



TECHNOLOGY  
Deal flash, February 2017

## LEADING UK AND JAPANESE DOCUMENT MANAGEMENT BUSINESSES TEAM UP

### Deal snapshot

- Annodata Limited, one of the UK's largest independent providers of document management and ICT managed services, has been acquired by KYOCERA Document Solutions UK (KYOCERA).
- Founded in 1988, Annodata has, through organic growth and a series of acquisitions, become one of Europe's largest independent vendors of IT, unified communications and managed print technologies, with revenues of more than US\$100 million. The Annodata brand will continue to exist and will remain a completely separate business entity to KYOCERA, with its own independent strategy and management team.
- KYOCERA Document Solutions UK handles the document solution business of KYOCERA Corporation, a Japanese group which specializes in leading-edge technologies across a broad range of fields from fine ceramics, electronic devices and communication services to environment and energy markets. This highly strategic acquisition significantly increases the capabilities of KYOCERA, adding further value to its already extensive product offering with the addition of ICT services. KYOCERA will draw on the expertise of Annodata to strengthen its offering for the UK and Ireland.



### What our client said



**Andrew Harman**, Co-founder, Annodata Limited, UK

"This marks a significant opportunity for our partners, customers and people as we become part of the global KYOCERA family and continue the journey we started back in 1988. When looking for an advisor, we wanted someone with an international network and experience of working with buyers both here and overseas. Cavendish, an Oaklins member firm in the UK, had the expertise to facilitate the transaction, and the support they provided was invaluable. The team did an excellent job managing the process and ensuring the smooth closing of the transaction in a timely manner. They were always professional and aligned with our shareholder goals — many thanks to the whole team."



## Our role in the transaction

- Cavendish, an Oaklins member firm in the UK, provided full lead sell-side advisory services to the shareholders of Annodata Limited. The team worked with the seller to prepare the business for sale, including putting a second-tier team in place to manage succession, demonstrating recurring and cross-selling revenues, and hitting key financial metrics.
- The team managed an extensive due diligence exercise, including financial, tax, legal, compliance and HR workstreams. They also undertook detailed negotiations to ensure full value for all elements of the business.

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## Market trends and deal drivers

- The managed print services market continues to evolve beyond the core services of device consolidation towards driving improved business efficiency around paper-dependent processes. In addition, an increasing number of organizations are looking into using the cloud to lower their costs, improve flexibility and deliver greater levels of security and disaster recovery. This has led to increased consolidation in the sector as clients seek to partner with providers who have broader and more expert offerings.
- KYOCERA's interest in Annodata arose from its strategy to add a direct channel to market to complement its dealer channel. This strategy is a way to secure market share, capture margin and compete better on large contracts and frameworks where clients prefer to engage with the OEM.

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## M&A valuation aspects

- Through its Oaklins membership, Cavendish has access to an extensive network of businesses in overseas markets and geographies. This allowed them to assess the best strategic match among domestic and international buyers to maximize the value for Annodata's shareholders.
- Financial figures have not been disclosed but the transaction represents an attractive sales multiple

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## Oaklins industry specialist



✉ **Nick Jones**, Partner, Cavendish, an Oaklins member firm in the UK

Nick is a member of the Oaklins Technology Group and has more than 20 years of corporate finance experience. His recent transactions include the sale of Reward Gateway to Great Hill Partners and the sale of Avantia to ECI Partners, among others.

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