



HDM331 - IT Support & Telecoms Company For Sale

Business Summary

- Outstanding opportunity to acquire an established, fully managed IT and Telecoms company, specialising in broadband and cloud services based in the East Midlands.
- The range of services offered include Office 365 migrations, Hosted Telephony, Broadband and managed service wraps.
- Customers are predominantly based within the professional services sectors, including solicitors, estate agents, accountants and insurance companies.
- The business has grown to over 90 clients with turnover to July 2014 of £705K and an adjusted EBITDA of £80K. Projected revenue to July 2015 is £677k with projected EBITDA of £115k.
- IT related recurring revenues are c.£10k per month and Telecoms recurring revenues are c.£25k a month, which gives rise to a combined annual recurring revenue of c.60% of the annual total.
- The business has a healthy sales pipeline including some larger scale prospects.
- All customers are signed to robust contracts of between one and three years with automatic rollover of contracts for clients of 10 users and above.
- IT support is provided on primarily fixed price per user contracts.
- Customers range from small (1-5) to 130 users, averaging 20.
- Customers are mainly based in the East Midlands, with other telephony-only clients nationwide.
- Most customers are on Office 365 with servers being migrated to VMware/Office 2012 environments.
- The business has innovative branding including an outstanding website, and the directors have focused on continual improvements to processes and policies.
- The acquisition of the company would likely appeal to businesses wanting to make a strategic bolt-on to an existing IT/telecoms company infrastructure to grow their portfolio of clients.
- The two vendors are willing to work with the new owners to support a short-term handover for an agreed term.

Reason for sale

- The two directors are seeking to radically change direction and want to sell the business in order to fund voluntary work, other non-competing business interests, and to travel.

Products and Services

- IT Support
- Business Broadband
- Telecoms Services
- Broadband Services

Employees

- Two full-time Directors (the vendors), two part-time employees (a marketing assistant and internal sales assistant), and two technicians.

Premises

- Fully serviced rented offices on a 6 year term (since January 2012). There is no formal lease agreement and therefore notice can be served at any time.
- Rent £1000 a month.

Financial overview

<i>YE 31st July</i>	<i>2011/2012</i>	<i>2012/2013</i>	<i>2013/2014</i>	<i>2014/2015 (Projected)</i>
Sales revenue	£315,295	£459,135	£705,423	£677,141
Gross Profit	£73,744	£134,227	£238,104	£270,782
<i>Percentage</i>	23%	29.2%	33.8%	40.0%
EBITDA (adjusted)	£8,988	£12,129	£80,749	£115,346
<i>Percentage</i>	3%	3%	11%	17%

Offers Invited