

**Brainpower**

# Proper positioning, industry credibility and a compelling message lead to a successful transaction.

**Brainpower offered leading edge technology, but it was not an easy company to understand or value. Marlin & Associates helped the company communicate a clear value proposition and conducted a process that produced multiple bidders and superior results.**

Headquartered in the Netherlands, publicly traded in Germany, with key employees in Switzerland and many of its largest customers in Italy, Switzerland and Germany, Brainpower N.V. was not a simple company to understand from the outside.

Nor was it easy for outsiders to see the value of the company's leading edge portfolio management software, especially since the company was not well known outside of Europe.

Founded by former investment manager Rocco Pellegrinelli and technology managers Luca Spampinato and Sandro Bottarelli, Brainpower had developed a unique platform aimed at meeting the needs of European asset managers

whose portfolios often contained a variety of financial securities (stocks, bonds, funds, private placements and more) issued in different currencies. The platform included a suite of sophisticated, proprietary risk-management tools, portfolio-centric analytics, world-class data and a highly efficient delivery and display environment.

In 2000, Brainpower raised capital by going public in a strong market. During the financial services industry recession that followed, the cash enabled them to continue adding new functionality and applications. When the industry rebounded, Brainpower's technology had evolved into a powerful engine used by more than 100 of Europe's leading investment management firms.

Brainpower had developed world-class products. However, the company was not yet profitable and the founders knew that their product leadership would be challenged by multi-nationals targeting the company's core market.

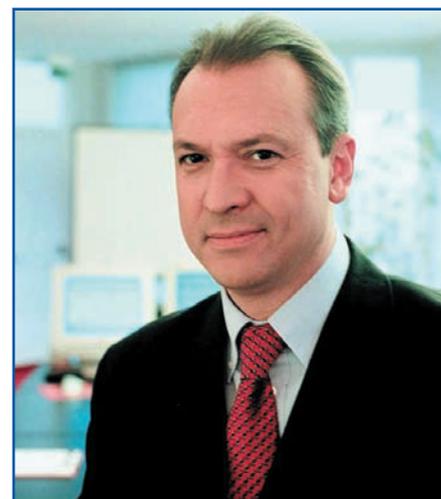
***"They clearly know the space, who to talk to and how to close a deal."***

After years of battling on their own, the idea of being part of an organization with ample resources began to appeal to the founders. They had received several acquisition overtures, but could not get an acceptable deal. They concluded that in order to get appropriate value for their company from a party

they could respect, they needed professional advice.

"We met with several strategic advisors in Europe and the U.S and evaluated them on criteria such as: track record, experience in financial technology, 'chemistry' and the amount of high-level attention we could expect," says Pellegrinelli, Brainpower's CEO. "When we tallied the scores, Marlin & Associates was off the top of the chart compared to the others. They clearly know the space, who to talk to and how to close a deal."

Marlin & Associates (M&A) realized the importance of crafting Brainpower's value proposition and presenting it to the right people in a format that was easy to understand.



**Rocco Pellegrinelli, Brainpower CEO:**  
***"M&A opened the door for us at Bloomberg and other firms and got us talking to the right people."***

The biggest challenge was helping potential buyers see that even though Brainpower was not well known, it offered some of the most sophisticated products available to a large, growing market. Another challenge was showing that extensive technology development, at the expense of strong profit, was an asset that would significantly benefit Brainpower's next owner.

"We showed that Brainpower's re-investment in technology and product enhancements was beginning to pay off," says M&A founder and CEO, Ken Marlin. "From our knowledge of the industry, we knew that Brainpower's portfolio tools and analytics were uniquely suited to serve a market that was attracting some very big players. Even though the company's profits were not strong, we were confident that a clear presentation of the company's strengths would interest several key players and net a fair price."

After helping to create a compelling message, M&A arranged meetings with six companies from the U.S., France and the U.K. Within a month, three submitted serious bids, including Bloomberg, the ultimate winner.

"M&A opened the door for us at Bloomberg and other firms and got us talking to the right people," says Pellegrinelli.

***"M&A's strategy, advice and follow through enabled us to get the best partner, terms and price and close in record time."***

Although Bloomberg is not known for making strategic acquisitions, M&A believed that they would

be open to the idea. "Over the years, we have shown Bloomberg several deals that they seriously considered," says Marlin. "We knew what they were looking for and had their confidence that we would not present anything inappropriate."

"M&A's strategy, advice and follow through enabled us to get the best partner, terms and price and close in record time," says Pellegrinelli. "Negotiations and due diligence were conducted in three languages. Nevertheless, with M&A's help it took just six months from the first negotiations to closing. The M&A team kept everyone focused and open-minded. They are a hard-working team of professionals who were instrumental in getting both sides to agree on valuation and terms. Only an experienced third party with industry knowledge could have done that."

***"Selling Brainpower was all about message, connections and experience."***

Pellegrinelli advises others making a move to establish a candid, credible relationship with their counterpart, keep the door open for all possible buyers, look for cultural compatibility, and above all, hire an expert.

"Selling Brainpower was all about message, connections and experience," recalls Pellegrinelli. "If you don't have a strategic advisor who understands the market, is adept at positioning the assets of the company and is experienced at closing successful deals, you'll have a hard time getting in front of the right buyer or getting an appropriate price. Fortunately, we had M&A." ■

***The transaction with Bloomberg was completed at a premium of 59% to Brainpower's volume-weighted average trading price during the previous three months. The total price was about five times Brainpower's reported revenue for the prior calendar year.***



**Transaction Advisory for the  
Digital Information Economy**

330 Madison Avenue, 9th Floor | New York, NY 10017 T 646-495-5141  
6101 Executive Boulevard, Suite 110 | Rockville, MD 20852 T 301-469-0441  
[www.marlinandassociates.com](http://www.marlinandassociates.com)