



HGS025 - IT Support & Services Company for IBM Technologies For Sale

Business Summary

- Highly successful provider of IT Support and Services company for IBM technologies.
- Based across the UK with its largest clients located in London, Birmingham and Glasgow.
- Turnover for the year to December 2016 was over £1.16m with a gross profit of 35%.
- The forecast for 2017 is for a turnover of £943k with gross profit of £504k or 54%.
- Out of a revenue of £1.16m in 2016, £372k (32%) is for IT support services.
- Out of a forecast turnover of £943k in 2017, £403k (43%) is expected to for IT support services.
- The company is quickly approaching the point where approximately 50% of its turnover will be from high margin IT support services.
- Two clients have multi-year year support contracts that together are worth £168k or more than 40% of IT support revenue.
- All clients buy blocks of days for IT support services as required on a project basis.
- The business has a desirable client base of blue-chip companies and high client retention rates.
- The client base is mainly made up of businesses in the retail, business services and transport sectors.
- 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.
- Being an IBM Premier Business Partner in the social space; the acquisition of the company is likely to be of particular interest to other IBM partners globally or a Microsoft partner looking to diversify.
- There is a strong team of qualified technical staff in place.
- The company has excellent cloud based financial management systems in place.

Products and Services

- **IT Support Services:**
24/7 Support and Systems Management
Desk side or on-site support
IT co-sourcing and outsourcing
Software procurement
Migrations
- **Managed Services:**
Hosted email
Hosted virtual servers
Managed data back-up
Virtual Disaster Recovery
- **Software development**
Integration, development and support of IBM Collaboration solutions

Employees

- 2 Directors, with 3 full-time and 1 part-time members of technical staff.

Premises

- Rented office - lease on 1 months' notice.

Reason for sale

- The vendors are pleased to have built the business to its current size and profitability. However, each Director also has 2 other business interests and have taken the decision to exit this business to focus on those other interests now this business has a very solid foundation and platform from which to grow.

Financial overview

					<i>Forecast</i>
<i>Year ending 31st Dec</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>
Sales Revenue	£269,283	£873,751	£1,406,717	£1,163,782	£942,852
Gross profit	£169,967	£284,861	£378,396	£404,250	£504,447
Percentage	63%	33%	27%	35%	54%
Adjusted EBITDA	£81,202	£142,222	£177,131	£113,410	£200,340
Percentage	30%	16%	13%	10%	21%
Further Adjusted EBITDA	£81,202	£142,222	£177,131	£183,410	£270,340
Percentage	30%	16%	13%	17%	29%

- Adjusted EBITDA is stated after having accounted for the vendors' replacement cost.

Offers invited