



HGM111 – Provider of IT Managed Services Company for Sale

Business Summary

- Highly successful provider of fully managed IT support and hosted / cloud services.
- Based in London with an overseas office and support desk; the company has global clients across the UK, Europe, Africa, Asia and the US.
- A well-defined brand offering a comprehensive range of IT services, primarily for small and medium sized businesses.
- Over 120 servers and 700 PCs/MACs supported by the company across its client base.
- The average size of client serviced by the company is 45-50 users and 6 servers.
- A loyal client base which is well spread both geographically and across industry sector including companies in design & creative, finance, professional services, IT and construction.
- A significant proportion of the company's 40+ customers are on 3-year managed services contracts with auto-renew terms and are predominantly paying monthly in advance.
- Approximately 65% of turnover is contracted recurring revenue. The rest is hardware/software sales.
- The largest client represents 39% of the total revenue and has been a customer of the company for over 13 years; no other client represents more than 10%.
- Over 20% of the clients have been using the company's services for between 10 and 18 years.
- Turnover to July '16 was £1.33m with an adjusted EBITDA of £434k (33%). Projected turnover for the year to July '17 is £1.53m.
- A second-tier management team is accountable for running the business day to day.
- The sale of the business offers an outstanding opportunity for another IT support, hosted services, technology or telecoms company looking for a strategic acquisition to add to their portfolio.
- There would be significant opportunities for any UK-based acquirer to realise significant cost savings by migrating more IT support desk and back office work to the overseas office.



Products and Services

- Fully-integrated, comprehensive managed IT services
- Fully bespoke Hosted Cloud Services
- Consultancy Services
- Re-Sale of products and services

Employees

- 2 Directors (vendors) plus a highly capable team of full/part-time staff.
- The technical side of the business is managed by the Technical Manager and Service Delivery Manager.
- There is a full-time Finance Manager, Procurement Manager, and Marketing Manager

Premises

- The Head Office in central London is provided by one of the company's long-term clients - there are no contractual obligations, rent or rates payable.
- The overseas office is rented on a three-month rolling contract basis, at a rent of £1000/month including utilities & connectivity.

Reason for sale

- The vendors feel that they have taken the business as far as they can and have established a solid platform for growth. Their expectation is to probably exit the business following an agreed handover to pursue other non-competing interests, but both would be open to remaining with the business for the medium term if this suited the acquirer.

Financial overview

<i>Year ending 31st July</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
Sales revenue	£576,851	£843,521	£1,334,567
Gross profit	£438,977	£579,740	£983,765
<i>Percentage</i>	76%	69%	74%
Adjusted EBITDA	£191,044	£270,552	£434,067
<i>Percentage</i>	33%	32%	33%

Adjusted EBITDA is stated having accounted for market remuneration of the vendors' roles in the business.

Offers invited