



Morningstar Acquires Tenfore Systems

Domain expertise plus global capabilities make all the difference

Tenfore Systems, a fast growing, UK-based financial technology company, had ambitions to compete with the likes of Reuters and Bloomberg in the business of delivering real-time streaming global financial market data and technology solutions to the desktops of the financial services community worldwide.

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– Gordon Bloor, CEO, Tenfore

The firm spent twelve years developing technology, rolling out products and creating an organization positioned to compete with the larger industry players. In addition to the London headquarters, the company established offices and infrastructure in Amsterdam, Frankfurt, New York and Asia.

After serious consideration, the UK investment firm that had owned the company for more than 10 years decided that the time was right to exit to a larger strategic player.

“I was happy to recommend Marlin & Associates (M&A) to Tenfore’s owners, as they are clearly one of the leading advisors covering our industry,” said CEO Gordon Bloor, a 20 year veteran in the market data industry. “We had

been in touch with M&A for years and I was confident that, when it came to selling Tenfore, their experience and capabilities would help drive a successful outcome,” Bloor added.

Jason Panzer and Michael Maxworthy, partners at M&A, led the team that advised the company and the sellers. “Clients come to us for many reasons,” said Maxworthy. “Some seek our advice because they know that we have a lot of industry expertise; some because of our long track record of success working with middle-market, technology-enabled companies; and some because we work globally. The markets in which our clients operate are not geographically defined and our clients expect their advisors to have a similar global approach.” Panzer added, “Our industry expertise

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allows us to be much more hands-on as compared to most advisors. It helps as we shape the message to be sent to prospective partners. And it helps us to get

the message to the right people, wherever they may be. That combination of industry knowledge and global access can make all the difference.”

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M&A began the process with a detailed review of the company’s strengths and weaknesses. In an effort to gain a thorough understanding of the business, M&A staff interviewed senior management, reviewed the company’s operational and financial results, and examined the firm’s strategic plans and budgets.

M&A understood that the company was well known in the UK and Germany, and that the company was highly regarded for its desktop terminal products used by thousands of investors across the globe. However, M&A concluded that the asset most likely to attract potential buyers was the company’s technical infrastructure and its real-time market data “feed” rather than its desktop terminals. M&A realized that very few firms outside the big three or four had managed to assemble such a powerful network of ticker plants in five continents with connectivity to 160+ data sources. Fewer

still had managed to produce a real-time, trading quality, global market data feed. M&A also recognized that strategic players in many countries (not just the UK and Germany) would ascribe significant value to this asset.

With this in-depth understanding, M&A then worked with management and the sellers to position the company accordingly. Among other things, M&A worked with management to create a Confidential Information Memorandum (CIM) that focused on the company's infrastructure and a Management Presentation to build on that concept.

With this CIM and Management Presentation in hand, M&A guided Tenfore through a disciplined course of action that led to discussions with more than a dozen potential strategic partners and generated interest from firms in Australia, Canada, China, France, Germany, India, Ireland, Sweden, Switzerland, the UK, and the US. As a result, the company received multiple attractive offers.

"This was truly a global process," said Panzer. "We were able to leverage our industry knowledge and global connec-

tions to bring to the table companies that had never heard of Tenfore." Maxworthy added, "We worked with prospective partners on multiple continents and time zones through detailed due diligence reviews. It was a process!"

Once the field narrowed, M&A

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worked with the company's owners, management, lawyers and accountants to manage extensive due diligence reviews, develop and execute a negotiating strategy and select a single winner. Panzer and Maxworthy worked closely with Bloor and other members of Tenfore's management team as well as with representatives of the sellers, guiding them through management presentations to prospective

purchasers, through significant business, financial and technology due diligence reviews and through negotiation and completion.

"In our view, introducing a willing seller to a willing buyer is less than 10% of our job," said Maxworthy. "There is a lot of preparation work that has to be done before any introductions are made; and there is a tremendous amount of work that has to be done after potential partners express potential interest. We take a consultative approach to the full process – staying with the client every step of the way."

Seven months after engaging M&A, the owners of Tenfore completed the sale of the company to Morningstar (Nasdaq: MORN).

"We were pleased to help the owners and management of Tenfore find the right partner and structure a win-win transaction," said Panzer. "The sellers got complete liquidity while management joined a company that values their team and understands Tenfore's unique future direction."



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