

Beyond the Deal: The Race to Create the First Truly Global AV and Digital Workplace Player

In the current mergers and acquisitions (M&A) landscape, the AV and digital workplace space has emerged as a global hot spot of activity within technology services. Financial investors and strategic acquirers are fueling a rise in transaction volumes, driven by the continued demand from enterprise clients for AV and digital workplace solutions that are consistent across geographies, both domestically as well as internationally.

Over the last 12 months, Lincoln International has advised shareholders of European and Asia-Pacific players, Kinly and Vega Global, on separate transactions. In both cases, the acquisitions reflected a broader industry trend towards expanding geographic coverage and serving global enterprise customers through owned operations and local capabilities rather than partner-led delivery models.

With each transaction, Lincoln utilized its international platform to engage strategic buyers and financial investors globally, attracting interest from parties across North America, Europe, and Asia-Pacific.

The race to create the first truly global AV and digital workplace provider is on, and the article below discusses the key takeaways for sector competitors.

Baird Capital's Sale of Vega Global to Forté: Transaction Takeaways

1 Authentic, deep sector knowledge is a necessity to identify the optimal buyer

In highly strategic transactions involving scarce assets, identifying the optimal buyer requires well-informed detailed target positioning, a deep understanding of key market trends, and comprehensive insight into the competitive landscape as well as each potential buyer's specific strategy.

Detailed knowledge is key, as a high-conviction buyer may effect significant changes to its business to facilitate an acquisition that supports key strategic goals, despite not being considered the most logical acquirer or, further, having perceived conflicts in its operating model sidelining it from making the acquisition.

Effective positioning of Vega, including a clear articulation of its scarcity value, combined with a bottom-up understanding of the Asia-Pacific market, the global forces influencing it and the strategies of key market participants, led to Forté being identified and engaged as the optimal buyer.

In conjunction with its acquisition of Vega, Forté is exiting the GPA network, one of the world's largest AV alliances, in which it had been a cornerstone partner and the largest shareholder. In addition, Forté arranged appropriate financing, acknowledging its 100% employee-owned equity structure, necessary for an acquisition of this magnitude.

2 Perceived target complexities must be clearly explained

Complex groups, geographically or other, must clearly articulate the rationale for the perceived complexity. This requires succinct explanations as potential buyers work through the dynamics of operating such complexities, as well as formulating a comprehensive post-transaction integration plan that is essential for full value creation.

Vega is an organization with about 750 employees and present in 17 countries and jurisdictions. 13 business languages are spoken across 9 time zones. However, this geographic breadth, potentially perceived as a complexity, is a key differentiator and reason for historic and ongoing future success. This was clearly articulated to each buyer, with an understanding of individual strategic priorities.

3 **Cultural cohesion is essential when operating an international business**

Cross-border M&A transactions accentuate the importance of strong chemistry and cultural cohesion between buyer and target key management. When an acquisition represents a step into a new country or continent, as was the case with the acquisition of Vega, culture is the emotional and behavioral glue between firms and can be the single-highest determinant of long-term success. Culture is driven by management, who therefore are intrinsically important, particularly as the challenge of sourcing and retaining top IT and AV talent persists.

Vega's executive team is a critical part of sustaining its strong culture. The existing team and established company culture were key drivers of the acquisition for Forté.

Avedon Capital Partners' Sale of Kinly to Yorktel: Transaction Takeaways

1 **Business mix is a key driver for strategic value – the more services, the better**

Buyers continue to be attracted to assets focused on the provision of services, both professional and managed, in addition to product resale. Typically, the more services (i.e., the richer the mix), the more attractive the asset.

With approximately 50% of revenue from services, both professional and managed, Kinly has a market-leading revenue mix (i.e., proportion of services), which can be expected given its focus on a consult-led end-to-end offering to blue-chip customers. This characteristic was a key value driver for Kinly's shareholders in the sale to Yorktel.

2 **Europe remains a strategic priority on the global stage**

Europe remains a priority geography of interest for groups pursuing an international expansion strategy, with U.S. firms expanding east and Asia-Pacific firms looking to expand west.

This was evidenced in the Kinly transaction, where there was strong conviction from numerous U.S.- and Asia-Pacific-based buyers. 100% of all buyers who attended a management presentation put forward an offer to buy the business. This was in part because Kinly was the standout asset in the region, as was Vega in Asia-Pacific, but also because Europe is perceived by a greater international pool of buyers to be a priority region for geographical expansion and to better serve their international customers.

3 **Bookings, backlog and pipeline KPIs are critical for lower recurring revenue businesses**

For targets with lower recurring revenue, it can be difficult to substantiate current business momentum to support buyer confidence in the deliverability of nearer term forecasts. In lieu of the majority of revenues being supported by long-term contracts, characteristic of businesses in other subsectors, a well-populated database of bookings, backlog and pipeline data is key. This, together with comprehensive customer data and other operational KPIs (e.g., headcount trends), evidences the longevity of a business model and adds weight to suggested future sustainability of earnings.

Kinly boasted excellent customer metrics and a resilient revenue base, substantiated by strong data points on customer spend growth, tenure rates and CSAT scores. These KPIs were critical for supporting revenue and growth forecasts presented in the sale process.

Overall Market Takeaways

The rise of AV and digital workplace transaction volumes is driven by the continued demand from enterprise clients for exceptional AV and digital workplace solutions that can offer consistency across global geographies.

A key rationale for Yorktel's purchase was European expansion, and for Forté, it was a strategic priority to formalize the business' footprint in Asia with asset ownership rather than through a network. Both Kinly and Vega have specialisms in serving North American financial services and technology customers, many of which are expanding east. Yorktel and Forté serve similar customer profiles, so meaningful revenue synergies and cross-selling opportunities are present.

"The successful Kinly and Vega transactions underscore the highly strategic importance of business-critical AV and digital workspace solutions to global enterprises. Both firms have scaled into continent leaders, making them highly sought-after by a global buyer pool given the continued demand for consistent AV and digital workplace solutions globally."

Thomas Gittens, Director

"The AV and digital workplace space continues to offer strong value creation opportunities for PE and large strategic buyers. It's a global market, but buyer strategies and approaches to transactions are nuanced and Lincoln offers unrivalled deep market, seller and buyer insights."

Chris Brooks, Managing Director

Looking Ahead

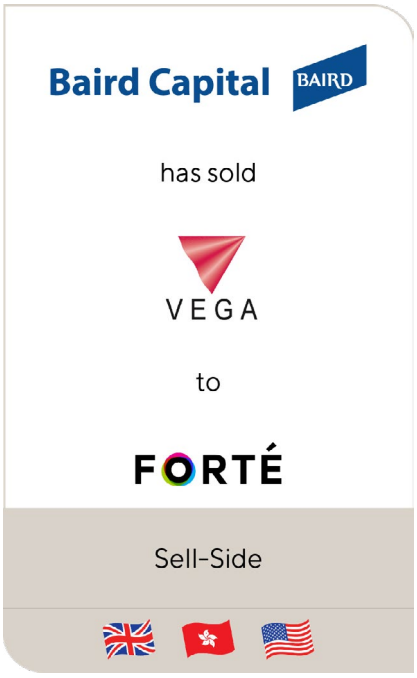
With strong commercial rationale for geographic expansion, numerous well-capitalized and acquisitive international market participants and a backdrop of a highly fragmented market, the AV and digital workplace space is well-placed for continued M&A activity. Significant competition is emerging from a leading pack of increasingly well-scaled operators for the most attractive assets, but to deliver the optimum exit, well-informed preparation and thoughtful positioning are key.

The ideal advisor helps shareholders cut through complexity and clearly articulate a target asset's differentiators with a clear right-to-win and competitive moat. Alignment of this with prevailing market trends is vital to build the case for a "must-have" asset, for which significant appetite for acquisition is present.

As ever, comprehensive data substantiation for argument evidence is essential. Sellers should ensure a thorough suite of financial, customer and operational KPIs are present to support.

Reach out to the team below to discuss further, and we would be delighted to connect.

Featured AV and Digital Workplace Transactions



Baird Capital has sold Vega Global to FORTÉ

Lincoln International acted as the exclusive financial advisor to the shareholders of Vega Global, working closely with management to optimally position the business and provide comprehensive market and buyer insight, drawing on Lincoln's market-leading AV and digital workplace sector expertise. Together, the combined business will offer enterprise-grade integrated AV and digital workplace solutions through a platform operating in 22 countries and serving customers in more than 70 markets.

AVEDON CAPITAL PARTNERS

has agreed to sell

Kinly

to

yorktel

a portfolio company of

OneEquity

Sell-Side



Avedon Capital Partners has agreed to sell Kinly to Yorktel, a portfolio company of One Equity Partners

Lincoln International acted as the exclusive financial advisor to the shareholders of Kinly, providing strategic advice, comprehensive market and buyer insight and hands-on execution support throughout the transaction, drawing on the firm's deep sector expertise in the AV and broader global IT services sectors. The transaction builds on Lincoln's strong momentum in the sector, underpinned by ongoing market consolidation as demand for integrated cross-border digital workplace solutions continues to globally accelerate.

Ready to discuss the opportunities ahead for you?
Connect with a senior professional at connect@lincolninternational.com