

Sale of a Company

Client: eHelp Corporation

The Client: eHelp Corporation is the worldwide leader in “Help” system development and user assistance software for applications, Intranets and the Web. eHelp's software solutions allow Web site and software developers, managers and technical writers to quickly and easily create integrated online user assistance. eHelp provides the foundation for more than 250 million online Help and user assistance systems currently in use around the world and its products have won more than 55 industry awards. eHelp produced \$27MM in revenue in 2003, and was very profitable. eHelp's founder and CEO started the company in 1992 and wants to retire to Hawaii where he is building a home.

Sequoia's Challenge: eHelp is a solid, growing, profitable, well run company with unique products and industry leadership recognition. Although every potential buyer acknowledges its enviable track record, no one cares about its market segment. The Help systems segment is just not a big enough niche to be central to any target company's strategic direction. Although its customer base is ubiquitous (80%+ of the Fortune 2000), eHelp sells to technical writers, not core developers. Buying this “profitably run company” is just not strategic enough to get any company motivated.

Results: eHelp's management was aware that Help systems alone would not bring them sufficient value. Over the past two years, they rewrote and broadened their product mix; using Flash based technology to build demo software and other development tools. Although these new products only accounted for 20% of their revenues, they attracted Macromedia whose strategy for expanding its Flash based applications was actively being deployed. Macromedia acquired eHelp for \$65.3MM. These companies are a great technology and product match. Culturally they fit well as both have a laser-like focus on winning. In the end, both sides won. MACR got an accretive acquisition and eHelp sold for a strategic multiple. Classic win-win.

“This transaction demonstrates the value of Sequoia Partners' in-depth understanding of strategy, market position and finance added to their ability to open doors for us and to negotiate extremely effectively. Thanks for delivering a fine transaction for eHelp”

Larry Leopard
General Partner
GeoCapital, LLC

Rob Wadsworth
General Partner
Harbourvest Partners LLC