

Plan “B” gets the deal done for a European software company.

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Bruce Mennell & Stuart Farr co-founded Beauchamp Financial Technology (BFT), a London-based software company, with the idea of providing investment banks with a seamless platform to support front-, middle- and back-office operations.

Two years into product development, the rapid ascent of hedge funds led Mennell and Farr to refocus their efforts on meeting the needs of managers of hedge funds and other “alternative asset pools.”

With financial support from Goldman Sachs and Soros, BFT developed a unique platform for managing a hedge fund’s entire business—from trading to accounting—managing multiple “strategies”, each of which could include portfolios of multiple security types from multiple countries, in multiple currencies. Within a few years, BFT had offices in London, New York and Hong Kong, a development center in Latvia and support partners in six countries.

Four years after launching its first product, BFT had more than 115 clients in Europe, Asia and the U.S. The company had achieved profitability and global market leadership.

“Eventually, there came a time when we were ready to exit,” says BFT CEO, Stuart Farr. “We had investors who were ready for liquidity and it was time to get some strategic help.”

The founders and their backers looked for an advisor with the expertise to help them find and close with the right strategic partner. They never considered trying to sell the company themselves. “We lacked the experience, didn’t know how to establish value and didn’t want to be distracted from our business,” says BFT Chief Technology Officer, Bruce Mennell. “We needed professional advice and help to manage the project.”

M&A’s approach attracted 10 qualified buyers from the U.K., France and the U.S.

After meeting with firms in New York and London, BFT chose Marlin & Associates (M&A) as their sole financial and strategic advisor. “Their experience in financial technology transactions impressed us,” says Farr. “We met with the M&A team, looked them in the eye and felt confident in their ability and commitment to help us get the right strategic partner and best price. Their briefing on valuation, terms and what to expect was very accurate.”

M&A’s approach attracted 10 qualified buyers from the U.K., France and the U.S. The field quickly narrowed to three companies from three countries — then two. Finally, BFT entered into exclusive negotiations with one.

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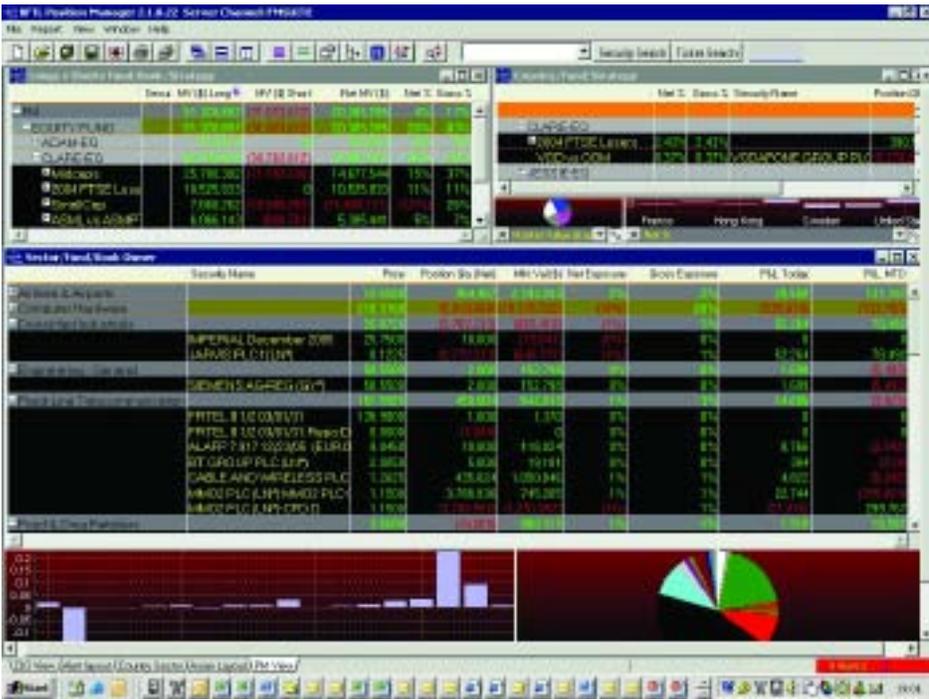
“M&A are excellent negotiators and know how to maximize value,”



Stuart Farr, BFT CEO: “The price, terms and compatibility with Linedata are everything we hoped for. M&A never got flustered or stuck for solutions. Their advice and positive approach were critical to the success of the deal.”

said Mennell. “They got all buyers to increase their bids. They also helped us weigh the strategic and human implications of our various options.”

“The other parties may have been disappointed that we went with another bidder, but they knew the process was fair and open,” said M&A’s founder, Ken Marlin. “When negotiations with our initial choice faltered, that goodwill proved invaluable.”



BFT, together with M&A and BFT's attorneys, spent three months trying to negotiate the fine points of an agreement with the initial party. Finally, BFT terminated negotiations.

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"In ending negotiations, the BFT team took a risk," said Marlin. "But, we were confident that we had treated the other parties fairly and would be able to re-engage with one of them. We try to always have a Plan 'B', in case it becomes necessary," said Marlin. "In this case, it became necessary."

The decision was made to go back to one of the firms that had impressed BFT in the earlier round of discussions: Linedata S.A., a Paris-based public company (PA:LIN).

"We didn't know if Linedata was still interested or if we would ever get a deal," says Farr. "The situation was stressful. But, M&A never got flustered or stuck for solutions. Their advice and positive approach were critical to the success of the deal. They kept both sides motivated and focused on moving the deal forward."

The deal closed two months later. Linedata gained a fast-growing, global leader in software for hedge funds. BFT gained a partnership with a company that had the resources and desire to help take them to the next level. Today, Farr and Mennell and the rest of the team at BFT continue to manage their company within Linedata.

"M&A skillfully and calmly guided us through some difficult decisions,"

says Farr. "The most important was ending exclusive negotiations with the highest bidder, then re-engaging and closing with Linedata. M&A also helped us get a diverse group of internal BFT managers, backers and shareholders committed to the same objective. The price, terms and compatibility with Linedata are everything we hoped for."

"My advice to anyone thinking about making a similar move is to prepare as early as possible; get your records in order; resolve to get the right partner as well as the right price; have a back-up plan, and get expert advice," says Mennell. "We couldn't have made a better choice of advisors than M&A. They are a team of smart, dedicated professionals."

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