PE-led IT services SME – From vendors's tray back to a clear market profile

1. Problem

An IT services company with:

- 120 employees
- approx. 22 million € turnover
- Private equity majority shareholder
- Solid customer base in medium-sized companies

The company was profitable – but stagnating.

Typical symptoms:

- Sales growth below 2% for 3 years
- EBIT slightly down
- Very broad service portfolio (cloud, security, individual development, ERP, data, support, consulting, etc.)
- High internal coordination effort
- Unclear positioning in the market
- Existing customers were hardly developed systematically

The PE investor noted:

The company works a lot – but does not move forward strategically.

The aim was to create new dynamics – without destabilising the organisation.

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2. Part of the model used

Prepared for Scale – Investor & Growth Assessment **was used** with a focus on:

- Entrepreneurial clarity
- Product/Service Strategy
- Customer Strategy
- Organization & Governance
- Economical management

The focus was on the question:

Where does the company lose focus – and thus margin and growth?

3. Method used

Phase 1: 3-day assessment with management & PE

Elements:

- Analysis of service portfolio according to revenue, margin and strategic relevance
- Customer analysis (A, B, C customers, cross-selling potentials)
- Review of internal decision-making and coordination processes
- Interviews with division managers
- Market and competitive positioning

Key findings

1. Extra-wide service portfolio

- 40% of low-margin services
- Hoher Customizing-Anteil
- No clearly defined focus services
- Resource distribution highly fragmented

2. Internal complexity

- Many fundamental discussions about priorities
- Unclear responsibilities between service lines
- Sales without a clear offer architecture

3. Customer neglect

- Top 20 customers without structured development plans
- Hardly any systematic account management
- Geringe Cross-Selling-Quote
- New customer acquisition driven by chance

The company was operationally strong – but strategically bogged down.

4. Action Plan & Joint Implementation

On the basis of the assessment, a clearly prioritized 6-month plan was developed – agreed between the PE and the management.

Strategic realignment

- Focus on 3 core service areas with clear market positioning
- Discontinuation or phase-out of 6 low-margin fringe benefits
- Establishment of clear offer and package structures

Customer Strategy

- Introduction of structured key account plans
- Definition of growth targets per top 30 customer
- Introduction of regular business reviews with A-customers
- Cross-selling initiative with clear objectives

Organizational adjustment

- Clear assignment of service responsibilities
- Reduction of internal coordination rounds
- Introduction of a simple performance dashboard

Role of scalionblue

- Moderation of strategic decisions
- Structuring of measures
- Sparring between PE and management
- Monatliches Review-Board

The implementation was carried out operationally by the company – with clear governance by the PE.

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5. Result after 12 months

Measurable results:

- Revenue growth from 2% to 11%
- EBIT up 3.5 percentage points
- Reduction of the service portfolio by 25%
- Cross-selling rate for A-customers +30%
- Significantly reduced internal coordination times

Additional:

- Clear market positioning
- Greater sales security
- Significantly fewer internal policy discussions

- Common understanding between PE and management

Results

The company did not win through more activity – but through focus.

A broad-based IT service provider has become a clearly positioned provider with growth momentum.

The PE investor not only received better figures, but also a clearly controllable growth architecture.