

Adnovate helps companies across the world to communicate with a single face. Not least thanks to the sophisticated service platform which Adnovate has developed in-house, customers can quickly save 30% of their operating costs for marketing and communication. Recently Adnovate acquired Neroc'MediaWare and thus further consolidated its already strong market position. Zanders advised Adnovate on the acquisition process.

The same face worldwide

Every company benefits from a consistent application of its house style, a major undertaking. Even for small companies it takes considerable effort to ensure that each advert, brochure, flyer or other communication is designed precisely according to the latest house style rules. Hence, for larger companies, maintaining a coherent brand policy is a time-consuming and often very expensive operation. And even then there is no guarantee that the communication output will always be consistent. In fact, even the largest companies often find themselves at the mercy of the whims of individual DTP workers or the small agencies engaged by national offices.

Adnovate solves this problem. "Adnovate stands for 'advertising' and 'innovation'", explains CEO Paul Broersen. "Our customers

develop their own advertising campaign or house style. We then take on the whole marketing and communication operation. We ensure that the material is localised everywhere across the world in accordance with our customer's house style. The customer arranges everything directly from its own computers." The core of Adnovate consists of a sophisticated system – the service platform – within which the customer can manage its materials and communications. Broersen points to man-sized Canon promotion material in the corner of the room. "As part of a campaign linked to Euro 2008, Canon needed a range of point-of-sale materials. It was in the shops within two weeks, from Poland and the Czech Republic to Spain. And without the involvement of local agencies."

From left to right: Jan Zielstra (CFO/CTO Adnovate), Paul Broersen (CEO Adnovate), Carel de Vries (Zanders) and Sander Oude-Luttikhuis (Zanders).



Credit crisis offers opportunities

The credit crisis is almost a godsend for Adnovate. It means that the company can move ahead, because it can achieve considerable savings for its customers. Broersen says that his customers can save significant amounts of time on coordination, and can thus save or reallocate at least 30% of their marketing budgets. The Adnovate approach can trigger a major shift in the advertising landscape. Traditionally advertising agencies earn a lot of money from developing, coordinating and localising campaigns. "Agencies are incredibly important", says Broersen. "They do excellent and creative work, but when they move into operational marketing communication management, things tend to go wrong. The 'manual approach', as it were, often pushes costs up sharply. Which leads to a lot of irritation. The creative people are indispensable, but they are often difficult in streamlined processes." CFO/CTO Jan Zielstra used to work for a big advertising agency. "The only way to cut the often frustratingly high coordination costs of campaigns is to use smart systems", he argues. Adnovate was founded in 2001. By now the company has become the market leader in the Netherlands and is one of the largest players in Europe. Big names such as Unilever, TomTom, Yamaha, Canon, Philips and Albert Heijn rely on Adnovate. The list of references is much longer, and includes a large number of multinationals.

Mass

Because it wanted to further strengthen its position, Adnovate

an awkward position to be in."

Zanders's Carel de Vries and Sander Oude Luttikhuis were experienced in assisting with mergers and acquisitions, and were happy to assist Adnovate. The outcome was a successful acquisition. Zanders relied on a step-by-step approach. The first step was to determine precisely what was being bought. The next was to decide what would be a realistic price. Carel de Vries: "And finally, there was the key question: who's going to pay? Which investor, which bank can we interest in this transaction? The main thing in these situations is to ask many, many questions and to try to work out the real nature of the deal."

Ample expertise in-house

"Zanders has ample expertise in-house on how to structure such a deal", explains Zielstra. "It also has an excellent financial model, with all the details. This model makes clear what has to go where. The banks accept this model. They know and trust Zanders." After careful preparatory work, Zanders put Adnovate in touch with interested investors and banks. For each investor or bank, the emphasis was slightly different. Venture capital companies like to look at the directors and their business plan. They look to the future and they want to get an idea of what the company is about, and above all, what people they are dealing with. In the end they go with their intuition. Banks look at the cash flow. Broersen: "Of course it helps if you can tell a good story. Zanders objectifies the story and talks the language." At several moments the deal was in danger; one venture capital

"The main thing is to ask many, many questions."

started to look for more mass and supplementary technology. Neroc'Mediaware, based in Veldhoven in the Netherlands, quickly came into view. Neroc'MediaWare has been in business for over 40 years and specialises in the automation and realisation of publication processes, which vary from mail order and product catalogues to weekly leaflets for supermarkets. Broersen: "There is overlap in our activities. But in a number of areas we complement each other." Adnovate had around 50 employees. That number has now doubled with the acquisition of MediaWare.

Neroc'MediaWare formed part of a group of three graphic design companies. The owner at the time decided to put the companies up for sale. At first Advocate considered bidding for two of the three companies, but later it decided to concentrate on MediaWare.

Once it had made an initial bid, Adnovate was in the race. Broersen and Zielstra asked Zanders to assist with the acquisition, especially its financing. Zanders has extensive experience in the area of mergers and acquisition and offers a comprehensive range of services for financial transactions. Zanders Corporate Finance is creative and inventive in finding solutions for complex transactions. Zanders has also built up a good reputation with investors and banks. Zielstra: "We did not have enough money ourselves to take over this firm. The investor who had provided us with starting capital in 2001, changed its strategy. We no longer fitted the model in terms of our size. So we had to look for a new investor. The challenge was that the new investor would have to put money into a firm in which the incumbent financial shareholder, our venture capitalist, no longer wanted to invest. That's

company pulled out, while another potential investor could not agree terms with the incumbent venture capitalist. The seller made the situation quite tense by threatening to cancel the exclusivity arrangement. In that case other interested parties would have been able to bid as well. With Zanders's help, Adnovate kept its eye firmly on the prize. Broersen: "Occasionally you need someone who can soak up things, who can act as a sounding board, who can keep up your spirits, even when you think the deal might collapse. That's the kind of commitment you need at a time like that." Jan Zielstra adds: "Looking back on this transaction, it's no exaggeration to say that Zanders played an important role." <



► ARE YOU LOOKING FOR
ACQUISITION FINANCING? THEN
PLEASE CONTACT CAREL DE VRIES
OR SANDER OUDE LUTTIKHUIS
ON +31 (0)35 692 89 89.

"If you have a budget of 100,000 euros this year, you can achieve the same next year with 70,000 euros."