



e-Pay

Case study 3



benchmark
international company sales specialists LLC

Case study 3



Ecommerce – Niche consumer payment platform

Turnover \$3.9m EBITDA \$750k

Stage One

Stage Two

Stage Three

Understanding the value drivers

- The company is majority owned by a founding owner and venture capitalist (VC) with two managers having equity participation. The founding partner wants to retire and the VC wants to exit maximizing his investment
- The company had invested heavily in technology, IP patents, copyrights and marketing
- The company was on an acute growth curve with a three year projection of \$7.9m EBITDA \$2m

Having explored the owner's objectives and expectations Benchmark International accepted the seller clients instructions and proceeded to produce a succinct Teaser Document and detailed 47 page Information Memorandum to present to the seller client for distribution authorization.

Buyer intelligence

- Search and selection rationale discussed with owners
- International and Domestic Private Equity, HNWI and Venture capital acquirers
- Focused use of sector and trade acquirer intelligence with in-depth research on key targets
- Careful profiling of the company's Competitors, suppliers and Clients

Having carried out the targeted but diverse prospect profiling Benchmark International identified 238 motivated prospects which we researched and contacted.

Confidentially marketing the opportunity

- Basic generic headlines of the Company sale are promoted on numerous M&A, Company for Sale and financial/strategic acquirers web portals
- Confidential mailings to registered prospects
- Confidential mailings to the prospect profiling results

As a result of the buyer intelligence and confidential marketing Benchmark International distributed 123 Information Memorandums which detailed the key value added features of the company in particular investment into the technology, IPR and growth forecasts. These Information Memorandums were only distributed to those prospective acquirers that had completed and signed a detailed prospect profile and non-disclosure agreement. This prospect profile and non-disclosure agreement was approved by our seller client prior to distribution of the Information Memorandum to the prospect.

Benchmark tracked the prospects arranging 4 meetings between the seller client and prospects.

Stage Four

Stage Five

Stage Six

Outcome

Creating Choice

Following the meetings Benchmark continued to track the prospects and controlled information flow, fixed timetables and created a competitive tension.

As a result 4 outlined bids were received and presented to the seller client for consideration.

Bidder selection

The seller client considered the deliverability of the bids which included:

- Overall Price
- Deal Structure
- Ongoing involvement
- Timescales
- Intentions
- Empathy

Two of the bids did not reach the sellers expectations however two of the bids did fit well with the seller's personal goals, but in different ways. Benchmark communicated the position with the two prospects and invited that they submit a revised 'best' bid and after a couple of further meetings an obvious fit was identified.

The Close

A deal in principle was agreed and documented in the Heads of Terms (HOTs). The HOTs were then distributed to both the seller and acquirers legal advisors to commence the relevant legal due diligence and drawing up of the Sale and Purchase Agreement (SPA).

Benchmark International project managed the process acting as a buffer; dealing with bottlenecks and helping the seller collate information for the acquirer and their advisers up to the close of the sale.

- The owner/company achieved a sale valued at \$15m to a Private Equity House
- \$7m payable day one with the balance in shares of the new co and a deferred payment linked to future profits.
- The VC exited completed and the founder kept a non-executive interest whilst the two managers increased their equity participation in the new co.

Whilst this is a real life case study we have used stock images for illustrative purposes to protect the confidentiality of the sale.

Call Benchmark International today in strictest confidence on (1) 813 898 2350 visit us online benchmarkcorporate.com or email US@benchmarkcorporate.com



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