

Resolving Shareholder Issues Through M&A



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OVERVIEW: SOLUTIONS FOR UNIQUE SHAREHOLDING STRUCTURES

For many business owners, the decision to sell may be complicated by the unique shareholding structure that comprises the business. At times, shareholders may have contrasting long or short term goals for the business, making it difficult to distinguish a logical exit plan. Owners may wish for growth while investors may wish to recover their investments. At those times, shareholders may have conflicting personal and professional goals, such as preparing for retirement while positioning their legacy for success, which further muddle possible solutions. Regardless of whichever situation a business owner may find themselves in, Volaris Group has the resources to structure a strategic transaction that will benefit all parties involved.



"Volaris' deep knowledge and expertise in vertical market software has provided value to both our organization and our customers."

**- Chris Wildsmith,
Group Leader**

STRATEGIC TRANSACTIONS

With hundreds of successful acquisitions across over twenty core vertical markets, Volaris Group has the experience to structure sophisticated transactions and run a transparent M&A process. We work collaboratively with multiple parties to structure solutions in a way that will satisfy the needs and professional goals of everyone involved. This grants business owners the opportunity to continue scaling their business, while allowing investors the ability to begin arranging their exits.

POST-ACQUISITION

As part of Constellation Software, Volaris Group does not require outside funding and is able to provide businesses a safe and permanent home.

Post-acquisition, business leaders have access to corporate sharing of best practice knowledge with dozens of business leaders across various vertical markets. Since we never sell our acquisitions, previous shareholders in the business can be assured their legacy will remain intact long after removing their personal investment.

ACQUIRE

KINETIC SOLUTIONS: CONFLICTING LONG-TERM BUSINESS GOALS

Based in Cranfield, UK, Kinetic Solutions Ltd. is a leading provider of comprehensive solutions for higher education institutions, conference centers, and hospitality management. Kinetic's two shareholders, Steve Ashley and Chris Wildsmith, saw tremendous success after a few short years at the helm. Although Kinetic Solutions continued to thrive, the two shareholders had varying ideas for the future of the company. Ashley was eager to retire as he was tired of the risk and investment involved in scaling the business internationally., whereas Wildsmith was motivated to continue developing the business and pushing for the next chapter of growth. Thus, a conflict of interest arose with no evident solutions to the problem at hand.

Volaris Group recognized Kinetic Solutions as a strategic fit for their portfolio of Vertical Market Software Businesses, and approached the two shareholders to discuss a potential acquisition. Both Wildsmith and Ashley were happy to learn about Volaris Group's buy-and-hold philosophy towards M&A, which would allow Wildsmith to achieve his goal of growing and operating Kinetic Solutions autonomously. Ashley would obtain the benefits of the sale, removing the risk and personal investment required. The shareholders were excited to accept the solution offered by Volaris Group as it would fulfill both of their personal and professional goals.

The acquisition of Kinetic Solutions by Volaris had no bearing on the company's operations. Wildsmith continued to operate Kinetic Solutions as their General Manager until moving into a Group Leader role with Volaris, retaining his leadership while gaining greater access to capital. Ashley removed his risk as a shareholder but continues to be a part of the business in a smaller capacity. Furthermore, Kinetic Solutions now has access to corporate-wide sharing of best practices for VMS companies which allows Wildsmith to fulfill his wish of continuing to grow the company organically.



"We are very excited about the possibilities ahead of us for both our customers and our employees, Volaris' commitment to success through organic growth initiatives and their expertise in operational mentoring aligned perfectly with our company's vision and values."

**- Chris Wildsmith,
Group Leader**



SPECTEC: JOINING A PORTFOLIO OF SPECIALIZED SOFTWARE BUSINESS

Founded in 1985, SpecTec serves as an international vendor of marine and remote asset management solutions. In 1996, SpecTec had its first brush with M&A when they merged with three other companies to form a new entity, Visma. The company joined the Oslo stock market from where it was in 2000 by KPN, who merged it with KPN Broadband and Telstra Satellite System, under the new name Xantic. Shortly thereafter, Xantic split into two, leaving SpecTec as an autonomous entity. SpecTec went on to be purchased by a consortium of investors.





Whilst SpecTec's investors proved to be good owners of the business, they lacked the domain knowledge required to run a vertical market software company. As specialized acquirers of software businesses, Volaris identified SpecTec as a high-value acquisition target and approached them. After the business had been restructured several times, their leadership expressed hopes of remaining in the business and running SpecTec independently. Volaris was able to structure a transaction where they would continue operating SpecTec autonomously, and the respective investors would be granted the liquidity they desired.

After the close of the transaction, Volaris delivered value by providing SpecTec with the best practices they had been lacking under previous ownership.

STRENGTHEN

GALLERY SYSTEMS: MULTI-LEVEL EXIT PLANNING FOR A COMPLEX SHAREHOLDING STRUCTURE

How to best facilitate an exit strategy for partners, while continuing to grow a business and maintain autonomy, can be a complicated undertaking. When Gallery Systems, the market-leading provider of Collections Management Systems (CMS), was faced with this challenge, being acquired by the right company was the answer. As Gallery Systems' Founder, Jay Hoffman, explains, "This was the solution in which I could remain fully involved in my company while getting the financial support to grow the business further."

Gallery Systems was founded in 1981 following the creation of a CMS solution led by Hoffman for the Metropolitan Museum of Art. After a few short years, Gallery Systems flourished, and Hoffman sought to expand. He merged Gallery Systems with Digital Arts and Sciences, which at the time offered a competing CMS solution.

GROW

Hoffman continued in his position as CEO, and a select few key shareholders invested in the new company. After 20 years of collaboration, the shareholders began contemplating exit planning and other long-term business strategies. In view of this, Hoffman was tasked with finding a viable solution that would allow the respective shareholders to achieve their desired exits, while simultaneously allowing him to grow Gallery Systems in his role as CEO.

Volaris Group approached Hoffman and offered him a solution that fulfilled the needs of both the business and shareholders. One of Hoffman's top priorities was for employees and clients to experience as little disruption as possible during and post-acquisition. Therefore, he was pleased to learn about Volaris Group's unique decentralized business model, which would enable him to continue operating the business autonomously.

Although Hoffman was faced with a complex shareholding structure, Volaris Group was able to construct a transaction where each shareholder achieved their desired exit and Hoffman remained CEO. After the acquisition, Gallery Systems implemented key performance metrics and utilized corporate-wide knowledge sharing with other Volaris Group companies, resulting in long-term sustainable growth.

The strategic transaction between Volaris Group and Gallery Systems enabled Hoffman to achieve his company's long- and short-term needs.

