

#### ICON CORPORATE FINANCE

Contact: Brian Parker

[EMAIL] [iconequitysales@aol.com](mailto:iconequitysales@aol.com)

[TEL] +44 (0)1372 849 522

#### SYMETRIS

CEO: Richard Woodington

[URL] [www.symetris.co.uk](http://www.symetris.co.uk)

## SELLING YOUR TECHNOLOGY COMPANY

ICON RECENTLY NEGOTIATED THE SALE OF SYMETRIS, A PRIVATELY HELD SOFTWARE HOUSE WHO SPECIALISE IN THE INTEGRATION OF COMMUNICATIONS SYSTEMS AND E-BUSINESS SOLUTIONS.

# AVOIDING THE BEAR TRAPS

Symetris, which was sold for £4.4 million to the Mettoni Group plc, successfully avoided the many bear traps in the sale process. Nonetheless, with the frenzied buying of last year a distant memory, it is ever more important to remember some of the key pitfalls that vendors face in selling their business. Shareholder/managers who are currently looking at their own exit opportunities can avoid the bear traps by following a few simple rules:

#### **SUCCESSION.**

Purchasers want to see depth of management and continuity to reduce risk. Too many owner/managers talk "I" when the Purchaser wants to hear "we".

#### **BE FLEXIBLE.**

Once you get a bite then give them some line. Trying to reel the fish in after the first nibble is no way to land a big catch.

#### **CASH IS KING.**

Do not get taken in by fancy valuations that involve high equity elements. Too many sellers who sold for shares and agreed to lock-in clauses last year, have learnt to their cost that equity valuations can disappear fast. However, be prepared to take some equity as a sign of commitment.

#### **A DEAL IS NEVER DONE UNTIL IT IS DONE.**

Agreeing Heads of Terms is only the beginning of the end, the devil is in the detail. Investors have a nasty habit of chipping away at the deal terms. The balance of negotiating power switches rapidly once exclusivity is granted to a purchaser, particularly in a deteriorating economic climate. Also be aware that the longer the due diligence process lasts, the greater the risks.

#### **FOCUS.**

If you are a smaller business then you are more likely to increase investor interest by positioning yourself as a specialist or niche operator rather than trying to be all things to all people - even if you are!

#### **TIMING.**

The perfect timing is almost impossible to achieve, as the ideal time to sell will be when the Company, Industry and Stock market cycles are all buoyant. Patience is also needed as it takes anything from 4-6 months to properly market and sell a business.

#### **ADVISORS.**

To maximise the value of your equity you need good professional advice. You need specialist tax advisors (your tax rate may be reduced to 10% or lower) and commercial lawyers (discussing warranties and disclosure letters are not always fun but are crucial in protecting the downside). You will also need specialist corporate finance advisors too of course, who ensure that you meet all the right investors, manage the whole process and help you avoid those bear traps.

