

WestBridge

backs £6m MBO of

Anglia Business Solutions

David McClelland - Carlton Strategy Advisors Limited



Carlton Strategy Advisors were involved in the Commercial Due Diligence process in the run-up to the £6 million MBO. Here, Director, David McClelland, discusses the CDD process that vetted Anglia Business Solutions' commercial viability and proposed commercial direction.

Carlton Strategy Advisors is a London based commercial due diligence and business strategy firm, headed by David McClelland, Director. CSA's work helps the equity investor to assess transactions risk and thus deal attractiveness in connection with a potential investment in a candidate portfolio company or business. Our due diligence provides our client with our clear and stated opinion about the commercial performance of the target company, the business outlook and prospects generally.

CSA's commercial due diligence (CDD) examined the Anglia business plan, prepared by company management in support of the buyout. Anglia is a market channel partner for Microsoft Dynamics ERP software and has developed a leading presence in the fresh food industry vertical. A key feature of the due diligence covered by CSA was to examine the business's further growth prospects by way of new product introduction and geographical extension, which it did through its analysis of market demand and customer referencing.

The scope of the CDD enabled CSA to form an opinion about the strategic rationale and logic of Anglia's proposed commercial direction, which was communicated in CSA's final written reporting to its client, WestBridge Fund Managers Limited. Armed with early knowledge of the company's strengths, weaknesses and opportunities, from CSA's point of view, WestBridge built this reporting analysis into its investment case and own assessment of deal risk and attractiveness.

The ERP supply chain is complex and one needs to first understand the nature of the relationships held between a software principal, the VAR/ISV and the consumer. Then the art is to track sources of revenues across multiple product categories and, as in this instance, across two different geographical territories given Anglia's plans for both the UK and North America. CSA did this by working closely with the Anglia senior management to understand planned sales programmes, product USPs and their commercial sensitivities – at the same time as communicating with the financial due diligence team, given the obvious interface between CDD and FDD.

The deal was the second occasion when CSA has supported WestBridge. The first was in connection with WestBridge's earlier MBO of Aero Stanrew Limited.

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Deal Overview

Anglia Business Solutions, a UK software company based in Cambridge, was recently acquired in a £6 million management buyout by a management team of six that achieved the exit of a family shareholder. As part of the deal, WestBridge Capital took a lead role and provided £2.6 million in return for a 43% stake in company. Additional funding was provided by The Co-operative Bank, vendor loan notes, management and an American investor group affiliated to the Giumarra Companies.

Established in 1981, Anglia Business Solutions has grown into a £6 million turnover business by providing software and IT consultancy to companies requiring supply chain expertise. A cornerstone in the company's success has been the development of LINKFresh; an award-winning, bespoke software application that enables food industry professionals to monitor order processing, purchasing, production, distribution, logistics and finance all from one source and in real time, reducing waste and increasing profitability.

Following the successful MBO, Anglia Business Solutions now aims to complete the migration of its LINKFresh software onto the Microsoft Dynamics AX Platform and fund the development of its international operations.

