

Isosceles and MDSL on the Acquisition Trail

Continued growth is the key to success for any company, but this is especially so for technology companies carving their way in this highly innovative and competitive sector.

Growth through acquisition, too often considered the exclusive domain of the largest of corporations, is also just as appropriate for the mid-sized company like MDSL.

MDSL is the world leader in OnDemand Telecom expense and Market Data cost management with over 150 customers worldwide.

MDSL's customers are blue chip, global organisations implementing the most innovative cost saving measures.

The Challenge

In order to grow and remain competitive MDSL needed to develop a more structured services portfolio to wrap around their existing market leading application products.

They had two options, start from scratch, an expensive, slow and high risk scenario or acquire an established and well respected services organisation to use as a foundation for their services portfolio.

Not surprisingly they chose the acquisition route and approached Union Square Associates Inc. (USAI) - a highly respected, US based, professional services company who help their clients financially optimise their use of telecommunications services. MDSL and USAI have had a successful, reciprocal trading relationship for many years.

The Solution

The decision to acquire USAI made sound business sense. However this was MDSL's first International acquisition. It is difficult enough for a software company to acquire and integrate a professional services company, but the International dimension added another layer of complexity.

"We really needed to make sure we knew what we were buying. We did consider using one of the 'big four' to help us but their charges were prohibitive and they were unfamiliar with MDSL", commented Ben Mendoza, CEO at MDSL. "Isosceles on the other hand knew us well, were far more cost effective, and also had the individuals with the commercial and financial acumen we needed."



In the first instance Isosceles were invited to assist the management by providing:

- Commercial and financial due diligence
- Valuing the company
- Risk analysis and risk mitigation

- A detailed report for distribution to shareholders
- Suggesting the shape of a deal

Isosceles were then invited to broker the deal between MDSL and USAI, and in particular:

- Structuring the deal based on results of the Due Diligence
- Development and execution of the negotiation strategy
- Sales and Purchase Agreement negotiation
- Co-ordination and liaison with the legal and tax advisors

“Neither MDSL nor USAI had been through this process before. They needed a partner that knew their sector intimately, understood the acquisition process and could combine technical expertise with commercial pragmatism. Isosceles could provide this rare blend of skills” commented Mike O’Connell, Managing Director at Isosceles.

The Results

Having performed due diligence, Isosceles then successfully brokered a transaction acceptable to all parties. Isosceles also helped to produce a mitigation plan based on the risks identified through due diligence so that these could be addressed during integration.

“I am delighted with the results achieved by Isosceles’ painstaking attention to detail. They were calm and professional. It’s very easy to be put off a transaction of this kind, Isosceles were able to make us aware of the risks and how to mitigate, such that DD did not cloud the underlying commerciality of the deal. They paid for themselves many times over” concluded Ben Mendoza.

Isosceles have been retained by MDSL to review the financial and commercial results of this acquisition on behalf of the Board.

If you would like to find out more about Isosceles please contact us:

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