

CASE STUDY

PROJECT VAPOR

HELP IS HERE.

G2 Capital Advisors is a different breed of financial advisory firm. We strategize around long-term growth and success, and that's how we create tailor-made operational, financial, and transactional **solutions for our corporate and investor clients.**

Our team is uniquely qualified to assess potential strategic alternatives, develop comprehensive restructuring plans, and execute alongside management teams to **maximize value and recoveries for all stakeholders.**

G2 provides financial sponsors, lenders, or other key stakeholders with a **quick and thorough assessment of the state of a business**, detailing financial or operational business realities and charting a customized course forward.

SITUATION:

Faction, Inc. ("Faction"), a leading provider of cloud-integrated storage, computing, and networking services began facing liquidity challenges in 2023. The Company's patented solutions enabled its customers to integrate data into infrastructure, applications, and tools that run multiple clouds and cloud-adjacent locations.

01 Challenge

Faction worked with its senior creditor in 2023 to extend near-term liquidity and explore strategic alternatives. They engaged a sell-side advisor to explore a sale process in the first half of 2024, but were unable to complete a transaction before the Company's liquidity runway ended in mid-2024.

With a looming operational collapse, legal and regulatory challenges spanning multiple jurisdictions, and a stalled sale process, there was no clear path forward. The company's senior secured lender—a venture debt provider—needed an outcome that maximized recovery, but without immediate action, the risk of asset deterioration and legal exposure would escalate rapidly.

02 G2 Work

In July 2024, Faction engaged G2 as assignee under an assignment for the benefit of creditors (ABC) process.

G2 worked quickly to understand the Company's liquidity situation, maintain services being provided to customers, and negotiate with key vendors to preserve the Company's value and explore options that would maximize recoveries to creditors.

G2 ran an expedited sale process and successfully sold the assets of Faction's flagship business to a strategic buyer. The transaction was completed in September 2024.

03 Impact & Solution

The sale of the Faction's assets not only provided a recovery for the Company's secured creditor, but also provided an opportunity for many of the Faction employees to transition to new roles with the acquiring company. Additionally, G2 facilitated conversations between the asset buyer and the Company's customers. Most of the customers consented to the transfer of their contracts to the acquirer, and were able to continue receiving services.

Providing clients with corporate restructuring and a clear path to long term operational stability.

WHY G2.

We know the market.

G2's team of experienced operators possess a wealth of business knowledge capable of lending comprehensive insights in an array of challenging business scenarios.

We are cost effective.

G2 can complete an assessment in as little as three weeks and is a cheaper alternative for the client due to our blending capabilities.

We support creditors and debtors.

G2 can perform assessments for parties on both sides of the capital structure.

We have experience.

G2's team of experts has completed over 50 individual assessments.

KEY FINDINGS:

Faction needed to stabilize operations and maintain continuity while managing financial constraints.



G2 SOLUTION:

Continued Operations

G2 successfully stabilized operations, rehired 25 contractors, and ensured the company remained operational until the sale.

Customers faced the risk of losing critical data, which could have exposed the board to significant liability.



Customer Risk Mitigation

G2 negotiated solutions with several data centers that were hosting Company servers, and secured commitments from sufficient personnel to maintain an adequate level of service for 90 days post-ABC commencement, mitigating risk, preserving data access for customers and ensuring continued revenue flow.

The company faced complex administrative burdens, including winding down foreign entities, addressing tax and HR challenges, and managing physical assets.



Corporate Wind-Down & Asset Management

G2 took ownership of risk management and led the execution of various wind-down workstreams. Additionally, G2 managed the sale of valuable server equipment housed in data centers.

The sale process was stalled, with no clear path to transaction closure.



Sale Process Acceleration

G2 stepped in to drive negotiations, aligning multiple interested parties and securing multiple bids, ultimately enabling a successful transaction.

Feel free to reach out to learn more about the approaches we are using across the 70+ clients we are actively service across our industries of focus.

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