

# Widgit Software Ltd

## Overview

Software firm designing, building, and supplying CRM systems to UK SME's. Based in Hampshire they currently have just over 50 clients. Established 5 years ago, they have grown rapidly from a workforce of 4 to now 20 full time staff. The major shareholder wants to invest in a new startup.

## Strengths

- High margins
- Long term contracts with clients
- Dynamic and highly skilled workforce
- Attractive sector
- Shareholder is willing to stay with the company after sale for up to 12 months

## Weaknesses

- High levels of debt
- Profit has been erratic
- No assets, all value is in the goodwill of the company
- Lease on property has a few years left
- Owner-driver has won all the key contracts

## Exit Recommendations

It is our view that you would not achieve maximum value out of your business without first preparing fully for sale. The level of debt and the owner-driven nature of key contracts need to be addressed before the sale process is begun. We, as independent advisors, are here to help if you want guidance on how best to prepare.

**Our Recommendation: The company is saleable, but with 18 months more time, it would be worth considerably more (25-30%)**

## Sale Projection

### Valuation Range

*Based on financial information provided to Firm Gains on 25/09/2015, using normal multiples for this size of business and sector.*

**£1,800,000 - £2,200,000**

### Sale Success Potential

With Help	Without Help
<b>40%</b>	<b>25%</b>

### Your Time Investment

<b>40 Hrs</b>	<b>200 Hrs</b>
---------------	----------------

### Estimated Cost of Sale

£10,000	
+£3,000	£3,000
+4%	
<b>£37,000</b>	<b>£3,000</b>

### Factored Financial Risk

<b>£7,800</b>	<b>£2,250</b>
---------------	---------------

### Projected Final Income

£2,200,000	£1,800,000
- £37,000	- £3,000
<b>£2,163,000</b>	<b>£1,797,000</b>

#### Why these figures?

*For most business owners there is a choice - whether or not to use a sale side advisor. In our experience the sale side advisor will not only increase the chances of sale substantially, but is also likely to negotiate better terms for the vendor. The cost and associated fees are larger but the sale value also increases incrementally and, for most businesses of your size substantially outweighs the cost.*