentiment. In response to a follow-up question on this subject, more than two-thirds of respondents said the escalation in trade tensions had caused their appetite for M&A to decrease.

• **Popularity of deal insurance set to soar:** Overall, nearly 65 percent of respondents expect the use of representations and warranties insurance (RWI) to increase in 2025 compared to 2024, including 37 percent who expect that increase to be significant (up from 26 percent in our previous study). This trend is observable in every market around the world, particularly in the Middle East and South and Southeast Asia, with more than 45 percent of respondents in both regions forecasting a significant increase in the use of RWI.

• **Dealmakers move quickly to integrate AI:** Fifty-one percent have acquired an AI business, with respondents applying the technology to various parts of their M&A processes, from deal sourcing to due diligence. Moreover, 46 percent report that they are looking to acquire an AI business in the near term. In our previous 2024 study, just 33 percent of respondents said they were looking to acquire an AI business.

• **Strategic buyers focus on domestic targets:** Respondents expect that domestic strategic buyers will come to the fore as the most active acquirers in 2025. This is particularly pronounced in emerging markets, including Latin America (74 percent), Africa (61 percent), and South and Southeast Asia (57 percent).

• **Private credit helps to fill financing gap:** At the global level, 35 percent of respondents expect it to become more difficult to secure M&A-related financing in 2025 compared with 2024. Overall, a quarter of respondents believe private credit will be the single most important form of financing to be employed in the market over the next two years for M&A deals. Respondents agree that this financing type is gaining momentum across Africa, the Middle East and Southeast Asia.

• **Private equity ready to put dry powder to work:** Forty-four percent of survey participants expect domestic private equity buyers to be among the most active types of acquirers in deal markets in 2025. Their presence will be felt across all markets, according to our respondents, with a particular emphasis on South and Southeast Asia (49 percent). Their international PE peers, meanwhile, are expected to be especially active in neighboring East Asia (41 percent) as well as Europe (also 41 percent) and Australia and New Zealand (43 percent).

Raj Karia, Norton Rose Fulbright's global head of corporate, M&A and securities, said: "We're seeing a clear shift in how clients approach M&A, with a move towards more deliberate and strategic planning. This year's report captures that evolution, with trade tensions, financing pressures and regulatory scrutiny all influencing how deals are structured and executed."

Norton Rose Fulbright's global corporate, M&A and securities team provides practical business-focused legal advice across the full spectrum of matters, including public transactions, take-privates, strategic review processes, joint ventures, carveout dispositions and acquisitions, debt and equity capital markets transactions, governance, compliance, general commercial and corporate advisory matters. More than 450 M&A partners and 700 other deal lawyers worldwide advise on some of the most high-profile, complex and significant transactions in the market.

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LOS ANGELES BUSINESS JOURNAL CFO OF THE YEAR AWARDS 2025

Four Steps for CFOs to Follow for Workforce Cost Reduction Amid Corporate Layoffs

CFOs should consider four steps to strike a thoughtful balance between financial imperatives and organizational staffing needs when managing layoffs, according to Gartner, Inc., a business and technology insights company.

"Nearly two-thirds of large, public organizations announced cost-cutting efforts between 2023 and 2Q25," said Vaughan Archer, senior director analyst in the Gartner Finance practice. "Despite most of them conducting three or more rounds of cuts, they often failed to reduce operating expenses."

Headcount reductions are one tactic organizations have been using to cut costs. Data taken from Gartner's Global Talent Monitor Reports showed the rate of employees experiencing layoffs has been increasing quarter by quarter since the start of 2024.

"Budget holders often look to finance for support when making cost-reduction decisions," said Archer. "However, when finance teams don't have the capacity to absorb more work it can lead to unproductive layoff decisions."

Gartner experts advise CFOs and finance leaders to follow four steps when considering layoffs.

Step 1: Target Workforce Reductions Using Strategic Organizational Goals

"CFOs faced with a mandate to reduce headcount often act diplomatically: spreading reductions across functions and departments evenly," said Archer. "Yet from a cost reduction perspective, it is far more effective to target headcount reductions in a way that supports enterprise margin targets while minimizing disruptions."

In practice, this kind of evaluation will consider several factors. For example, the strategic importance of the department: does it make sense to make blanket cut to IT for organizations that are facing digital disruption? How easy will it be to acquire this headcount again when the market improves? Can roles be automated or relocated to a lower cost location? How does a function or team benchmark against industry peers, is it already lean or costly?

Step 2: Provide Budget Holders with Tools to Shortlist Layoff Candidates

"This is important because budget holders often lean towards arbitrary heuristic methods such as 'last in – first out' when implementing layoffs, instead of considering the broader impact on organizational strategy," said Archer. "Such approaches likely do more harm than good."

Instead, providing tools that can help budget holders identify layoff candidate according to their alignment with future business strategy and direct impact on current revenue or performance. Additionally, finance should help provide budget holders tools to help quantify the short term costs and ongoing cost savings of any planned layoffs.

Step 3: Establish Tracking to Reduce Costs Resurfacing

"It doesn't help an organization to go through a round of layoffs to meet a target, with all the problems that can entail, just to have those costs reappear in subsequent quarters through contractor hiring, overtime and aggressive rehiring," said Archer. "Aside from being judicious with layoffs in the first place, it will pay off for finance to collaborate with HR to develop a suite of practical tactics that empower budget holders to proactively address and minimize the risk of cost reemergence after workforce reductions."

This could include, for example, Tasking FP&A with maintaining a rolling list of departments and roles where cuts have been implemented in the last two years to help monitor cost reemergence.

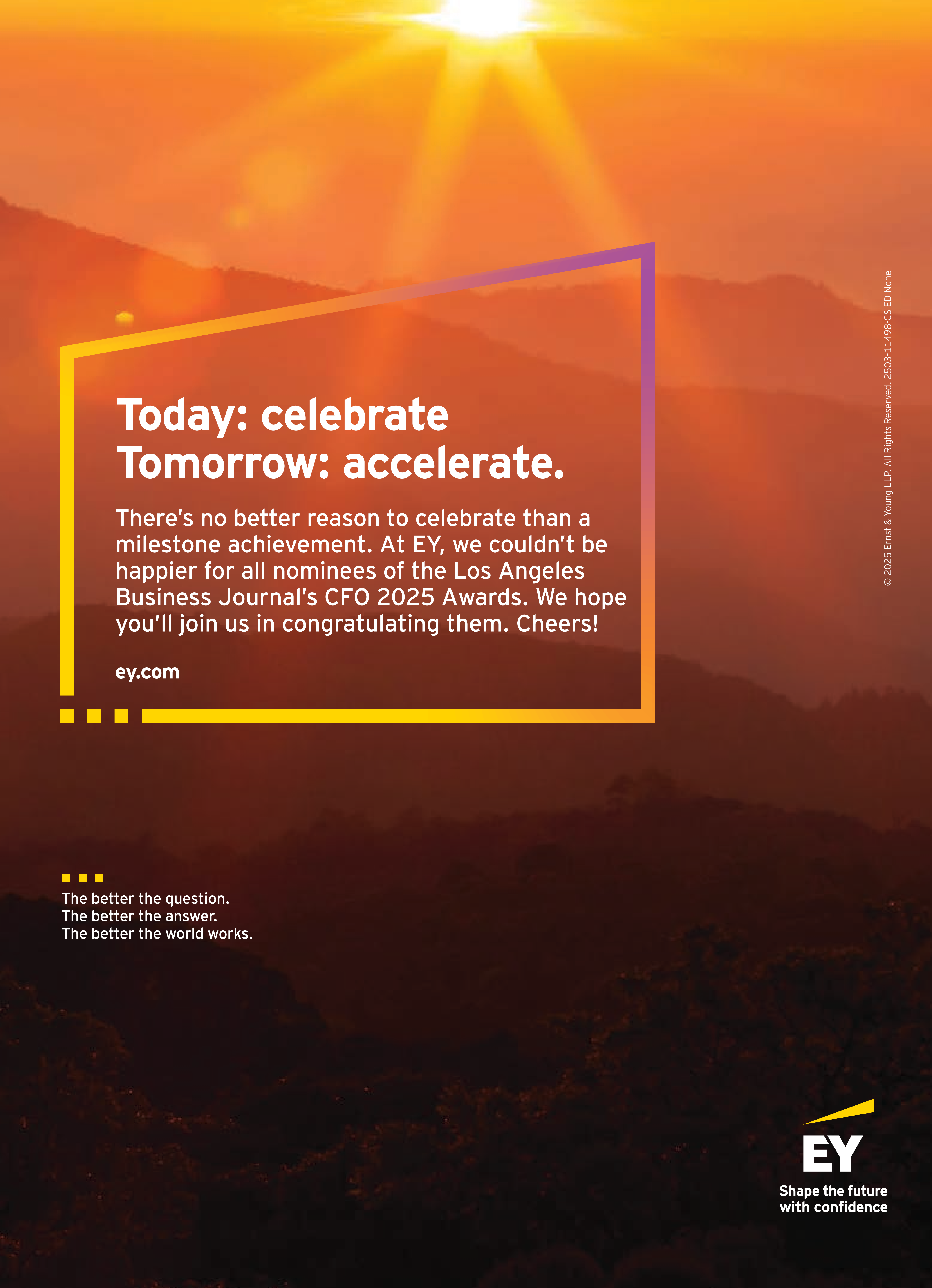
Step 4: Communicate to Convey Rationale, Financial Impact and Retain Critical Talent

"Without clear communication, workforce reductions can lead to fear, guilt among remaining employees and damaging rumors in the workplace, which can hurt the organization's ability to carry out its plans," said Archer. "Communications must address two critical phases: preparing management for employee layoffs and ensuring retained employees — especially top performers — remain consistently engaged, focused and motivated postlayoffs."

CFOs should work with senior leadership in HR, communications and industrial relations to tailor the layoff notifications to their organizational circumstances before deploying to the affected audiences.

Gartner delivers actionable, objective business and technology insights that drive smarter decisions and stronger performance on an organization's mission-critical priorities.

To learn more, visit gartner.com.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European and Asia Pacific Dealmakers Catch Up on the M&A Scene

M&A activity in North America has decreased on a year-on-year basis and companies grapple with global uncertainty, according to latest research from WTW. North American completed deal numbers peaked at 292 completed deals in the first six months of 2021, compared to 187 during the same period last year and 160 so far in 2025 – a 55% fall in deal volume in the past four years. North American acquirers also underperformed their index by -2.5pp. While this showed an improvement compared to the same period last year (-12.4pp), this now represents ten successive quarters of underperformance across the last two and a half years.

European dealmakers led the mergers and acquisitions (M&A) sector with a strong performance during the first half of 2025. Based on share price performance, European buyers outclassed companies not involved in M&A activities by an impressive +9.4pp (percentage points) for deals valued over $100 million during the last six months, reveals new data from WTW's Quarterly Deal Performance Monitor (QDPM).

Run in partnership with the M&A Research Centre at Bayes Business School, this data reveals a remarkable turnaround compared to the same period last year when dealmakers in Europe underperformed their regional index by -9.2pp. Deal volume in the region remains steady with 64 deals completed during the first six months of 2025 compared to 65 during the same period last year.

Asia Pacific buyers also returned to positive territory with a performance of +3.9pp above their regional index and 100 deals completed in the last six months, significantly up from the 69 closed in the first six months of 2024. This rise in volume has been almost entirely driven by a surge in activity by dealmakers in China, where volume has nearly tripled from 12 transactions completed in the first half of 2024 to 33 already closed this year.

"Given all the surprises we've seen this year it's hardly surprising that North American acquirers are holding back a bit when it comes to big corporate transactions," said David Dean, managing director, M&A Consulting, WTW. "However, the M&A market rarely stays quiet for long. In response to tariff tensions, a 'survival of the fittest' dynamic looks primed to trigger a wave of M&A activity in certain sectors. Dealmakers in tariff-exposed industries with complex cross-border supply chains may increasingly look to localize supply chains in a bid to make themselves more resilient and resistant to the more volatile geopolitical backdrop."

> '...the M&A market rarely stays quiet for long. In response to tariff tensions, a 'survival of the fittest' dynamic looks primed to trigger a wave of M&A activity in certain sectors.'
>
> DAVID DEAN
> M&A Consulting

In total, 339 deals valued over $100 million were completed worldwide during the first six months of 2025. This compares to a closely-matched 332 transactions closed in the same period last year. The 82 large deals (valued over $1 billion) completed in the first half of 2025 are also up from the 69 closed in the first six months of the 2024. The three mega deals (valued over $10 billion) completed so far this year, however, represent a marked decline compared to nine closed during the first six months of 2024.

Globally, buyers marginally outperformed the market by +0.2pp for transactions completed between January and June 2025. This represents a distinct improvement compared to the same period last year when buyers underperformed by -11.1pp and for the first time since 2021 dealmakers have recorded a positive return during the first six months of the year.

The strongest performing industries during the first six months of 2025 were telecommunications (+28.6pp) and materials (+11.6pp), with large deals the best performing deal type (+6.1pp). At the other end of the spectrum, cross-sector deals (-3.1pp) and those valued under $1 billion (-2.2pp) struggled the most to add value.

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Los Angeles Business Journal CFO of the Year Awards 2025

From Generative to Agentic AI

By ROBERT J. SHERIDAN

"We are the last CEOs who will manage a workforce made up of only humans. From here on, we will be managing people and digital workers side by side."

When Salesforce CEO Marc Benioff made those remarks at the World Economic Forum in February, it was more than idle talk. His market-leading CRM and sales management firm had already committed some $8 billion to an enterprise-wide transformation so profound that serious consideration was given to a corporate re-naming of one of the most established brands in the world to "Agentforce." Why?

The answer lies in the title of an HBS case study published in March, "Salesforce Agentforce: the Limitless Workforce." Simply put, Salesforce is taking direct aim at the $6 trillion labor market. They are hardly alone.

Most business leaders have experimented with Generative AI – the chatbots, copilots and specialized applications built atop Large Language Models (LLMs) that have permeated every industry and every organization since bursting onto the scene three years ago.

The bane of content creators, Gen AI has revolutionized work related to such things as instantly summarizing massive document sets, drafting marketing copy, generating computer code and producing both still and moving images of astonishing quality. Yet despite these seemingly magical powers, Gen AI remains a passive force. It can accelerate work, but it remains firmly under the direct control of the humans who enter the prompts and adapt the output.

Agentic AI is qualitatively different, representing a step function in power and capability, not just a smooth, evolutionary progression from Gen AI. Rather than relying upon linguistic and probabilistic methodologies, Agentic AI introduces three new cognitive capabilities: Reasoning (aka Reflection), Memory (short-term and contextual), and Responsiveness (to external feedback and internal learning).

Taken together, these capabilities allow Agents to act autonomously, with no human direction, to plan, decide, act and adapt in pursuit of goals within complex settings. When multiple, single-purpose AI Agents are installed on a common platform, they can also co-work and learn from one another. When stumped, these digital workers can escalate to their human co-workers — the same ones who first articulated the stated goals for the Agent with natural language commands and guardrails.

In fact, some of the most closely watched performance metrics for AI Agents relate to their escalation patterns over time:

- **the rate of reduction** in the number of tasks escalated to humans;
- **the increase in complexity** of tasks that are not escalated;
- and, the Agent's **learning curve.**

Consider Agentforce. Within one week of its internal launch last September, the number of customer inquiries escalated to a human worker were cut in half. After five months, more than 380,000 inquiries had been handled autonomously, with an 84% resolution rate more than 380,000 inquiries had been handled autonomously, with an 84% resolution rate and only 2% escalated to a human. This isn't a chatbot reading from a script; it's a system retrieving enterprise data in real time, "thinking" about it, adapting to exigent conditions, and making decisions without guidance, just as a skilled and experienced human would do.

The organizational and workforce implications are considerable. While Generative AI has been tough on content creators, entry level employees and first-line managers, Agentic AI attacks that $6 trillion labor market with much bigger fish in mind.

Just last month, the WSJ described the "existential crisis" within the hallowed halls of McKinsey & Co, where the firm has internally created more than 12,000 AI Agents, while simultaneously reducing their global headcount by 11%. It also explained:

"The most-used bot is one that helps employees write in a classic 'McKinsey tone of voice'—language the firm describes as sharp, concise and clear. Another … checks the logic of a consultant's arguments, verifying that the flow of reasoning makes sense."

That's heady work. With firms in health care, finance and manufacturing leading the charge, it suggests a near future where "agent-first" hiring will prevail, spelling dire consequences not just for entry level positions, but also for those well north in the organizational hierarchy, including decision makers. Indeed, some have suggested that future org charts may take the shape of a diamond rather than a pyramid.

The history of capitalism has been one of progressive creative destruction, with every technological disruption since the Industrial Revolution ultimately resulting in more and better employment opportunities. But in the here and now, as Agentic AI begins to replace or redefine entire workflows, some questions beg answers before we can take comfort in that hopeful prognosis.

How do you onboard digital/human worker teams? How do you measure, apportion, attribute and reward performance? How do you design escalation paths so that only the most complex decisions reach a human? How must risk management be redefined and governed? What's the human skill set for an optimized and productive co-working relationship with Agents? Most importantly, how do you address these questions amid perpetual and exponential change management?

At the CSUN David Nazarian College of Business and Economics, we have a solemn duty to prepare our students for this future. We do so by balancing a strong curriculum across both traditional and emerging disciplines, together with the provision of skills-based, certificate-earning microcredentials in our award-winning *Professional Education Beyond a Degree* program. Over the past five years our students have earned 9,101 of these certificates from SAP, Microsoft, the IRS, IBM, Coursera, Google+, Hootsuite and Hubspot, among many others.

Agentic AI will bring both challenges and opportunities. With resolve and commitment, we will prepare our students to meet them - and thrive.

Bob Sheridan serves as executive director for the Center for Career Education and Professional Development at the CSUN David Nazarian College of Business and Economics.

LOS ANGELES BUSINESS JOURNAL CFO OF THE YEAR AWARDS 2025

Leaning into Turbulence to Seize Opportunities Amid Uncertainty

The global private equity upturn which was taking shape last year and extended into a relatively upbeat first quarter of 2025 is weakening as dealmaking and exits are hit by market and economic headwinds triggered by recent turmoil over tariffs, Bain & Company concluded in its recent 2025 Private Equity Midyear Report.

The full impact from tariff turbulence on PE dealmaking is not yet clear, given lead times for deals to come to fruition. But early signs of a slowdown into the second quarter are exacerbating existing pressures on the industry to improve liquidity by accelerating exits, to distribute funds, and to source fresh capital, Bain finds.

Indications of slowing buyout activity emerged in April with deal value 24% below the monthly average for Q1, and deal count down 22%, while the slowdown in dealmaking was mirrored on the exit side, notably by the effective shutdown of the IPO channel for exits, with offerings postponed or cancelled, Bain reports.

These signs of weakness were in sharp contrast to previously optimistic first quarter trends pointing to a strong 12 months of dealmaking ahead, with credit markets open, falling debt costs, inflation under control and interest rates being reduced. Deal value in Q1, at $189 billion, was the highest since the second quarter of 2022, and around double the $95 billion seen in Q1 2024, while global buyout deal count was broadly in line with the 2024 trend.

The emerging weakness evident in Q2 is a direct consequence of the uncertainty injected into PE players' long-term models by tariff volatility, just as investors' confidence was beginning to return, Bain's analysis says. But while it finds that constraints on PE dealmaking are likely to persist in the short-term, it also urges that successful PE firms should seize key opportunities amid the present uncertainties. It highlights continuing pressure for general partners (GPs) to do deals, with $1.2 trillion of available dry powder waiting to be invested by buyout funds – almost a quarter of which has been available for four years or more, making its deployment even more urgent.

"There's nothing fundamentally broken in the market. Buyers and sellers can still transact – and history shows that strategic buyers with a strong M&A agenda remain active in turbulent times. In any disruption there are winners and losers – and the best opportunities often come at the most extreme moments of uncertainty, something that's still true in 2025," Hugh MacArthur, chairman of the global Private Equity practice at Bain & Company, said. "It's not a foregone conclusion that 2025 will be a bad year. If the tariff uncertainty dissipates, momentum could return more quickly than many might imagine. Winning players will be poised to grasp emerging exit opportunities. And they will also anticipate what might come to the market – and form a clear view of what they want to own."

> 'Whatever turns lie ahead, PE firms must excel at creative dealmaking, due diligence and value creation to make the most out of the best opportunities.'
>
> REBECCA BURACK
> Bain & Company

Bain's report underscores the critical role of a proactive approach to deals, alongside rigorous due diligence, for successful PE players to capitalize on persistently volatile conditions in the market.

"Whatever turns lie ahead, PE firms must excel at creative dealmaking, due diligence and value creation to make the most of the best opportunities that will flow out of today's uncertainty," Rebecca Burack, global head of Bain & Company's Private Equity practice, said. "That doesn't mean just pinpointing the short-term effects of tariffs on a company's demand, competitiveness and margins. Tomorrow's winners will be the firms that can also accurately gauge the long-term ability of portfolio companies to adjust to, and operate in, the new, post-global era. The winners in these conditions will also be those firms that operate on the front foot. When wait-and see is the default mode, it pays to be a catalyst. And with no end to the turbulence in sight, leaning into it is likely the best option."

Bain & Company is a global consultancy. Learn more at bain.com.

Los Angeles Business Journal CFO of the Year Awards 2025

Impact Hub Developed for Industry Practitioners

The American Accounting Association (AAA) last year announced the launch of the AAA IMPACT HUB, a new and innovative way to make accounting research and knowledge more accessible to accounting and auditing practitioners, as well as to regulators, standard setters, and other financial professionals.

With the tagline, "Empowering Accounting Professionals Worldwide," this online repository includes timely, actionable research published in the AAA's 17 peer-reviewed journals. The AAA primarily focuses on offering plain language summaries and infographics around research that has been identified as having relevance to practice, aiding in discoverability and increasing its reach.

"Right now, our research is not easily accessible or digestible by those in the accounting profession," said AAA chief executive officer Yvonne L. Hinson, Ph.D., CPA. "The AAA Impact Hub positions AAA as a thought leader in accounting through disseminating our research in an accessible, concise and easily understandable form."

Donny C. Shimamoto, founder and managing director of Intraprise TechKnowlogies LLC, a CPA and management consulting firm, agreed that the Impact Hub makes it easier to find and understand the latest in accounting research.

"The 'plain English' summaries and infographics shared on the site make it much easier for accountants and finance professionals to understand the research and identify how it can be applied in their firms or finance departments," Shimamoto said. "When we, practitioners, adjust our polices and work approach based on trusted research rather than anecdotal stories, we improve our ability to impact the success of our stakeholders: employees, clients and the communities we serve."

Partnering with the AAA is Lead Marvels, which built the Impact Hub using its proprietary, technology-enabled online resource library platform. In addition to the AAA research, Lead Marvels' platform can feature curated, industry-specific thought leadership content and resources from sponsors and industry solution providers, generating qualified, intent-based sales leads. The AAA will generate deeper engagement with its member and subscriber audience, actionable insights on their audiences' informational needs, and a new source of recurring (non-dues) revenue.

"Creating something like the AAA Impact Hub from scratch would delay the launch of getting our relevant research out in front of practitioners," Hinson said. "Partnering with Lead Marvels allows AAA to get this research out more quickly and also will allow the AAA Impact Hub to offer content from other sources that is valuable to the accounting profession."

Jeff Schottland, CEO of Lead Marvels, also expressed his enthusiasm for the launch: "Lead Marvels is thrilled to partner with the American Accounting Association on their groundbreaking AAA Impact Hub, a dynamic platform poised to revolutionize collaboration and knowledge sharing within the accounting community. Together, we're empowering professionals with innovative tools and resources, driving impactful solutions and advancing excellence in the field. This collaboration underscores our shared commitment to fostering growth, expertise and unparalleled support for accounting professionals worldwide."

For more information about the AAA, visit aaahq.org.

LOS ANGELES BUSINESS JOURNAL CFO OF THE YEAR AWARDS 2025

M&A Activity Continues to Mount in the Tech Service Sector

Solganick has published its latest M&A update on the Technology Services sector, covering YTD 2025 (Q1 and Q2 2025). The report covers sectors including artificial intelligence and data analytics consulting, application partners and systems integrators, cybersecurity services and MSSPs, custom software development, digital transformation, and managed services providers (MSPs).

According to the report, 2025 has been marked by large technology services companies acquiring smaller ones to meet demand in AI, cloud, cybersecurity and managed services.

A few notable M&A transactions announced YTD 2025 include:

- CapGemini announced in July 2025 its agreement to acquire WNS Holdings for $3.3B. Combining technology consulting capabilities with WNS's specialization in digital business process services to address demand for AI-driven operational transformation.
- Abacus Group announced in July 2025 that it would merge with Medicus IT, creating a massive MSP within the financial services and healthcare industry verticals.
- NWN completed its acquisition of InterVision Systems from MidOcean Partners in June 2025.
- Trace3 completed its acquisition of IVOXY, a Seattle-based infrastructure consulting firm, in June 2025.
- Telus Digital completed its acquisition of Gerent, a Virginia-based Salesforce consultancy, in May 2025.
- Stefanini Group acquired Miami-based Escala 24×7, an AWS cloud specialist.
- Integris, an MSP based in New Jersey, announced its acquisition of TechMD and its security division, Integer, in July 2025.
- Montreal-based Alithya acquired Dallas-based eVerge Interests, a Salesforce and Oracle solutions provider.
- Managed services provider CMIT Solutions acquired Wright Technology Group, expanding its presence in the New England region, announced June 2025.
- California-based Bluewave Technology Group acquired Florida-based TruPoint Technology Solutions to expand its regional and technological footprint.
- Abacus Group acquired MSSP Entara in June 2025, expanding its offerings in ServiceNow, cybersecurity and incident response expertise.

> 'The ongoing digital transformation initiatives, AI adoption, and cloud migration continue to drive consolidation.'

MARKET COMMENTARY

The global technology services sector demonstrated robust M&A activity during Q2 2025, with transaction volumes showing significant growth across multiple regions and maintaining momentum from the strong performance in Q1 2025. Deal volume in Q2 declined in the US due to market fluctuations and instability resulting from new tariffs and unexpected market tension created by the current administration.

The ongoing digital transformation initiatives, AI adoption, and cloud migration continue to drive consolidation as companies seek specialized capabilities.

We expect M&A deal volume to increase in the technology services sector for the remainder of 2025 and into 2026 as technology spending continues to increase in AI, cloud computing, data analytics and cybersecurity. AI is expected to drive an increase in IT services M&A activity over the next several years.

Artificial Intelligence, data analytics, cloud computing, cybersecurity and software development competencies are strongest in demand and are expected to remain key areas of interest for buyers for the next 12-24 months. Demand for specialty IT consulting firms supporting application software platforms remains very strong, particularly for partners of applications that support large and growing market opportunities (e.g., AWS, Google Cloud, Microsoft Azure, Snowflake, Databricks, ServiceNow, Salesforce, and others).

Download the complete report at solganick.com.

Solganick is a data-driven investment bank and M&A advisory firm focused exclusively on software and technology services companies. Since 2009, the firm has gained recognition as a top investment bank and has completed over 200 transactions to date. Learn more from solganick.com.

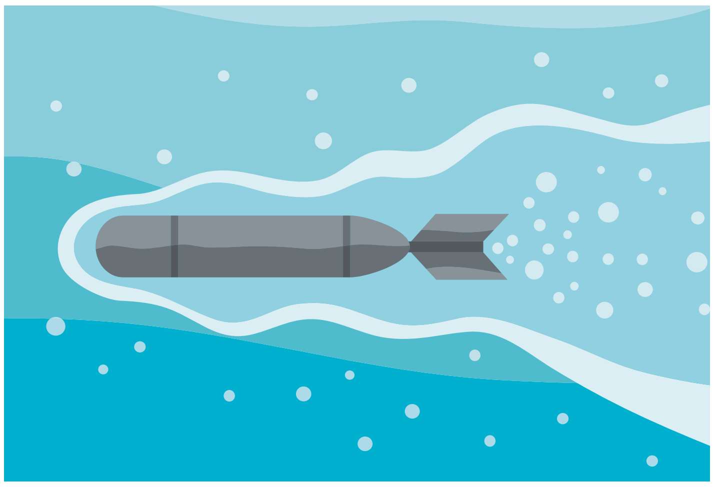
How Companies Use Bad News to Torpedo IPOs from Competitors

A study published by the American Accounting Association finds publicly traded companies will strategically release bad news when a competitor is launching an initial public offering (IPO), in order to drive down the value of the IPO or torpedo the IPO completely.

"Because there is little company-specific information available to investors when a company attempts a public listing for the first time, investors trying to place a value on the offering depend largely on the information from publicly traded companies that are already operating in that industry," said Mark Ma, co-author of a paper on the work and an associate professor of business administration at the University of Pittsburgh. "We wanted to see whether companies would make themselves appear less profitable in order to get a competitor to withdraw its IPO or limit the amount of money the competitor can raise."

For this study, researchers collected data on 3,878 firms that went public in the US between 1991 and 2017, as well as 866 withdrawn IPOs. The researchers also evaluated quarterly financial statements issued by large, publicly traded companies during the same time period.

The researchers then used statistical tools to identify patterns among publicly traded companies when an industry competitor was preparing to issue an IPO.



To help identify the potential impact of a competitor's IPO offering, the researchers compared financial statements of companies who issued their statements shortly before a competitor's IPO was filed with companies in the same sector who issued statements after the IPO was filed.

"When a company files its IPO, publicly traded competitors in the same sector were more likely to report lower earnings, issue pessimistic revenue forecasts, and take a negative tone in their financial statements," Ma said. "This strategy works. In cases where competitors issued negative financial statements, companies who had listed an IPO were more likely to revise their offering price downward or withdraw the IPO altogether. Even if these firms go public, they suffer poor operating performance – probably because they couldn't raise sufficient capital at the IPO stage. Meanwhile, their competitors experience higher profitability and market share growth. One takeaway message is that investors should be skeptical of competitors' financial statements when evaluating IPO offerings."

"Academic studies have shown that raising external capital can be costly for firms due to information asymmetry in capital market," said Xiaoyun Yu, co-author of the study and a Chair Professor of Finance at Shanghai Jiao Tong University. "Our paper suggests the cost of financing may be higher than previously estimated when considering the strategic negative disclosure of already publicly traded industry peers."

"In addition, by deploying strategic disclosure to hinder competitors' ability to raise capital and to go public, large incumbents can shape the competitive landscape and alter the industry structure," Yu said. "Consequently, industry policies may become tilted in favor of large incumbents, as they gain influence over the industry's development."

The American Accounting Association is the largest community of accountants in academia. Founded in 1916, it has a reputable history built on leading-edge research and publications. The diversity of its membership creates a fertile environment for collaboration and innovation.

Learn more at aaahq.org.

Los Angeles Business Journal CFO of the Year Awards 2025

DEO Announces $32 Million Investment in Workforce Initiatives

The Los Angeles County Department of Economic Opportunity (DEO) recently announced a groundbreaking $32 million investment that will support 2,300 workers across the County by 2026. This investment includes the launch of two brand-new workforce initiatives: the Fire Recovery and Resilience Workforce Program and the High Road Training Partnership (HRTP) Fund. Together, these County programs address pressing and long-term workforce needs at scale, offering rapid reemployment for workers displaced by the January windstorms and wildfires, ensuring a skilled and sufficient workforce for the rebuild, and ensuring pathways to quality jobs and high-growth industries for all Angelenos.

"From disaster recovery jobs to career-building training, we're making sure people have the tools to rebuild their lives and futures," said Los Angeles County Supervisor Lindsey P. Horvath. "This $32 million investment—made possible from state and federal partnerships—reflects our commitment to an inclusive economy and to standing with workers every step of the way."

"As a region, we have faced immense challenges, from COVID-19 to the recent wildfires. We have also seen the incredible resilience of our communities and know that we can only hasten the recovery and set our sights on a brighter future, together," said director Kelly LoBianco of the LA County Department of Economic Opportunity. "We are grateful to our Board, our State, our regional Workforce Development Boards, and partners for coming together, braiding funds, and helping the County and our region launch initiatives that will support thousands of workers hardest hit in the recent years with quality programming and quality jobs."

The Fire Recovery and Resilience Workforce Program is a direct $14.2 million investment in the impacted and dislocated workers from the windstorms and wildfires. These funds enable DEO and the County's network of Workforce Development Boards and America's Job Centers of California (AJCCs) to offer 3-to-5 month paid work with County departments like Beaches and Harbors, Parks and Recreation, and Public Works and other partners supporting recovery efforts like clean-up and humanitarian outreach as well as job training, transitional work, supportive services and stipends, and connection to jobs in impacted and growing sectors like hospitality and construction. Participants in the 174 temporary subsidized employment opportunities will receive $20 to $27 per hour, benefits and access to supportive services valued at up to $34,000. The program will support 1,000 total workers to start, who can visit the East San Gabriel AJCC or the West LA AJCC to sign up and access programs and services that meet their unique needs. This program is part of a $20 million investment by the State's Employment Development Department (EDD) in the region's recovery through its National Dislocated Worker Grant (NDWG) and Additional Assistance Grant Programs.

"Working in collaboration with our city and county partners, EDD was able to quickly get funds to assist with the recovery of the devastating LA wildfires. These grants will provide necessary resources to workers, ensuring they can focus on rebuilding their community" said Director Nancy Farias of the California Employment Development Department.

The HRTP Fund provides $17.8 million in grants for industry-led, worker-informed training models that inspire equity, job quality, and climate resilience, targeting participants from historically disinvested communities as well as those impacted by COVID-19 and the recent windstorms and wildfires. The HRTP Fund, implemented in partnership with Dalberg LLC and the UCLA Labor Center, will support an estimated 20 HRTPs and 1,300 workers through those programs. HRTPs are an evidence-based approach to workforce development that elevate collaborative partnerships with employers and industry, workers and worker organizations, educational institutions and training providers, and the AJCCs and public workforce system for design and delivery of programs. The program builds off the California Workforce Development Board's framework and is part of the County's $34 million investment in HRTPs, including active programs in aerospace, healthcare, creative economy, early care and education, construction, and technology and leverages federal American Rescue Plan Act and the County's Care Fire Community Investment dollars. HRTPs and their participants will not only access no-cost training, program stipends, and wages for work-based experiences.

Visit opportunity.lacounty.gov to learn about DEO services.

Moves Taken to Help Bolster Accounting Workforce

Over 300,000 accounting professionals have exited the workforce since 2019, a reduction of 17 percent

Assemblymember Jacqui Irwin of Thousand Oaks is authoring legislation designed to modernize the licensing process for Certified Public Accountants (CPA). To address a shortage of accounting professionals in California, Assembly Bill (AB) 1175 hopes to modify requirements for the CPA license and enhance consumer access to accounting services.

"AB 1175 is a critical step to improve our state's pipeline for qualified and skilled CPAs," said Assemblymember Irwin. "I am proud to champion this legislation and look forward to seeing this bill open more opportunities for aspiring accountants across California."

The demand for CPA services is outpacing the number of new CPAs entering the profession, placing strain on current CPAs, their clients, and the public interest. Over 300,000 accounting professionals have exited the workforce since 2019, a reduction of 17 percent. Baby boomers make up the bulk of the accounting profession, and it is estimated that 75 percent of CPAs were of retirement-age in 2020. Additionally, in 2022, there was a 17-year low in terms of the number of students who took the CPA Exam.

AB 1175 aims to allow CPA licensure applicants to satisfy requirements for the CPA license with a bachelor's degree, two years of work experience and completion of the CPA Exam. Applicants will also be able to substitute one year of work experience with a master's degree in accounting. Currently, applicants are required to acquire a total of 150-semester unit credits of education, which amounts to a fifth year of college. This requires students to spend more in expensive tuition for courses they likely do not need and delays their entrance into the workforce.

Additionally, AB 1175 would update California's CPA mobility program, allowing accountants from other states to temporarily practice in California while ensuring strong consumer protections and regulatory oversight.

AB 1175 is sponsored by the California Board of Accountancy, which is charged with regulating the accountancy profession in California.

Yen C. Tu, president of the Board of Accountancy, shared, "This bill aims to make the CPA designation more accessible to candidates from all backgrounds while maintaining strong consumer protection safeguards for out-of-state licensees practicing in our state."

Research has shown that adoption of the 150-semester unit requirement by states did not improve the quality of CPAs, rather, the extra education contributed to a 26 percent decline of entry by minority CPAs.

"As the demand for CPAs grows, it's important to have qualified professionals ready to support those who rely on them," said Matthew Martin, chair of CalCPA. "CalCPA is excited to back this effort to modernize CPA licensure, by offering more inclusive, flexible, and affordable pathways for aspiring CPAs while maintaining the high standards that make the profession trusted and respected."

Learn more at a42.asmdc.org.