

A CASE STUDY IN SUCCESSFUL, TARGETED ACQUISITIONS BRADY plc

BACKGROUND

Our client, Brady plc (BRY.L) is a leading global provider of trading and risk management software to the worldwide commodity markets. Brady offer a choice of trading and risk management solutions designed to help producers, consumers, financial organisations and trading companies manage all of their commodity transactions in an integrated solution - including pre-deal analysis, trade capture, risk management, foreign exchange, credit risk, logistics, cash management, physical operations, back office financials and treasury settlement.

Brady has more than 20 years of expertise in the commodity markets and over 100 customers worldwide depend on its software solutions to manage risk and deliver vital business transactions across their global operations. Their expert market knowledge, professionalism and proven problem-solving abilities enable them to understand the challenges their clients face and develop tailored solutions that consistently meet and exceed their client's needs.

In particular, Brady work with many of the world's largest miners, refiners and producers, banks, trading companies and a high proportion of London Metal Exchange (LME) membership categories, including over 50% of LME Category 1 members.

With worldwide headquarters in the United Kingdom, Brady has global reach including offices in Europe, North America and Asia.

THE SITUATION

As a market leader in the global metals market, Brady's strategy is to expand its focus on the worldwide commodities markets in which it wishes to present clients with full cross-commodity coverage (metals, soft commodities and energy) to cover the complete lifecycle of financial and physical commodities trading from capture, through processing, inventory, invoicing and ultimately reporting P&L on the trades.

Thus, to complement their demonstrated and anticipated organic growth, Brady embarked upon a process to look for further opportunities to enhance its product and customer base through selective acquisitions.



THE SOLUTION

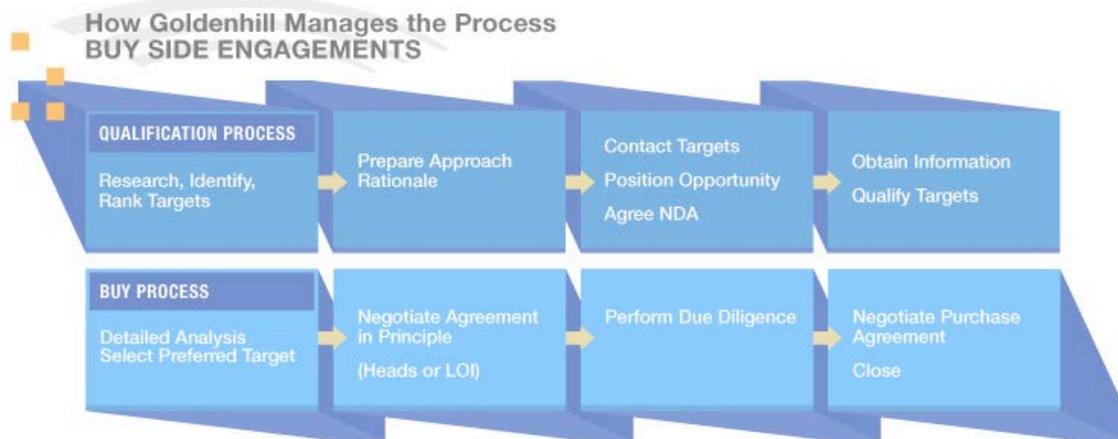
Once Brady decided to pursue selective acquisitions to enhance their product and customer base, they engaged Goldenhill Technology Advisors (“Goldenhill”) as their Mergers and Acquisitions (“M&A”) advisor to assist them in this process.

Goldenhill is a full service Technology-focused M&A advisory firm with offices in the United States (California), the United Kingdom (London) and Latin America (Buenos Aires). Goldenhill are highly experienced in identifying and executing complex M&A transactions especially cross-border transactions. Goldenhill’s expertise and focus is in the Information Technology (“IT”) markets with a number of areas of deep sector knowledge including financial technology (“FinTech”) the broad sector in which Brady operates. The Goldenhill team currently is comprised of five partners who each have deep IT industry knowledge and who have collectively advised on over 100+ transactions with values up to \$150m (or £100m).

Due to Goldenhill’s presence in Europe, North America and Latin America, experience in IT M&A transactions and understanding of the FinTech market, Brady concluded that Goldenhill would be the right advisor for this complex, multi-transaction, acquisition project.

THE PROCESS

Goldenhill’s project team included both the UK office and the US office working closely together to identify and create a pipeline of acquisition targets in concert with Brady’s business and acquisition strategy. Goldenhill interacted with Brady’s headquarters and senior management team in Cambridge and London on a daily basis to review, analyse and manage active discussions with the identified acquisition targets in Europe, the Americas and Asia. This thorough and methodical process ensured that Brady had multiple options to evaluate and consider as they determined which acquisition opportunities were most attractive. It also enabled Brady to closely manage the timing and allocation of resources which resulted in a series of acquisitions in accordance with their strategic growth plan.



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THE RESULT

The result of this collaborative process between Brady and Goldenhill is the successful acquisition of three European Commodities technology and solutions businesses in three separate transactions to date.

The most recent acquisition completed in December 2010 is of Viz Risk Management Services (“Viz”) based in Norway. Viz is the developer of Elviz ETRM which offers the most advanced solution for real-time trading, pricing, analysis and risk management in energy markets today. Elviz is based on modern financial theory as Viz has developed techniques that allow consistent monitoring and measurement of risk in energy trading operations. Elviz ETRM sets the market standard for European Energy Trading and Risk Management software.

In March 2010 Brady acquired Viveo Switzerland. Viveo Switzerland is a leading solutions provider, principally for soft commodities, oil, gas and metals. Its technology, client base and deep domain knowledge is seen as a strong addition to Brady’s portfolio of trading and risk technology. Subsequent to the completion of this transaction, Viveo was trading ahead of initial expectations and has secured three substantial new licence deals. Furthermore, the acquisition has enabled cross-selling opportunities which underline the strategic benefit for Brady overall.

In January 2009 Brady acquired Commodities Software (UK) Limited (“Comsoft”) based in the UK. Comsoft is a leading supplier of raw material solutions. The acquisition helped position Brady as uniquely able to provide the most sophisticated trading and risk management solutions for refined and unrefined metals traders and producers. Brady and Comsoft already shared prestigious metal trading clients. The acquisition and integration of Comsoft was very successful and demonstrates Brady’s ability to combine technology and solutions for the benefit of its clients.

Key highlights of each of the transactions are as follows:

	<p>Viz Risk Management Services (Norway) was successfully acquired in late 2010 from its Venture Capital backed and other private investors after a competitive process. The aggregate consideration was Kr 92.5 million (approximately £9.6 million) in cash.</p>
	<p>Viveo (Switzerland) was successfully acquired in early 2010 from the Viveo Group that is a unit of Temenos, the Swiss based Banking software company.</p>
	<p>Comsoft (UK) was successfully acquired in early 2009 from its founders who also were the Managing Directors of the business.</p>

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CONCLUSION

Brady in partnership with Goldenhill were able to generate a pipeline of targets that allowed them to successfully acquire three extremely complementary European-based FinTech businesses in less than two years. This has been the result of an efficient and effective M&A process that has identified and analysed multiple possible acquisition candidates across the world. Goldenhill's knowledge of the FinTech and IT markets and of qualified candidates in specific sectors of these markets, expertise in managing complex and often cross-border transactions for multi-national enterprises, and diligence and persistence in completion of their engagements were key elements of a successful outcome of this project.

Brady's CFO said,

“Goldenhill has proved a strong partner enabling us to deliver an ambitious M&A strategy whilst also managing our existing base business. Goldenhill have provided support at every stage of the acquisition process, enabling us to identify and execute and acquisitions efficiently.”

Brady's CEO said,

“Goldenhill continues to work very closely with us to identify, evaluate and select fitting acquisition opportunities, such as this just completed transaction for Viz Risk Management. Their knowledge of the FinTech sector, presence on both sides of the Atlantic and experience in the M&A process has been of real value to us in this process. Goldenhill's commitment and perseverance in working with us has never wavered and we look forward to continuing our working relationship with them.”

To learn more visit www.gtallp.com

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