



Oaklins



Leading Belgian end-to-end IT services provider **joins forces** with **PE partner**

DEAL FLASH | TMT/PRIVATE EQUITY | SEPTEMBER 2022

DEAL SNAPSHOT

The Smet family has sold a majority stake in ESC to private equity firm Capital A.

ESC is a leading Belgium-based IT services provider for small and medium enterprises (SMEs). It has more than 150 employees and is a specialist in the Microsoft business software suite, the modern workplace and e-business. The company also prides itself on being Microsoft's number one cloud partner for Dynamics 365 Business Central SaaS in Belgium.

By bringing in Capital A, a private equity firm specializing in professionalization and the rollout of ambitious growth plans, ESC gains access to a large complementary network, financial and strategic expertise, and hands-on support for further acquisitions. ESC will continue to focus on product development and partnerships in neighboring countries while still providing its customers with a premium service. In this way, ESC underlines its commitment to supporting a necessary, rapid and thorough digitization of SMEs.

“We are very satisfied with the services delivered, the expertise brought to the table and the results achieved by Oaklins. We also highly appreciate the joint team approach with Oaklins’ TMT experts in Belgium as well as the Netherlands, and how they managed to both leverage their comprehensive address book and track record in our sector and execute a streamlined and competitive sale process. We are delighted that they matched us with the right partner to progress on our current growth trajectory.”

CARINE AND PHILIPPE SMET
SHAREHOLDERS
ESC, BELGIUM

OAKLINS ASSISTS IN **FINDING THE RIGHT PARTNER**

Oaklins’ team in Belgium, in collaboration with the team in the Netherlands, acted as exclusive M&A advisor to the shareholders of ESC. By leveraging its knowledge of the IT services sector, the team positioned ESC as a cloud frontrunner with significant up- and cross-sell opportunities.



MARKET TRENDS & DEAL DRIVERS

The global enterprise resource planning (ERP) market – including on-premises, hybrid and cloud solutions – is expected to grow at a compound annual growth rate (CAGR) of 9.8%, from US\$45 billion in 2020 to US\$86 billion in 2027.

This growth is driven by more demand for operational efficiency and the streamlining of business processes, the increasing adoption of ERP systems by SMEs, and a rising need for analytics-based solutions.

Specific sector drivers for ESC, a Microsoft Gold partner for several competencies, include an ERP adoption rate among Belgian SMEs that shows a strong catch-up potential versus larger companies, Microsoft's leading market share for cloud-based ERP and productivity solutions, and the increasing popularity of cloud-based software.

M&A VALUATION ASPECTS

Financial details of the transaction are confidential.

In general, the Benelux IT services market is fragmented, offering an opportunity for consolidation in a market where cloudification is ongoing and expected to accelerate. At the same time, the M&A market is competitive and fueled by many different private equity-owned buy-and-build platforms that are actively hunting for acquisition opportunities.

Consequently, qualitative assets are relatively scarce and highly sought-after by financial sponsors as well as strategic buyers, which generally results in competitive deal pricing. Drivers for a premium valuation include, among others, the level of recurring revenues, the development of a company's own IP, the size and scalability of the organization, and proven buy-and-build capabilities.

"In a fragmented market with many local IT solution providers, agile companies and frontrunners in cloud adoption such as ESC will have a clear competitive edge for responding to a fast-paced and transformational digitization of SMEs. We are delighted that through a bespoke and efficient sale process, we identified Capital A as the right partner for ESC. A comprehensive strategy of product development and service offering expansion, combined with a targeted buy-and-build plan, will enable them to remain at the forefront of end-to-end IT solution providers for SMEs. We wish both ESC and Capital A all the best in their undoubtedly exciting journey ahead."

BART DELUSINNE AND ALEXANDER GRYSOON
OAKLINS, BELGIUM

TALK TO OUR ADVISORS



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Bart has more than 25 years of corporate finance experience and leads the TMT sector in Belgium. Recent deals he has advised on include the sale of P&W to Alcopa, the acquisition of Zenitel by 3D Investors, the sale of Pridiktiv to Corilus/Gilde, the sale of Mobile Vikings to Proximus, the sale of Kunstmaan to Accenture, and the MBO of Scanfor.

Frederik has more than 17 years of corporate finance and M&A experience, with a particular focus on the TMT sector. Recent transactions he has closed include the acquisition of ABS Laundry Business Solutions by Vitec, the investment of The Carlyle Group in HSO, the sale of RVC Medical IT to Nexus and the sale of GAC Business Solutions to Broad Horizon.

Alexander has more than eight years of corporate finance experience. Recent deals he has advised on include the acquisition of ABS Laundry Business Solutions by Vitec, the acquisition of Zenitel by 3D Investors, the sale of Mobile Vikings to Proximus, the sale of Scaldis Group to Elis and the sale of a minority stake in Drylock Technologies to Sofina.

OAKLINS HAS CLOSED 1,172 DEALS IN TMT

United by a strong belief that we can achieve the extraordinary. Oaklins is a global team of 850+ financial advisory professionals in 45 countries providing M&A, growth equity, ECM, debt advisory and corporate finance services to support entrepreneurs, corporates and investors in reaching their goals.

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