

Benelux data & AI consulting firm secures private equity investment to accelerate growth

DEAL FLASH | PRIVATE EQUITY, TMT | NOVEMBER 2023

DEAL SNAPSHOT

Xomnia, a leading consultancy organization specializing in data science, data engineering and artificial intelligence (AI) services, has attracted investor Foreman Capital. By partnering with Foreman Capital, Xomnia will be able to execute and accelerate its current growth strategy, as well as jointly shape the company's international ambitions through organic growth and acquisitions.

Since its foundation in 2013, Xomnia has acquired a dominant market position as a niche partner for data and AI propositions in the Netherlands. Xomnia's service offering includes defining data and AI strategies, building cloud data platforms and infrastructures, developing data science and analytical products, and boosting clients' data and analytics capabilities. The Amsterdam-based specialist serves a broad and impressive client base of renowned Dutch corporates and strong brands.

Foreman Capital is an entrepreneurial investment company focused on growing profitable SMEs operating in a B2B environment. From its offices in Amsterdam and Copenhagen, the Foreman team has been supporting entrepreneurs, founders and family companies in realizing their growth ambitions and further professionalizing their businesses for over 25 years.

“Our goal was to find a new partner for Xomnia that shares the same entrepreneurial core values, to take the company to the next phase and increase the number of exciting opportunities for our professionals. By leveraging their extensive industry experience and broad international network, Oaklins enabled us to find that ideal partner. The guidance and result-oriented approach from the Oaklins team has proved exceptionally valuable throughout the process.”

**WILLIAM VAN LITH
AND OLLIE DAPPER**
CO-FOUNDERS, XOMNIA
NETHERLANDS

OAKLINS' INTERNATIONAL REACH PLAYED A CRUCIAL ROLE IN THIS TRANSACTION

Oaklins' team in the Netherlands acted as the exclusive sell-side M&A advisor to the shareholders of Xomnia. Through its structured approach and international reach, Oaklins was able to lead a broad and competitive sale process, identifying over 300 potential buyers and including more than 200 buyers in the process. This tightly managed and competitive process resulted in immense interest and more than 25 offers from various parts of the world, allowing the shareholders to consider and choose from a wide variety of deal structures and options for a fantastic final result. This transaction highlights Oaklins' strong track record and expertise in the fast-moving AI sector and emphasizes its extensive experience in TMT.

MARKET TRENDS & DEAL DRIVERS

AI is currently undergoing an unprecedented surge in growth, attracting the interest and enthusiasm of industries and investors worldwide, driven by technological advancements, the abundance of data, and the recognition of AI's potential.

These factors and other drivers such as the increasing availability of data and the urgent need to properly assess available data are all market trends that greatly affect demand for data and AI consultancy companies. Also contributing to this increasing demand is the exponential rise of generative AI. Generative AI applications are proficient at managing everyday tasks like data organization and categorizations, and are expected to play a vital role in the data and AI market going forward, ushering in a new era of innovation and transformation.

The M&A market for the AI sector is booming as many companies feel the need to improve their machine learning, data and AI capabilities in order to keep up with these developments. Both strategic and financial investors are noting that the AI market is currently hot and, as a result, are eager to capitalize on this opportunity.

M&A VALUATION ASPECTS

Financial details of this transaction have not been disclosed. However, when considering the valuation of data and AI consultancy companies, several key aspects come into play:

Service portfolio: Data and AI consultancy companies that provide a well-diversified yet high-quality portfolio of services generally enjoy higher valuation levels, especially when they provide services such as machine learning and integrated AI solutions instead of merely data analytics. These mission-critical services, for which their clients often lack in-house expertise, provide significant value-add, and as such increase valuation levels and the appetite of M&A for specialized data and AI consultancy companies.

Market position: A company's market position greatly affects its valuation metrics. Having sizeable clients is a vital factor in obtaining a strong market position, since large corporates have more resources available to spend on external partners compared to their smaller counterparts. For data and AI consultancy companies specifically, clients are becoming increasingly dependent on their services, leading to high client lock-in. A solid client base in combination with superior technical capabilities, means that high-end data and AI consultancy companies enjoy a set of characteristics that cannot easily be substituted by other market players, resulting in premium market valuations.

TALK TO OUR ADVISORS



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Frederik leads the firm's technology, media and telecommunications (TMT) team. He has broad experience in sell-side, buy-side, merger, capital raising and advisory assignments, with a specific focus on large corporates and TMT situations. Transactions he has advised on include the investment of The Carlyle Group in HSO; the sale of Vabi to Vitec Software Group; the investment of Capital A in QS Solutions; the investment of PSG Equity in Rodeo Software; the sale of Embrace to Aareon; and the sale of TOPIC to T&S.



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Jan-Pieter has extensive experience in sell-side, buy-side and fundraising advisory assignments for family business owners, corporates and private equity firms. He co-leads the TMT team in the Netherlands, with a special focus on SaaS and AI. Recent transactions he has been involved in include the sale of GAC Business Solutions to Broad Horizon; the sale of Vabi to Vitec Software Group; the investment of Capital A in QS Solutions; the acquisition of ABS Laundry Business Solutions by Vitec Software Group; the investment of PSG Equity in Rodeo Software; the sale of Embrace to Aareon; and the sale of TOPIC to T&S.

**OAKLINS HAS CLOSED 881 DEALS IN PRIVATE EQUITY
AND 1,126 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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