



# The Internet Platform of the Emerging Digital Economies

**We are a group of entrepreneurs and investors helping local tech-pioneers take over the global challenge.**

# ABOUT DHH



DHH is a publicly traded technology group striving to be the leading investor for the emerging digital economies.

10

companies



75

people



100.000

customers



5M+ €

invested



# OUR APPROACH TO INVESTING

Our unique approach is built around the concept of an ecosystem with a common theme in which tech-entrepreneurs can innovate, share best practices, build together and grow as part of the group of like-minded people.



## *A long-term relationship*

Our investment strategy is based on the belief that investing in businesses for the long-term is the only sure way to sustainable returns.

*We don't resell companies, we stay invested forever*



## *Synergies, not integrations*

We stimulate bottom-up synergies that come from cooperation between the members of the group. We don't look for integrations. Our action is designed to encourage entrepreneurs to take initiatives while DHH offers support at the group level.

*We don't 'grow' you, we grow together*



## *An ecosystem of independent businesses*

Each invested company stays independent with its own brand, organization and management team. We do not push for operational changes nor impose our own strategic decisions on members of the group. Instead, we offer support in different areas like financing, technology, business development, guidance etc.

*We are looking for partners, not subordinates*

# OUR INVESTMENT STRATEGY

We founded DHH on the belief that web hosting and cloud computing industries in the emerging digital economies present one of the most attractive opportunities today. Our target industries and geographies are characterised by robust growth rate expected to continue in the future and availability of talent struggling to attract recognition. To capitalize on this opportunity we formulated a strategy that allows us to simultaneously gain **expansion**, achieve **consolidation** and foster **innovation**.



Expansion

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We look to acquire top local web hosting and cloud computing players in its respective markets. Our preference goes to cash generating businesses with predictable growth, significant market share and a dedicated management team.



Consolidation

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In markets where we already have a platform company, we are looking for add-on acquisitions with the objective of increasing platform's market share.






Innovation

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We look for smaller passionate teams with compelling and useful ideas, proven traction, and bold ambition. We prefer minority equity investments in companies with under 500k in turnover and over 50% in annual revenue growth, not strictly but closely related to our existing businesses.

# OUR INVESTMENT CRITERIA

	Expansion 	Consolidation 	Innovation 
Industry focus	Web hosting Cloud computing	Web hosting Cloud computing	New digital technologies
Geography	International	Italy, Switzerland, Slovenia, Croatia, Serbia (markets with current presence)	International
Stage of development	Mature, cash generating companies with low leverage. Market leaders and challengers	Companies with an existing customer base and distribution network	Team and product with proven traction
Transaction type	Initially cash purchase of 51-60% of equity with the option to buy the rest with a mix of cash and equity	Asset acquisition without retaining the management	Capital increase Initial minority stake combined with contingent call options
Company size	€1M+ Revenue	Any	Under €1M Revenue
Transaction size	Any	Any	Under €1M
Level of risk	Low to medium	Low	Medium to high

# WORKING WITH DHH

DHH can offer flexible solutions that meet owner’s needs depending on transaction type. Some of the typical options are:

Providing finance for organic growth and new acquisitions	Partial cash-out while retaining autonomy and control	Complete cash-out of owners in partnership with management (MBO)	Complete cash-out of owners at deal closing	Complete cash-out of owner/manager after a lock-in period of 3 years	Partial cash-out and inclusion in the equity structure of DHH and assuming a role at the group level
<p>Most common option when doing transactions within our “Innovation” strategic focus. DHH provides capital to finance growth in exchange for initially a minority equity stake in the business with a contingent option to buy majority in a 5-7 year term. Also possible for the purpose of financing targets acquisition appetites, in which case DHH seeks majority interest in the platform company.</p>	<p>Most common solution for owners who are also managing the day-to-day operations wishing to liquidate part of their ownership and enjoy the hard earned success, while retaining the full control. DHH can offer a cash purchase of minority and majority equity stake with the option to increase its ownership in the future with cash/DHH shares.</p>	<p>Suitable for businesses with separate ownership and management functions. DHH looks to partner with current management to facilitate the buyout by offering a cash purchase of 51-60% of equity while requiring the management to put up the rest with the option to increase its ownership in the future with cash/DHH shares.</p>	<p>This option is available to business owners where DHH already has a platform company operating in the same market and is not interested in keeping the management. DHH seeks a 100% asset acquisition at closing.</p>	<p>Owner/manager wishing to fully retire from his business can do so after a period of 3 years. In this period DHH expects the owner to devise a succession plan and train the new CEO before transferring the management function. Owner can choose to be paid in cash or with the mix of cash and equity thus having the possibility to benefit from future equity upside of the combined business.</p>	<p>This option is interesting for entrepreneurs looking for new career challenges after a 3-year lock-in period. DHH can offer owners partial liquidity at first (buying minority or majority stake) and different opportunities as equity partners looking to start/buy new businesses or assuming group management roles in the future.</p>
<p><b>Suitable for:</b> Expansion, Innovation</p>	<p><b>Suitable for:</b> Expansion, Innovation</p>	<p><b>Suitable for:</b> Expansion</p>	<p><b>Suitable for:</b> Consolidation</p>	<p><b>Suitable for:</b> Expansion</p>	<p><b>Suitable for:</b> Expansion, Innovation</p>

# THE CAREER PATH IN DHH

This is a realistic scenario of the long term career path for the entrepreneurs of the acquired companies.

## Year 1-3

DHH and the entrepreneur are co-owners of the business.

The entrepreneur is required to run the business for a minimum of 3 years (the earn-out period).

## Year 3+

After the earn-out period, DHH owns 100% of the acquired business.

The entrepreneur becomes a shareholder and co-entrepreneur in DHH or exits.

In case he becomes a co-entrepreneur in DHH, there are three co-entrepreneurship options:

### CEO

Nothing changes, the entrepreneur stays in his own company as a CEO.

He has shares of DHH, and a salary composed by a fixed and a variable part tied to the results of his own business and eventually to the results of DHH.

### Venture partner

The entrepreneur stops being a CEO in his own company and is engaged as a venture partner in DHH.

The venture partner is involved in a selection of portfolio companies of DHH as a non-executive director, in charge of mentoring the CEO on business and strategy.

He has shares of DHH and a salary composed by a fixed and a variable part tied to the results of the companies he is involved as a director and eventually to the results of DHH.

### Entrepreneur in Residence

The entrepreneur stops being a CEO in his own company and is engaged as an entrepreneur in residence in DHH.

The entrepreneur in residence works as the CEO of a new business venture (startup) developed within the group.

He has shares of DHH, shares of the startup he is involved in, and a salary composed by a fixed and a variable part tied to the results of the startup he is involved in and eventually to the results of DHH.

# OUR PROCESS

01

## Introductions

After the first contact is established and there is a general interest from both parties, we organize an introductory phone call to present our ideas and determine if there is a good fit. Oftentimes, entrepreneurs are not immediately ready to start an investment process, but find that mutual introduction is a good start to getting familiar with the possible ways they can benefit from this relationship in the future. Typically we determine fit right during the call or a few days later, after we review the ideas and make a decision.

02

## Preliminary review

Once we have determined that your business meets our strategic criteria, and you have determined that you are interested in reviewing our proposal, we typically proceed by exchanging a Non-Disclosure Agreement so you can share with us some basic information that we need to perform the initial analysis.

03

## Expression of interest

After reviewing the information we will either confirm our interest to move ahead or respectfully decline the opportunity. In case of a serious interest, typically within 10 days from the introductory call, we will provide you with a preliminary proposal of valuation and deal structure. We start discussing it together and if we determine that we are in the same range in terms of valuation, we organize an in-person meeting to discuss more details.



# OUR PROCESS *(contd.)*

04

## Letter of intent

After a successful meeting, as we learn more about your business and keep an open discussion, the terms of the preliminary proposal can get revised multiple times before they result in an LOI. A formal letter of intent sums-up in detail the conditions of a transaction, on which basis we proceed to step 5.

05

## Due diligence

Once the agreement has been reached on all the items of the LOI and the document has been signed, we start the official due diligence process. The process is managed by DHH with the assistance of third-party advisors and can take up to one month.

06

## Closing

As soon as the due diligence is finished, we close the deal by signing the final agreement, making the act at the notary and the payment. The whole process from introduction to the closing usually takes 1 to 3 months (depending on the complexity of the due diligence).

# OUR STANDARD DATA REQUEST

- 01 ● Financial statements 2015-2016-2017 and interim (unofficial) financial statements 2018 at the latest available date. We ask you to provide us the data following the excel format we will be sharing with you.
- 02 ● Shareholders cap-table.
- 03 ● Corporate organizational structure. By this we mean the relationships with related companies you fully own or hold stake in. (Percentages of ownership and whether or not you consolidate the results.)
- 04 ● Amount of the salary of the owners and of all the costs directly or indirectly connected to the owners.
- 05 ● If the official "profit and loss" doesn't represent the real marginality of the business. We would ask you an additional doc with an adjusted version of the profit and loss, asking you to explain how we pass from the official profit and loss to the adjusted one.
- 06 ● List of top 20 clients divided by ARPU (related to the last year). Here we are not interested in the names of clients, but only in the ARPU to see if the customer base is concentrated.
- 07 ● Projections of Revenues / EBITDA / net profit in the next 3/5 years. We are not interested in a detailed business plan, but only in a projection of the main indicators.
- 08 ● Other relevant information to know that can influence the business valuation.