

Australian M&A digest: ZOOM ON RECENT DEALS



August - September 2020

The M&A activity in the IT sectors and software remains strong during covid-19.

A dozen of deals in addition to SCD Advisory's deal: IG Partners sold to Cyient.

1. **First Focus acquires Mitel partner Flexnet** - Sydney-headquartered managed services provider First Focus has acquired Mitel platinum partner Flexnet for an undisclosed sum. Melbourne-based Flexnet calls itself the premier Mitel partner in Victoria, specialising in PBX phone systems and unified communication solutions. First Focus said buying Flexnet adds advanced unified communications expertise in Mitel and Shoretel systems. The deal also represents the MSPs first acquisition since 2014, when it acquired a Perth-based MSP.
2. **Australian deal software businesses Ansarada and thedocyard** are set to merge in a deal initially valuing the combined entity at more than \$100 million. It is understood Ansarada and thedocyard's boards have signed a deal that would see the company combine, list on the sharemarket via thedocyard's existing listing and raise new equity from investors. The combination would put Ansarada's virtual data room business, which operates globally, with thedocyard's deal management software.
3. **Xero acquires Waddle to help improve small business cash flow.** Xero announced the acquisition of Waddle, a cloud-based invoice lending platform. Waddle helps connect small businesses to invoice finance, a form of secured lending that relies on a business's unpaid invoices. Founded in Australia in 2014, Waddle's lending platform service allows banks, fintechs and other lending partners to easily and quickly deliver invoice finance to small businesses that have elected to share



their accounting data to enable a loan. Waddle will remain a standalone company. However jointly, Xero & Waddle will explore ways to expand their small business customers' access to forms of lending beyond invoice finance.

4. **BDO bolsters Sydney team with addition of 13-strong DBW Group.** In its first domestic acquisition in over a year, BDO has acquired DBW Group, adding a 13-strong team to its operations in Sydney. BDO's strategy has long been focused on growth, and in recent years the accounting and consulting firm has grown its domestic footprint to over 200 partners and 1,500 staff, cementing its position as Australia's sixth largest accounting-origin professional services firm. The Covid-19-induced downturn has understandably shifted the focus of the firm's strategy towards adapting to the new environment and stabilising operations, while helping clients navigate the unprecedented challenges they are facing. The addition of DBW Group aligns with the latter pillar, and will help the firm meet growing demands from mid-market clients in the area of financial planning and financial advisory, confirmed Andres Reith.
5. **Over the Wire to acquire Australian & New Zealand Voice Businesses of J2 Global Inc.** Over the Wire Holdings Limited announced that it has entered into a binding agreement to acquire the Australian and New Zealand voice businesses of J2 Global Inc., through the acquisition of all the shares in J2 Australia Cloud Connect Pty Ltd and Zintel Communications Limited. Completion is expected to take place on 31 August 2020. Headquartered in Sydney, J2Global Inc is a leading platform provider of 13, 1300 and 1800 inbound telecommunication services, with over 9,000 business customers ranging from small, independent businesses through to large, corporate enterprises. J2Global has over 80 employees across Auckland, Sydney and Brisbane, and includes leading inbound telephony brands Fonebox and Zintel.
6. **The Citadel Group has inked an acquisition agreement with Pacific Equity Partners (PEP)-owned Pacific Group Bidco** worth \$503 million after receiving an unsolicited approach. Pacific Equity Partners is a Sydney-founded private equity investment firm that focuses on leveraged buyout and growth capital transactions, primarily in Australia and New Zealand. Under the terms of the unsolicited approach, PEP would acquire 100 per cent of the equity interests of Citadel for \$5.70 per share in cash, reduced to the extent of any special dividend — represents a premium of 43.2 per cent to the last closing price, the publicly-listed IT services company told shareholders.
7. **Australian supply chain consultancies TM Insight and XAct** have joined forces to form a 110-strong pan-Asia Pacific player with offices in five countries. Founded in 2010, TM Insight is a supply chain consultancy with offices in Melbourne, Sydney, Brisbane and Singapore. The older XAct Solutions meanwhile was established in 2005, and has built a presence across Sydney, Melbourne, Singapore, Ho Chi Minh City, Hanoi and Tokyo. Both consulting firms specialise in helping clients with supply chain transformations, and take an end-to-end approach to delivery, supporting clients with strategic advice, project implementation, and operational management services. By teaming up, the two firms expect to realise a number of synergies.
8. **WISEO and Cludo are joining forces** - WISEO, a global technology company specializing in digital transformation services, and Cludo, a leading Australian Salesforce digital services and consulting partner, have today announced that they are joining forces. The acquisition enhances the ability of both companies to deploy larger-scale digital projects across Australia and the APAC region, with the addition of Cludo's Salesforce digital transformation expertise complementing WISEO's comprehensive range of digital services offerings and expertise for which it is known and respected. Cludo focuses exclusively on the Salesforce platform, with offices in Brisbane, Sydney and Melbourne, and is renowned for delivering transformative solutions to clients in the financial services, consumer goods, education and the not-for-profit sectors.



9. **Mercerbell and Performics merge** - Publicis Groupe's customer experience agency Mercerbell will merge with performance marketing agency Performics to form a new agency, Performics Mercerbell. CEO of Performics, Jason Tonelli, will lead the new agency as chief executive, while Mercerbell CEO, Julie Dormand will depart after 20 years with the agency. Tonelli's position with Publicis Groupe was expanded in March, adding the additional role of chief product officer to his remit. The merger follows the departure of Mercerbell's founders, David Bell and Nick Mercer, within two months of each other in December 2019 and January this year.
10. **Publicly-listed cloud software distributor Rhiper has acquired New Zealand IT services provider Parallo in a deal worth at least NZ\$4.25 million.** Originally starting life as a managed services business unit of VMware professional services business ViFX, the Auckland-based Parallo bought out the original ViFX shareholders and entered the market under its own name in 2017 with a deliberate focus on managed services, backed up by solid professional services capabilities. The company maintains a deep relationship with Microsoft in New Zealand, building off four years of Microsoft Azure expertise in the market, while also leveraging expertise across VMware and Commvault solutions and services. Parallo's 25 employees will also join Rhiper as part of the deal.
11. **HCL Technologies has acquired Australian-headquartered IT service provider DWS** for A\$162 million in cash as the Indian tech giant looks to stake a bigger claim on Australia and New Zealand. Following the acquisition, DWS will become a wholly-owned subsidiary of HCL, although no details were provided regarding the role of CEO Danny Wallis and the provider's 745 consultants, Wallis, who owns 42 per cent of the publicly listed company's shares, encouraged remaining shareholders to vote in favour of the deal.
12. **Deloitte acquires Aussie Oracle partner, Ekulus** - Melbourne-based Ekulus has been acquired by Deloitte as the global systems integrator (GSI) looks to ramp up its Oracle offering across Asia Pacific. Effective as of 1 October, Ekulus' entire team will join Deloitte as its founder and managing director, Marcelo Scalia, becomes a partner and delivery director, Moorthy Rengarajulu, a principal. Founded 10 years ago, Ekulus first specialised in deploying Oracle and Oracle-owned Siebel CRM to on-premises customers, before pivoting entirely to cloud. The business bolstered its capabilities last year when it became a launch partner for British cloud contact centre firm BeCloud, bringing the vendor's telephony and CRM solutions via Ekulus' Oracle Service Cloud.

You would like to assess the sale readiness of your consultancy or you are thinking of an M&A deal in the near future, contact pierre.briand@scdadvisory.com