



TEQUITY

Assisting Software and Technology Companies
...with strategic mergers, acquisitions, or sales

TEQUITY INC.

Tequity provides merger, acquisition, and divestiture services to software and technology companies.

As former technology company owners and executives, we understand and appreciate the value of IP and how to find the right strategic fit between companies.

Past Transactions

www.tequityinc.com

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ACQUISITION OPPORTUNITY

Point-of-Sale Systems Provider

Tequity Inc has been retained as the exclusive advisor in connection with the proposed sale of a privately owned Point-of-Sale (POS) Software Company. Our client, code-named **SETSAIL**, is headquartered in the northeastern United States.

The shareholders of **SETSAIL** believe a strategic buyer will accelerate market success and company growth. They are actively involved in day-to-day management of the company and are seeking a buyer that can bring the experience, resources, and synergies needed to give the company a leadership position in a very fragmented market. They are committed to ensuring post-transaction success and willing to remain involved to whatever degree and timeline the buyer may require.

Company Overview

Founded in 1980, **SETSAIL** provides POS (Point-of-Sale), inventory control, custom shelf labels, time clock, kiosk, and mobility applications for the retail alcohol industry. **SETSAIL** provides complete systems including hardware, software, installation, training, and support. Over 680 liquor stores across the US are currently using the POS software and the associated enterprise applications.

Software Suite

The software is scalable and is designed for stores ranging from a single register to multiple locations. It is designed to provide a full register capability and can run on Windows, Linux and Mac/OS.

The POS solution features include:

- Price look-ups
- Multiple discounting options
- Age validation
- Gift card processing
- Loyalty programs, and more

The back office module functionality includes:

- Inventory control
- Sales analysis
- Extensive reporting
- Customer analysis
- Purchasing, and more

SETSAIL allows its customers to grow and change over time without being locked into proprietary products. It has developed third party integrations with QuickBooks, Sage Business Works, Constant Contact, QlikSense, VeriFone Payment Gateway and Cayan Payment Gateway. All credit card transactions are processed via gateways allowing the retailers to choose their credit card processor based on their need, pricing, and customer service.

Currently, the software is deployed as either an on-premise or a virtual client-server environment solution. **SETSAIL** is investing in developing a SaaS application combining the depth of features available in their legacy POS system with the latest mobility platforms. The near-term objective is to launch an application with minimal features for small liquor stores that cannot afford the full-featured system. Once the initial application has been rolled out, **SETSAIL** plans to continue development to a full-featured system for larger stores or stores with multiple locations.

SETSAIL has made considerable investment in the software to make its products one of the best available in the market today. The company continuously upgrades the software keeping it extremely feature rich that helps retailers stay ahead of their competition and increase profit margins.

Technology

- Java – Front end
- PostgreSQL – Back end data base
- Ruby and Rails – Mobile Applications
- Jasper – Custom shelf label application
- iNetsoft and Crystal Reports - Reporting

Customers

- 100% of the customers are in the retail alcohol beverage industry
- The system is used by over 680 liquor stores across 33 states in the United States
- Customers range from independent stores to chains with multiple locations

Financial Highlights

- Consistently profitable and cash flow positive
- 15.8% revenue growth in FY2015
- 39% recurring revenue in FY2015
- No customer concentration
- No external debt

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Sales	\$1,912,929	\$1,929,762	\$1,880,586	\$2,104,068	\$2,437,164
Normalized EBITDA	310,972	216,303	201,086	232,774	458,831
% Norm EBITDA Margin	16.3%	11.2%	10.7%	11.1%	18.8%

The Opportunity

SETSAIL has built a solid reputation for best-of-breed POS software, high customer satisfaction levels, and superior customer service. It has been operated as a lifestyle business with minimal investment in sales and marketing activities. It has the potential for significant growth in the US and is a good candidate for consolidation with larger organizations wishing to acquire POS software built on new technology with an established customer base.

SETSAIL is a private corporation owned by two shareholders. They are exploring their options to accelerate the success of the company, and have retained Tequity Inc. to assist them in soliciting and evaluating offers. The shareholders recognize that the company has the technology and scalability to rise to a leadership position, however, it would benefit from the assistance of a larger organization or management team that has “been there, done that”. Ultimately they are working towards a retirement exit, however, they would like to stay on if desired by the acquirer to assist in a successful transition.

Should you have an interest in exploring this opportunity, we welcome the chance to speak with you.

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TEQUITY

Strategic Mergers & Acquisitions for Technology Companies
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