



HEH106 – IT Support and Hosted Services Company

Business Summary

- Highly successful provider of fully managed IT support and hosted / cloud services.
- Based in central London with clients predominantly in central London.
- Significant and ongoing increases in profit margin due to shift to hosted services.
- Projected turnover for the year to Sept 2014 is £2.125m with EBITDA of £330k.
- 52 clients on IT support and managed hosted services contracts contributing 73% of the current annual revenue.
- The majority of contracts are for 12 months with an annual 3 month notice period and contract renewal dates are well spread.
- The business has exceptionally high client retention rates.
- The client base is focused on professional services including retail, finance, engineering and recruitment sectors.
- No single client accounts for more than 9% of total company turnover.
- Clients range from 5 to 500 PC users with the top 20 clients having an average of over 100 users.
- Strong and committed management team in place, led by a highly experienced technical director and finance director.
- Microsoft Silver Partner for Midmarket Solutions, Server Platforms and Hosting and partner for VMWare, Citrix and Asigra.
- The business would be of particular interest to other IT support, cloud services and/or telecoms companies that are looking for a strategic acquisition to add to their portfolio and could make significant synergy savings.

Products and Services

- IT Support Services: on-site and remote
- Managed Cloud Services : Hosted email, virtual desktop and virtual servers
- Hardware, software and Projects
- IT security solutions
- Communications
- Software development



Employees

- Managing Director (Vendor) and 29 full/part time staff including 1 technical director, 1 finance director, 26 technical staff, and 2 sales persons.

Premises

- 14 desks space in serviced office in the central London.
- Leasehold has a potential break in October 2014.

Reason for sale

- The vendor is pleased to have built the business to its current size and profitability, but as he no longer participates fully in the operation of the business day to day, he has decided to realise a return on his investment and exit the business to focus on his other interests, rather than investing his own funds again into growing the business to the next level.

Financial overview

<i>Year ending 30th Sept</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>	<i>2012-13</i>	<i>2013-14 Forecast</i>
Sales revenue	£2,374,259	£2,542,432	£2,654,792	£2,266,013	£2,125,101
Gross profit	£734,903	£819,794	£886,385	£783,853	£788,148
<i>Percentage</i>	31%	32%	33%	35%	37%
Adjusted EBITDA	£247,180	£195,305	£317,987	£254,509	£330,551
<i>Percentage</i>	10%	8%	12%	11%	16%

- Adjusted EBITDA is after having accounted for the vendors replacement cost.
- Significant synergy savings of circa £230k are possible for a trade buyer.
- Based on the 2013-14 forecast figures, this would enable a strategic buyer to achieve an EBITDA of **£560k**.

Offers invited