

## REPORT REPRINT

# Ensono acquires Attenda, creating a global hybrid IT player

RORY DUNCAN, MARK FONTECCHIO

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The leading UK-based MSP has joined forces with recently renamed, US-based Ensono to form a larger global provider of complex application management, hybrid IT, cloud services and platforms.

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Less than a month after US-based MSP Datapipe bought UK-based Adapt, infrastructure and cloud services provider Ensono has snagged Attenda, the leading UK application hosting and hybrid IT services firm, creating a business with annual revenue of \$250m. The combined entity will have a broad portfolio for mission-critical operations management, as well as standardized platforms and services covering managed public and private cloud.

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## THE 451 TAKE

Summer may be over in Europe, but M&A activity remains robust in the managed services sector. In the mid- to large-sized enterprise segment, the ability to provide custom infrastructure and hybrid IT environments is critical, as is the operational requirement for standardized, off-the-shelf cloud services. Service providers that can offer automated platforms with component parts can respond more quickly to customer requirements to be agile, and in turn more quickly bring products to market. Ensono's purchase of Attenda has created a larger European player better able to compete with Datapipe-Adapt, while causing further headaches for existing rivals seeking to establish their credentials.

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## DEAL DETAILS

This is Ensono's first acquisition since its sale to Charlesbank Capital Partners and M/C Partners last year. The former Acxiom-owned managed hosting business gains entry into the UK market, which has been a hotbed of hosting M&A activity in recent months. The last five deals in managed hosting have been for UK-based targets, according to 451 Research's M&A KnowledgeBase. The most notable was Datapipe's reach for Adapt. Another was Claranet buying Ardentia in July.

Ensono CEO Jeff VonDeylen will lead the new organization, while Mark Fowle, cofounder and CEO of Attenda, will join the acquirer's board of directors during the transition to support client relationships and strategic direction. Attenda notes that its management and operational teams will remain in place in Staines (near London) and Caerphilly, Wales, and will integrate over the coming year with the broader Ensono business.

Terms of the transaction were not disclosed. Arma Partners advised Attenda on its sale.

## DEAL RATIONALE

Strategically, Ensono has positioned its infrastructure capabilities in some specific areas. Many of its customers have embraced open, distributed systems while maintaining their traditional mainframe environments, and the company believes that its core value is to enable clients to operate the two environments (mainframe and cloud) and be nimble. We think that this will require Ensono to bring some discipline to the world of cloud and productize service management – a requirement that is now possible following the pickup of Attenda. The company has also gained significant UK market share in the managed services space as well as a leading AWS partner in Europe – leapfrogging many competitors that are in the process of hiring and investing to enhance their capabilities in this area.

For Attenda, the deal will provide it with a wider global market for its hybrid IT offerings, including its public cloud services on AWS, Azure and its own Attenda Cloud. The company will also be able to offer Ensono's core services to its clients locally, thereby increasing the breadth of its services portfolio in Europe. Regardless of location and platform, Attenda notes that all managed services will be overseen by its hybrid IT service management platform, Attenda M.O.

## TARGET PROFILE

Staines-based Attenda has built a significant business from application hosting and other related infrastructure management services since it was founded in 1997. The company, which has about 250 employees, is focused on the UK midmarket and has developed a relatively broad portfolio of offerings – from hosting critical applications (such as managed SAP) to end-user computing, cloud services and hosting and infrastructure, including monitoring and management, disaster recovery and related managed services. It also offers consulting services as well as its Datum datacenter business for customers that want to move parts of their enterprise IT and mobile communications into managed services and public cloud.

In August 2015, Attenda launched its managed service offerings for Microsoft Azure public cloud, while in May the company was confirmed as an AWS Managed Service Partner, following the introduction of its managed service offerings in 2012. Darwin Private Equity has owned Attenda since it bought the hosting firm in 2011 for \$82.4m.

## ACQUIRER PROFILE

Known as Acxiom IT until the beginning of this year, Ensono is owned by Charlesbank Capital Partners and M/C Partners, which acquired the company in 2015 for \$140m. Although less well known in Europe, Ensono has strong credentials in running business-critical workloads and application processes across mainframe, dedicated infrastructure and cloud platforms. The company has about 50 global clients, with some high-profile customers in the financial, insurance and manufacturing sectors.

Revenue is split roughly 70:30 between direct and channel sales. Go-to-market partners include AWS and SunGard Availability Services and technology partners include BMC, HPE and IBM for product enhancements. Headquartered in Downers Grove, Illinois (a suburb of Chicago), Ensono has about 700 staff and is ranked by The Uptime Institute for 100% service availability.

## COMPETITION

Aside from Datapipe-Adapt, Attenda faces increasing competition in the UK from those aiming to develop their third-party cloud service management and hybrid IT capabilities for midmarket firms, including the likes of Rack-space, Pulsant, Six Degrees Groups and others. Some such as Claranet have already established a pan-European business and are likely to react. Ensono itself already vies with a variety of vendors in Europe such as IBM, HPE (although Ensono considers IBM and HPE strategic partners rather than rivals), Atos, HDS and T-Systems. Other contenders that combine consulting and training with managed services include well-established India-based IT providers such as HCL Technologies, TCS and Wipro. Ensono admits that competition also comes from DIYers desiring high levels of customization and control.

## ACQUIRER

Ensono

## TARGET

Attenda

## SUBSECTOR

Managed hosting

## DEAL VALUE

Not disclosed

## DATE ANNOUNCED

September 13, 2016

## CLOSING DATE

September 12, 2016

## ADVISERS

Arma Partners (Attenda)