

Case Study: Logic Communications

PARTNERING FOR GROWTH

In October 2014 Banksia bought a minority stake in Perth based IT specialist, Logic Communications Pty Ltd (“Logic”) providing the company with growth capital.

Banksia is now working alongside Logic’s Founders and management to add value to the business’s growth and remove funding constraints.

The Situation

Logic Communications is a fast growing IT solutions company, providing market leading information technology solutions enabling clients to increase their efficiency and productivity. Logic has rapidly added customers and staff over the past several years, leveraging its deep knowledge of the sector coupled with exploiting the latest cloud, internet and telephony infrastructure available.

The owner/managers were re-investing all profits and spare capital back into the business to fund growth. Logic had progressed well, but not as far as the owners knew the business could go and wanted to capitalise on what they saw as a large market opportunity.

The owners decided they needed to bring along-side them a partner who could assist them in not only funding, but growing and corporatising their business. As this was a significant step in Logic’s (and their) development, it was critical that the partner not only be financially capable and savvy, but be a strategic asset to the business as well as fit in culturally with what the owners had built to date.

The Solution and Benefits So Far

The owner/managers met with Banksia over the course of several months and together developed a business plan and funding strategy to support the future growth.

Several important milestones have already been achieved by the business due to Banksia's involvement:

- Assisted in the restructure of the Company from a Unit Trust to a Pty Ltd with no negative tax impact
- Made introductions to Banksia network that has directly resulted in Logic acquiring new clients
- Developed strong pipeline of potential acquisition targets (and provided funding to pursue them)
- Identified alongside owner/managers key business initiatives to pursue and introduced standardised tracking and reporting tools
- Identified personnel gaps inhibiting growth. The company has begun filling those gaps and overall strengthening the team
- Updated and simplified customer contracts significantly reducing client and company admin
- Introduced an equity incentive scheme to align and retain key managers within the business

Executive Summary

Customer Name

Logic Communications

Industry

IT Services

Business Challenge

- Significantly increase client base (through organic growth and M&A)
- Increase product portfolio and penetration per client
- Grow both business development and customer service teams to support growth

Business Input Solution

- Capital to allow the business to pursue expansion through hiring a larger sales and customer service team, increased marketing spend and pursue potential strategic partnerships/acquisitions
- Bring onboard a partner with 'skin in the game', providing board level participation to navigate through the challenges of a dynamic market and a rapidly expanding company

Business Value

- Shared the load working through uncertain market conditions by leveraging relationships, business nous and financial analysis
- Further corporatised through introduction of business planning and tracking tools as well as assisted in streamlining several business processes
- Introduced share incentive scheme to align, motivate and retain key management

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“Banksia has enabled Chris and I to focus ‘on’ the business not always be ‘in’ it. They don’t just bring funding, but a wealth of experience, contacts and business acumen that has paid dividends even ahead of their initial investment. I would recommend any SME looking to grow, to talk with Banksia.”

- Paul Claessen - Co-Founder/CEO

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