



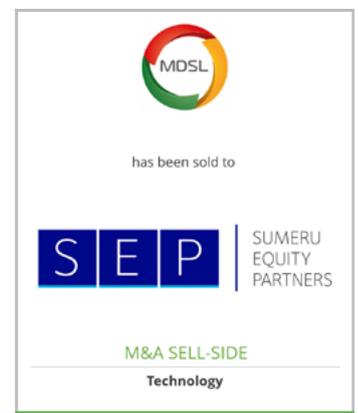
TECHNOLOGY

Deal flash, September 2017

US PRIVATE EQUITY INVESTMENT ACCELERATES THE GROWTH OF UK SAAS PROVIDER MDSL

Deal snapshot

- The shareholders of Market Data Services Limited (MDSL) have sold the company to Sumeru Equity Partners (SEP), which have combined the business with another technology expense management (TEM) provider, Telesoft.
- MDSL is a leader in TEM. With operations in the UK, USA, Europe and Asia, MDSL partners with enterprises to provide clarity, control, compliance and cost savings across their global technology estates. MDSL provides a unified expense management SaaS platform encompassing categories such as telecoms, cloud services, the Internet of Things and financial market data alongside associated managed and professional services.
- The company's directors recognized that their new business growth would soon outpace their organic capabilities and that growth was accelerating more rapidly outside of the UK.
- SEP is a US-based technology-focused, middle-market private equity firm that shared MDSL directors' vision for expense management across all technology areas and were keen to support them.



What our client said



Ben Mendoza, Founder, Market Data Services Limited, UK

"We are excited to have found a partner in SEP which shares our vision to support MDSL's continuing growth. The Oaklins team handled the intricacies of the process impressively, providing hands-on support and advice throughout. Their experience of working with owner-managers on international processes and with technology businesses was invaluable in guiding the process through to completion. The whole team were a pleasure to work with."

Our role in the transaction

Oaklins Smith & Williamson, a UK member firm of Oaklins, acted as the lead advisor to the directors and shareholders of MDSL, conducting an international search for a strategic partner to support the company's continuing growth and to strengthen MDSL's position as a global TEM leader.



Market trends and deal drivers

- **Consolidating market** — The TEM space has seen a lot of consolidation activity in recent years, with growing interest from financial investors, including:
 - Marlin Equity Partners' acquisition of Tangoe in June 2017 (a consolidation itself of multiple entities) and Asentinel in January 2015
 - Sumeru Equity Partners' acquisition of Telesoft in August 2016
 - Polaris Partners' acquisition of The Roberts Group in April 2014 and merger with the follow-on acquisition of Priority Solutions in October 2016
 - Clearlake Capital's acquisition and merger of Movero, Pinnacle and Veramark to produce Calero in 2013
- **Complexity and regulatory trends** — The growing financial regulatory environment has increased the need for large financial institutions to collect and record increasingly detailed records of their use of financial market data.
- **Total cost of ownership** — Over the last few years large blue chip corporations have begun to recognize the importance of having greater clarity over the total cost of ownership of their technology estates.
- **Internet of Things** — The growth in connected devices has increased corporate spending on technology and data, including associated telecoms expenses, and this has increased the need to manage their growing inventories of connected devices.

M&A valuation aspects

- Key valuation drivers include customer retention/"stickiness", contracted recurring revenues and the levels of SaaS (higher value) revenues vs managed/professional services (lower value).
- SEP's offer was based on a certain level of annualized contracted recurring revenues.
- The Magic 40%–West Coast Technology investment mantra: EBITDA % + Revenue Y-on-Y % growth > 40%.

Oaklins industry specialist



✉ **Brian Livingston**, Managing Director, Oaklins Smith & Williamson, UK

Brian has extensive experience in technology and software and has advised a number of clients over the last few years, including the sale of Excelian Limited to US-listed Luxoft, support on the sale of Ve Interactive Limited, the private equity fundraising for Semafone Limited, the sale of Panztel Limited and the sale of NAFI.

OAKLINS HAS CLOSED 147 DEALS IN TECHNOLOGY IN THE LAST FIVE YEARS

Oaklins is the world's most experienced mid-market M&A advisor, with 700 professionals globally and dedicated industry teams in 40 countries worldwide. We have closed over 1,500 transactions in the past five years.