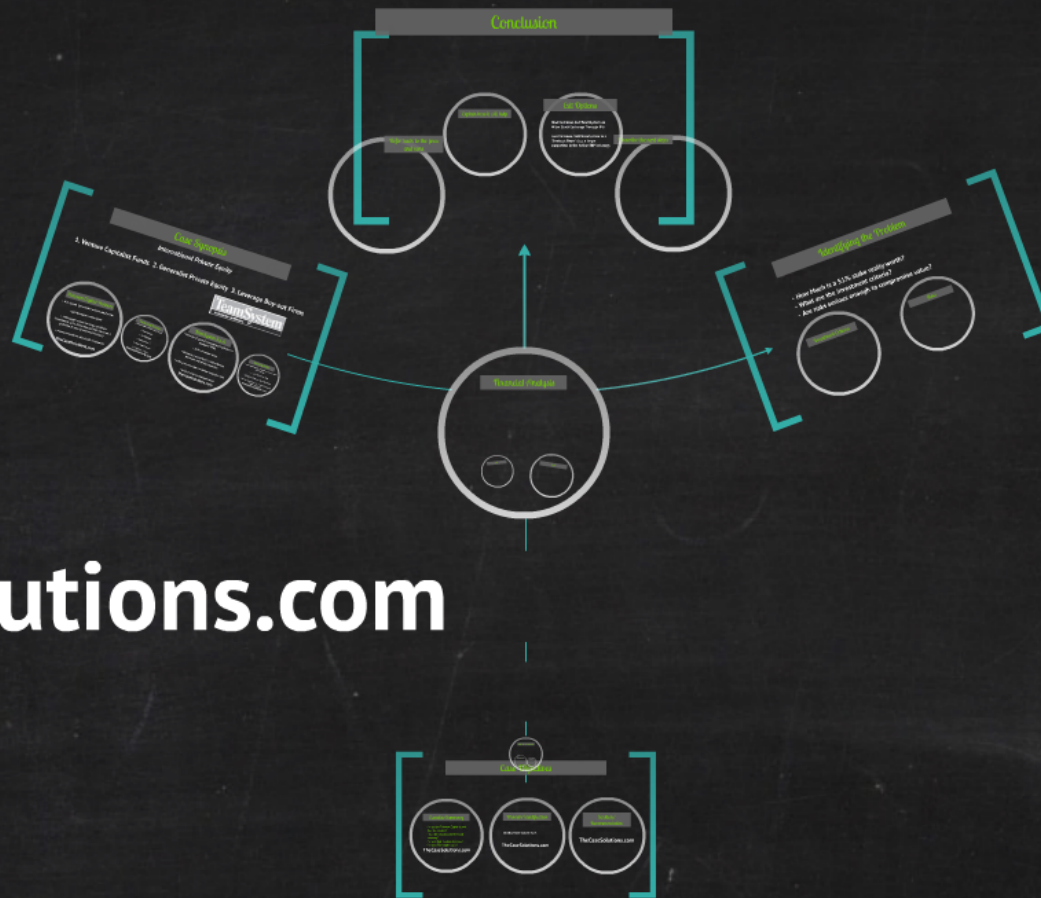




TheCaseSolutions.com

Risk and Reward in Venture Capital



TheCaseSolutions.com

Risk and Reward in Venture Capital

Executive Summary

- What does Palamon Capital do and how do they do it?
- How did they overcome their local economy?
- What is their investment process?
- What is TeamSystem S.p.A.

TheCaseSolutions.com

Problem Identification

Valuing Team System S.p.A

TheCaseSolutions.com

*Solution/
Recommendation*

TheCaseSolutions.com

Palamon Capital Partners

- U.K.-based, "generalist" private equity firm
 - pan-European experience
 - 35% target return on single portfolio investments, 20%-25% blended net return on a portfolio (6 year investment horizon)
 - Focus on small to mid-sized companies

TheCaseSolutions.com

Investment Process

1. Determination of Investment Focus

2. Deal Sourcing

3. Due Diligence

4. Deal Structuring

5. Value-Added Support

6. Exit Option Creation

TheCaseSolutions.com

TeamSystem S.p.A.

- **Provider of payroll management software to European SMEs**
 - **14% of market share**
- **Revenue sourced from initial software purchase and yearly upgrades**
- **95% year-over-year customer retention rate**
 - **Lack of debt on balance sheet**

TheCaseSolutions.com

• **Highly**

• **All**

• **9% inc**

Th

Industry Profile

- **Highly fragmented: 30 providers competing for 200,000 SMEs**
 - **Largest market share: 15%**
 - **All significant players are family-owned**
- **9% industry-wide growth predicted in 3 years following decision**

TheCaseSolutions.com