

Intuitus Limited

## IT's a Deal

Lloyds TSB Development Capital acquires Paystream Management



Intuitus has supported Lloyds TSB Development Capital's (LDC's) acquisition of Paystream Management Limited (Paystream).

Paystream provides payroll and accounting services to the temporary labour market allowing freelance contractors to enjoy the financial benefits of their employment status without the burden of running and administering their own company. The company is based in Altrincham, Cheshire, and employs 21 staff.

A key factor in Paystream's profitability and success is its sophisticated IT system that significantly automates the business process. As part of its due diligence process, LDC requested Intuitus to assess this bespoke IT system and to determine whether there were any risks or issues that might impact Paystream's business operations and LDC's investment proposals.

Intuitus assessed the robustness and scalability of Paystream's core IT system and data networks. This included the system architecture (as an indicator of performance), the currency and suitability of deployed technologies, resilience against potential single points of failure and the extent and efficiency of integration between internal systems.

We investigated the degree to which Paystream's core IT system provided a barrier to entry against new market entrants. In this respect we assessed the uniqueness of the system, from a technology perspective, and the ease with which it might be possible for another party to develop a comparable offering.

We reviewed Paystream's arrangements with its third party developer to confirm ownership of the Intellectual Property for the core software application. We assessed whether appropriate contractual arrangements were in place for the development, supply and support of the system and we commented on the general track record of the third party developer and its ability to support a rapidly growing Paystream business.

Finally, Intuitus assessed Paystream's internal processes for security, data management and disaster recovery. We also assessed the capabilities, skills and experience of those employees within Paystream that have responsibility for IT, noting in particular any key person dependencies.

**Ray Stenton, Investment Director at LDC commented: "Intuitus has delivered a fully substantiated report which has been clearly articulated and specific in its recommendation. I know that the management team has also appreciated the value of this service".**



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**Sector: Financial Services**

Intuitus is a specialist provider of independent, bespoke, IT and technology due diligence services. Our pre- and post-transaction services are designed for providers of venture capital, private equity and debt finance for mid-market investments in virtually any market sector. Intuitus delivers its services through its UK-wide executive-level network of consultants, a highly flexible, responsive and multi-disciplined model. The consultant network means that Intuitus can deploy one or more consultants with expertise in both the technical and market environments of the investee companies. As a result, the investor receives expert, deal-specific advice that can be relied upon and that influences the investment decision.

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