

## Soft & Cloud mulls bolt-ons across Europe under new sponsor ownership - sponsor

18:09 GMT, 9 December 2022

Soft & Cloud, a German software licenses distributor, is rolling out plans to expand across Europe, including via acquisitions, under its [new](#) owner Beyond Capital Partners, said Christoph Kauter, founder and managing partner at the sponsor.

The Greven-based group, which provides used software licenses, such as Microsoft programmes, to B2B customers, will look at expanding domestically, as well as other locations in DACH, France and Benelux, among other European regions and countries, he said.

First conversations are expected to be held with competitors in Germany, he said. The domestic market has around 15 competitors, although five or six of the targets are too small to be considered for an acquisition, he said.

Other areas where Soft & Cloud could consider growing could include IT consultancy and training services, he said.

The competitive landscape is similar in Europe, with around 15 to 20 names operating in similar niches in each of the separate regions such as France, Benelux, UK and southern Europe, he said.

Growth initiatives under Beyond Capital could take the company's revenue to over EUR 50m during the four to five years holding period from the current EUR 20m revenue levels, he said. EBITDA margins currently stand at above 20%, he said.

"From a European perspective, the market is quite scattered and diverse, but we are evaluating [it]," he said. "The question is whether expansion in adjacent countries makes more sense by acquiring a competitor or growing organically."

Acquiring a target could make sense in France, for instance, as it can bring immediate presence and growth momentum, backed by a French-speaking sales force with an existing client network.

But much of this will depend on a target's profitability levels, he said, noting that the companies it has reviewed so far generally generate less profit than Soft & Cloud "by a far distance", he said.

The largest cost for Soft & Cloud is predominately its personnel, which numbers around 30 full-time employees, a third of which are focused on sales, he said. This makes its operation "super ultra-asset-light", which could make it adaptable to expanding organically, he said.

"On the other hand, we can grow in a country like France modestly through the hiring of a handful of good motivated sales people and just work that market," he said. "We are strongly convinced that by expanding the sales team, both splitting into inbound and outbound sales representatives, as well into key account representatives who target specific customers and groups, we could generate a super attractive business and generate the returns."

The company began operating in France earlier this year by opening a French office, he said. It also distributes its licenses in Spain, Netherlands and Austria, on top of the three existing offices in Germany, according to its website.

Beyond Capital is taking a leaf from its previous majority-stake [investment](#) in Ebertlang, a German wholesale software distributor, to help grow Soft & Cloud, he said. The company was sold to German GP HQ Equita in 2019.

Among peers with adjacent services and products include SoftwareOne [SWX:SWON], a Swiss-based software and cloud technology services company previously backed by KKR [NYSE: KKR]. Other names also exist in the UK, France, or on a larger scale in the US as well.

Players such as SoftwareOne, or even the acquisitive IT consultancy Accenture, could also serve as a future exit route for Beyond Capital, he said.

Mid-cap funds with a focus on asset-light businesses could also consider acquiring it, he said.

"We've just bought the business, so we're not talking about exit yet," he said. "But, of course, we have key ideas what has to happen and how we would like to see that happen so that we can exit it in a couple of years' time."

Beyond Capital acquired Soft & Cloud earlier this week as it saw the significant potential of the sector's used software licensing niche, which is valued at around EUR 1bn annually across Europe. This is compared to the wider software licensing market that is worth as much as EUR 500bn annually, he said.

Soft & Cloud was founded in 2014 and serves around 4,500 customers across business segments and industries with licenses that can be 30-70% cheaper than the original prices. It uses blockchain technology for the use of a security-proof license transfer of used software.

by Min Ho

#### BIDDERS

<a href="#">Soft &amp; Cloud GmbH</a>	
<a href="#">Beyond Capital Partners GmbH</a>	

#### OTHERS

<a href="#">SoftwareONE AG</a>	
<a href="#">Accenture Plc</a>	
<a href="#">EBERTLANG Distribution GmbH</a>	

#### Topics

Bolt on/Oppportunistic  
Cross Border  
Market Entry  
Private equity related

#### Geography

Austria  
Belgium  
France  
Germany  
Luxembourg  
Netherlands  
Switzerland  
United Kingdom

#### Sectors

Computer services  
Computer software  
Services (other)

#### Sub-Sectors

Application software products  
Business support services  
Consulting services (excl. IT consulting)  
Distributors  
Hardware maintenance  
IT consulting  
Operating systems and systems-related software  
Software development  
Systems integration

Intelligence ID: intelcms-g929vj

Grade

Confirmed

Charge Code

Not set

*To be used for the internal business of the assigned users only. Sharing, distributing or forwarding the entirety or any part of this article in any form to anyone that does not have access under your agreement is strictly prohibited and doing so violates your contract and is considered a breach of copyright. Any unauthorised recipient or distributor of this article is liable to Mergermarket for unauthorised use and copyright breach.*