

CASE STUDY

VALUEWORKS

Making eCommerce happen

The Client

Founded in 2000, Valueworks provides an award winning, cloud-based e-Marketplace platform for landlords, contractors and merchants in the UK social housing and wider construction market. Combining sophisticated technology with innovative and flexible client service solutions, Valueworks enables buyers and sellers to manage their supply chain activities in a highly efficient manner and reduce costs and while operating within the constraints of procurement legislation. Valueworks is amongst the UK's fastest growing technology companies, regularly appearing in the Deloitte's Technology Fast 50 and The Sunday Times Tech Track 100.

Valueworks' management team recognised that there was still enormous potential for further business growth but that it lacked the capacity to capitalise on the opportunities. The team decided to bring in a partner in order to inject the expertise and capabilities required to take the business to the next stage of development.

Finding the right partner was critical in order to enable the founders to de-risk their investment while driving further expansion. In addition, Jeff Dandridge, one of the founders and CEO of Valueworks at the time, was keen to bring in a new CEO to lead the future growth of the company so that Jeff could step into a role that would allow him to drive the strategy of the business going forward.

Background

Following a rigorous selection process involving a number of leading advisory firms, Valueworks selected FirstCapital as its exclusive advisor. "In our meetings with potential advisors, we soon realised that we needed to work with an e-commerce specialist due to the complexity of our business model and sector," comments Jeff Dandridge. "FirstCapital impressed us with their understanding of our business and the potential investors, and clearly demonstrated how they would approach the process in order to maximise value."

Over the following months, FirstCapital worked closely with Valueworks to clarify in detail the position of the company and its business model. This involved more clearly quantifying the potential market and Valueworks' market position in order to construct a compelling financial model and business proposition.

FirstCapital's team added enormous value in helping us to build and refine our business plan and model in order to best position the company and optimise value with potential partners," says Jeff. In addition, FirstCapital helped Valueworks' management team to define the additional skills and expertise that needed to be brought into the company.

Jeff Dandridge - CEO

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The Opportunity

This was necessary not only to aid the process of finding a new CEO, but also to secure a partner that best matched the company's needs. After approaching a carefully targeted list of potential partners, FirstCapital secured multiple term sheets for Valueworks from a number of high quality bidders. This was narrowed down to a shortlist, and subsequently negotiations were entered into with a single preferred bidder, Hg Capital, that had considerable experience in e-commerce businesses and could support Valueworks' future growth.

"FirstCapital were impressive in their expertise and very structured and methodical in their approach. Throughout negotiations and due diligence, they handled vast amounts of detail and invested a great deal of time and effort in helping us meet our objectives," says Jeff. The desire on the part of Valueworks to recruit a new CEO now became critical to the negotiations and needed to be addressed. Through its knowledge and contacts in the e-commerce sector, FirstCapital was able to introduce Elizabeth Sipiery, an experienced CEO who could replace Jeff and enhance the management team.

Finding a suitable new CEO was essential in order to complete the deal," comments Jeff. "Having helped us define the kind of expertise the company needed, FirstCapital introduced Elizabeth to us as someone who could take the business forward and in whom our preferred investor felt very confident. As well as enabling our ultimate transaction with HgCapital, this also achieved my objective of being able to stand down as CEO.

Jeff Dandridge - CEO

The Result

HgCapital acquired a majority stake in Valueworks through its Mercury Fund, a new fund raised specifically to target mid-market buyouts in selected TMT sub-sectors. Valueworks' founding shareholders also reinvested a considerable portion of their stake in the business.

Working with HgCapital provides Valueworks with additional resources and specialist expertise that will enable the company and its new CEO to scale the business and pursue significant opportunities for growth.

“HgCapital is the ideal partner to help take Valueworks to its next stage of development. FirstCapital played a pivotal role in enabling the transaction and were a great team to work with. I hold them in the highest regard and would not hesitate to recommend them or to work with them again”

Jeff Dandridge - CEO