

Salesforce's acquisition of Kerensen Consulting

Pierre-Yves Dargaud, AP Management

APM is an independent M&A advisor specialising in the IT and digital sectors in France and Benelux. APM relies on its extensive track record (more than 120 deals) and its deep IT industry expertise and understanding. In recent years, APM has consistently been ranked among the leading French corporate finance advisors. Here Pierre-Yves Dargaud tells *Finance Monthly* about AP's role in Salesforce's acquisition of Kerensen Consulting

What areas of the acquisition did you advise on?

APM acted as the sellers (founders)' sole financial adviser for this transaction. We firstly assisted shareholders with evaluating the possible exit alternatives for the sale of the company. We then assisted the client in the screening of interested prospective purchasers, making sure to coordinate the materials and information made available to purchasers as well as the purchasers' due diligence investigations. APM aided the client in evaluating proposals from purchasers; we also advised the client on the strategy and tactics for negotiations relating to the deal. We then coordinated with lawyers during the discussion on legal documents and provided the fund flow for the closing.

What were the most difficult parts of the acquisition?

The most difficult parts were managing the large amount of people involved in the transaction (the Salesforce acquisition team plus the lawyers) in such a short time frame. We also had to negotiate the terms of the deal, including management packages for the sellers who became the new high level employees of Salesforce.

How did you help Salesforce to overcome these difficulties?

We had to proactively manage what was a very tight process with daily conference calls between parties. We supplemented this with regular follow up checklists and spreadsheets, ranking each task by priority.

How long has APM been working towards the acquisition with Salesforce? How long did it take for the deal to complete?

Salesforce was a strong historical partner of Kerensen – both companies did business together on a daily basis. The deal ended up being completed in 4 months. Kerensen's management is going to be strongly involved in Salesforce France into the future.

“Salesforce's acquisition of Kerensen is part of a broader goal to expand and increase their client base”

Salesforce is expanding further into France by also opening its second French Research and Development centre, is this expansion set to continue?

Salesforce's acquisition of Kerensen is part of a broader goal to expand and increase their client

base. Salesforce has announced a new industries strategy, building on their team of industry experts. They are aiming to accelerate growth and transform how companies connect with their customers. Their solutions are aimed at six global industries - financial services/insurance, health care/life sciences, retail/consumer products, communications/media, public sector and automotive/manufacturing. Their aim is to grow beyond \$10 billion and to expand their footprint within existing customers, as well as reaching out to new ones. The acquisition of Kerensen, being a leading cloud consulting firm in Europe, adds to their aim to expand further.

What are the benefits associated with using an M&A financial adviser during times of growth and expansion?

The benefits of using APM during a sell side mandate are that we can find the strategic acquirer, negotiate, improve the value of deals and help the acquirer to understand companies' valuation and seller's expectations, coordinate job to be done by each parties during the process, and ensure all parties respect deadlines.

You mainly operate in the Information Technology and Digital Communications industry, what challenges do companies operating in these industries typically encounter regarding business planning?

Typical problems encountered in these industries include talent and customer retention, as well as raising recurring revenues and building or developing offshore capacities.

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