

## Sale of a Company

### Client: AXIS Consulting International Inc.

**The Client:** Two Australians who had cut their teeth as computer system consultants and managers formed Axis Consulting in late 1992. Their objective was to rapidly build a specialized computer consulting and professional services company that drew many of its hard to find resources from Europe and Australia. This unique strategy allowed them to focus on, and quickly penetrate some of the most lucrative areas of IT consulting. Revenue growth has averaged over 80% per year and net margins have been roughly double industry norms.

**Sequoia's Challenge:** The principals were undecided about the best liquidity strategy to follow; should they be acquired in total or should they sell an interest in their company to sophisticated investors who would assist them in the process of taking the company public over the ensuing months? Our charter was to develop both options so they could choose among them.

**Results:** Sequoia identified and encouraged several potential partners for each type of transaction. Three investment firms offered serious proposals to buy from 40% to 66% of the firm immediately and provide earn-up protection as well as visibility to public markets in the near term. Three consulting firms made offers to buy 100% of the company immediately, while allowing the principals to continue to grow their business. Chemistry, product, customer fit and price ultimately determined the outcome. The principals decided that the offers to acquire 100% were so attractive that they would choose among that group. The offer they chose, while not the highest in potential payout, had an exact fit in terms of culture, service lines and market focus.

Whittman-Hart, Inc. acquired AXIS Consulting in a pooling of interests. The transaction yielded a valuation of about two times current year revenues. The principals of both AXIS and Whittman-Hart believe that these shares will significantly appreciate over time. Sequoia secured for its client a deal that reflected the superior nature of this company and its management. By any statistical comparison it represents premium results.

*"We went with Sequoia because they took the time to understand us and work with us to identify our best possible options. They earned their stripes, however, when their extensive experience and poise in difficult circumstances enabled us to get this deal done."*

Peter Boboff, CEO  
Graham Weston, President  
AXIS Consulting International, Inc.