

## Managers' view

## EDITORIAL

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## A GREEN APPROACH TO INVESTING

At the start of 2007, in a previous issue, Capital & Dirigeants Partenaires had identified the excesses of the financial bubble and the need in France not to take an interest only in the famous «gazelles».

Frenetic growth in the money supply to inundate any economic slowdown under a tidal wave of cash took the place of economic policy for 15 years in many regions of the globe. The result was growing asset bubbles and debts, covered by guarantees. Greed and opportunism grew exponentially.

Unless we are to continue to squeeze those businesses that provide Europe with a little growth, it is time to put an end to rising asset prices and the leverage placed on those companies' cash flows (debt). How can this be done? To start with, by recognising officially, even though this means taking painful political decisions, that the outlook can no longer be the same: ask the trees, they'll tell you the same thing.

At their level, Capital & Dirigeants Partenaires and its investors have chosen to devote their capital to two things, growing small businesses (\*) ... and trees. By trying to adopt a greener approach: most of the money must go into the business, and most of the money must be used to plant trees.

Hubert Méraud  
Managing partner

Bruno Annequin  
Managing partner

(\*) Capital & Dirigeants Partenaires provide equity support for managers of SMEs for their so-called «organic» and «external» growth plans, and for their plans for the buyout or transfer of all or part of the capital of their business. Such deals represent investments ranging from €200,000 to €2 million, and specifically concern small businesses with a future, creating growth and jobs.

# Accelerating the expansion of an e-commerce site

**La Boutique Officielle.com – PASCAL VIVIER, JULIEN COHEN**

## Can you tell us about La Boutique Officielle.com and its history?

**Pascal Vivier:** La Boutique Officielle is the leading e-commerce site in France for the distribution of textile products (T-shirts, pullovers, shoes, caps, etc.) and other personal equipment products (accessories, audio headsets, etc.), under licence from artists, but also with so-called «streetwear» brands. We also have a range of customised products which is growing through investment in our industrial tool. Our positioning is clearly focused on music and urban music, mostly rap and hip-hop at present.

Originally we were present in auditoriums and, in particular, we had concessions to sell products of the artists appearing. We have now stopped this activity, for which the concession allocations entailed too many unknowns. We have nevertheless kept a business assisting artistic tours. We recently accompanied the tour by the musical comedy “Mozart” and we shall soon accompany the new musical «1789».

Julien Cohen: The company moved into the internet relatively late, in 2007, but has made up for lost time! Initially our strategy was rather dispersed, but we have since learned to focus on precise targets, and to get to know the needs of our customers.

## E-commerce has become an established retail player in the past 10 years. What has been the growth of your company?

**Pascal Vivier:** Growth is clearly the key focus of our strategy. In four years, the site has gone from zero to €3m million in revenues in 2011. Admittedly, we were starting with the history and strength of our brand, «La Boutique Officielle». All the same, this is quite a performance.

The difficulty in this business is that you need to have stocks to supply customers who are not prepared to accept long delivery times. Hence the need for working capital in addition to other investments. Our growth in 2011, although respectable and in line with the e-commerce market, was tending to level off (20% growth on average last year). At the end of last year, since our fundraising, and at the start of this year, we have regained higher growth rates

## You now have greater financial facilities, so what will you use these funds and your profits for in priority?

**Julien Cohen:** We needed to accelerate and deploy our image and expertise rapidly. The injection of funds amounting to about €400,000 helps us achieve three objectives: invest in marketing (referencing, special operations, etc.), in our equipment (acquisition of costly product

customising machines) and in our personnel (recruitment of sales developers, strengthening of our internal teams).

**Pascal Vivier:** In addition to injecting funds into La Boutique Officielle.com, Capital & Dirigeants Partenaires took over the stake of a shareholder that has supported us for some years, the SFR group.

The deal was arranged by Capital & Dirigeants Partenaires very smoothly, in full agreement with us, SFR and our historical shareholders, Messrs Albert Cohen and Jean-Charles Mathey, who have supported us since the takeover of the company and especially at present alongside Capital & Dirigeants Partenaires on the Supervisory Board.

## What are your objectives?

**Julien Cohen:** Growth in traffic on the site is the starting point. And the cost of acquiring this traffic on the internet is increasing with the growing weight of the internet in the economy. Hence the importance of also deploying other marketing activities. Development of the product offering, its enlargement without excessively diluting our image, and the design of the site should then enable us to improve the conversion rate. The quality and depth of the products, and the number of artists working with us, should also enable us to then improve the average shopping basket of our customers

**Pascal Vivier:** We are aiming at €4 million in revenues this year and €10 million as soon as possible. The gross margin of course deserves all our attention, because without it we would not generate the cash flows that enable us to finance further expansion and our working capital requirements.

Further out, our ambition is to be «the official shop» of brands and artists, designed for people who want to be associated with a musical or artistic trend.



# The epic of an MBO takeover conducted following a successful turnaround operation

**Mercura** – JEAN ECHANIZ - CHAIRMAN



You recently took over the company that you have managed since 2004. Can you describe Mercura's business to us?

**Jean Echaniz:** Mercura is the French leader in

audible and visual signalling equipment on-board security vehicles. We design and manufacture strip lights, revolving warning lights, variable-message panels on-board trailers or installed, for example, on motorway patrollers. Our customers are the police, ambulance services, motorway companies, etc.

We don't only make signalling peripherals, our electronics specialists and our R&D office also design and develop tools for controlling these peripherals, vehicle control boxes with multiplexing systems which can manage the power supply of such equipment relative to the specific needs of the vehicle. In extreme situations, specific to the security sector, being able to start the vehicle and its strip light simultaneously without any problem is essential!

We also provide fixed radar speed control cabs, speed measuring lasers, breathalysers and so on. Our product range is very comprehensive.

## In what context did you organise your MBO deal?

In 2007, Mercura generated around €14 million in revenues, and it is growing strongly this year. But in the past it has seen sharp fluctuations in its management and business.

This business has become more professional and, following my arrival in 2004, I had to put the company back on the path to competitiveness in a world and in the face of markets where good customer relations can no longer by themselves ensure sustainability, still less growth. You have surely noted that the financial constraints of customers have increased strongly in recent years!

With Capital & Dirigeants Partenaires, therefore, we organised this deal in a context of very severe financial constraints. At the end of 2011, banks were providing very little financing, especially for complicated deals, and my partners and myself had to invest the whole amount needed for the takeover.

## What were the key stages in this takeover?

The discussions with our historical shareholders and the bank that took part in the previous operation lasted two years. They had to abandon a large part of the stake dating from 2001. The company had been bought in a completely different market environment and following an exceptional year.

Among the key stages in this process I would mention the agreement of my managers to take part in the operation, which is always an intense moment through the mutual confidence it reflects. I would also mention the agreement of the bank which had financed the first operation on Mercura dating back to 2001, which agreed to see the company start out again with a debt burden now adapted to its profitability. Finally, I would mention the agreement of my current investor to finance the operation, when the parameters of the deal changed a few weeks away from the deadline.

They say that a deal is an adventure: for us this was an epic adventure!

## What is the outlook for Mercura?

France is our main market and will remain so in the coming years. Mercura is leader there, with products on the cutting edge of technology and the ability to propose the best prices, on products manufactured mainly in France but also abroad.

But Mercura also plans to become one of the three West European leaders in the sector of visual and audible signalling on-board security vehicles. Our products are already present in most European countries, with strong positions in the Scandinavian countries, Germany and Spain.

On the product level, we are preparing the tools of tomorrow for our customers. Vehicles are changing, and security needs also. Standards are changing. New functionalities are appearing for police interventions and signalling, such as automatic registration plate recognition, remote vehicle tagging, speed checks and breathalyser tests. We are present in all these segments.





# A fine example of complementary plans and human partnership

**BSO – STÉPHANE FOUCHER - CHAIRMAN**



## You sold BSO in 2011. To whom and why?

**Stéphane Foucher:** BSO is an events management communication agency which has existed since 1995. We organise events of all types and in all locations everywhere in France, but especially in the Paris region.

I am the co-founder of the firm with a partner who left me at the end of 2004. After 20 years as manager of BSO, I wanted to move on to something else and change lifestyle.

At that time I was approached by the Profete/MOMA Group. I immediately established an excellent relationship with Benjamin Patou, its chairman. His plan for an integrated group in events management (halls, caterers, agencies, etc.) had been my own plan on a more modest scale a few years earlier. We are in people businesses and good relations are key. He is an entrepreneur, he spoke little about the details and we went straight to the point. I also think that my demands were reasonable, in a difficult general economic environment.

## Regarding this, what agreement did you reach with the MOMA Group to help them integrate BSO?

It is often said that agency businesses are above all relational businesses. BSO, on the contrary, is an old agency with revenues of €3.5 million, and it handles around 150 events each year for businesses, so it is not very dependent on myself or an address book. This too is what interested the buyer. I nevertheless agreed to stay for two years alongside the buyer, and help with management of the events agency business through my service provider company.

## What were the key aspects of the negotiations and what advice would you give to any manager approaching this key stage?

The difficulty, precisely, is to have multiple-entry negotiations: I was selling my stake, so there was a discussion over the price; I was joining forces

with the buyer, so there were discussions over the conditions of this partnership, the shareholder pact, etc. I was committing myself as manager in the agencies division of MOMA Group, so there were discussions over the conditions, and so on.

Bruno Annequin from Capital & Dirigeants Partenaires was at my side from the first contacts to help me prioritise goals and incorporate them in a methodology for negotiating with the buyer. He also conducted the discussions with the buyer to speak of us, and myself, in more financial terms or in terms that cannot be used by the managers of the companies involved. He even examined the details of the agreements, contributing the viewpoint of a financial investor selling his stake in a community of interests with myself.

## What is the outlook for BSO in the MOMA Group?

In the MOMA Group, we have no obligation to favour the group's internal service providers, priority is and always will be given to the interests of the customer, without which there is no point building anything. So each entity works independently, but the fact of being close to these service providers is clearly an advantage in knowing the services bought, in many situations.

BSO will therefore be more efficient in a group which provides it with easy and receptive access to a whole range of venues, such as the Raspoutine and Pavillon Vendôme, and to service providers, notably the catering firm Kaspia.

Ultimately I believe that the integration of the company and personnel into a larger group should enable both of them to achieve their full expression and expand.

# Buying a complementary company

Service Affaires – JEAN-SÉBASTIEN DURAND - CHAIRMAN



**Two years after taking over Service Affaires via a management buyout, you acquired a small company. Why?**

**Jean Sébastien Durand:** Service Affaires is historically strongly present in the transport of managers under long-term contracts for large French firms and government departments.

Our customers increasingly asked us for short-term services. We wanted to supplement our know-how in this field and acquire a significant operating base before developing growth with our own customers. Against this backdrop, we identified Chauffeur Services Paris, which also had the advantage of having a foreign clientele coming to Paris for road shows, business visits and tourism.

In 2010, our revenues were €9 million, while Chauffeur Services Paris generated about €600,000. So this deal was within our reach.

**What were the key aspects of the negotiations and what advice would you give to any manager wanting to do likewise in their sector?**

The key for the SME manager is to have a strategy. When the strategy is clear in your mind, you are open to and ready to look for acquisitions in good conditions.

It is also essential to be sure of your financial management. With sound confidence in your own figures and forecasts, it is easier to graft on a new company and accept the potential unknowns involved.

It is also useful to be supported by an expe-

rienced partner. This enables you to back up your arguments to the sellers with a more standardised approach. It enables you, as buyer, to take a more detached view and better appreciate the importance of any blocking points in the negotiations and any risks for the future. Your partner, like yourself, has an interest in achieving this, but not in any circumstances and especially not at the expense of the steady expansion of your core business.

**With nearly six months hindsight now, what can you tell us about the integration of this acquisition?**

The integration went well. We received perfect support from the sellers, who worked with us for three months and spared no effort to make the task easier for us, as they had agreed to do. This aspect, moreover, had been decisive in our wish to move forward despite the inevitable difficulties involved in this type of purchase negotiations.

# ... before a strategic marriage

Service Affaires – JEAN SÉBASTIEN DURAND - CHAIRMAN

**You sold Service Affaires in mid-2011. Why?**

**Jean Sébastien Durand:** We regularly received offers, but three years after the firm's takeover we were approached by the leader in our sector, Chabé Limousines.

Our annual growth in excess of 15%, the quality of our resource management and our sound financial management were attractive, in a sector which is complicated to understand for outside operators.

Chabé Limousines is the sector leader in top-of-the-range transport for managers in private cars, with a strong presence in renowned Parisian hotels. It was natural that they should integrate Service Affaires, a leader in the business sector.

**What were the key aspects of the negotiations and what advice would you give to any manager wanting to do likewise?**

Chabé Limousines knew our business and was really interested in the synergies. In my opinion this was the most elegant marriage on offer for Service Affaires. I had also been able to establish good-quality relations with Mrs Agnès Lo Jacomo, chairman of Chabé Limousines group. This factor was also decisive for me, in my decision to deal with them and work with them.

Our partners at Capital & Dirigeants Partenaires played an important role, allowing me to organise the discussions while continuing to manage the company, which is never very easy. We were not «up for sale», nothing was prepared.

**What is the outlook for the Chabé Limousines/Service Affaires group in the coming years?**

The services we offer are in constant demand and have a good future if they are delivered with impeccable quality as top-of-the-range services.

Managers who are leading personalities cannot take public transport systems or drive a vehicle themselves, given their major need of security, constant communication and confidentiality.

Current developments, budget restrictions, legislation and labour law mean that these services are increasingly outsourced, like most services for businesses and government authorities.

The Chabé group will in future develop services for driving leading personalities and distinguished guests:

- For short periods with specially provided chauffeur-driven vehicles. All our chauffeurs are trained in advanced driving and undergo security training. They are highly experienced.
- Under long-term contracts with one vehicle and one or more certified chauffeurs.
- In small-capacity luxury minibuses (9, 12 or 15 seats). Customers have major needs in this area, since it is a service they often wish to provide for their employees or their distinguished guests.

Our current revenues are about €35 million and we have everything it takes to grow revenues to €50 million in the near future, both in France and in some other capitals where Chabé is also present.





# Creation of a content specialist in the horse racing segment

**Turfcom** – FRANÇOIS HALLOPÉ - CHAIRMAN



**Could you describe to us what you did before founding Turfcom?**

**François Hallopé:** Following an education in science, four years of teaching and a «field» apprenticeship in journalism, I joined Ouest-France in the early 1980s, as a reporter in the agricultural department. Since the horse was of real economic and social importance in that re-

gion of France, I was given the chance to be able to speak about it and make myself known.

I devoted the following 25 years to managing and co-ordinating each day the editorial teams specialised in the horse segment, in the Hachette Group and then the former Hersant Group (Paris-Turf). But I also learned that success, in the press world, requires complementarity, and that the editorial director and editor must form a good team. Everything depends on a balance between the overriding need to create, innovate and invest in human potential, while providing constant disciplined management.

**What was the main idea in founding your company in August 2010 and what is its activity?**

At the end of the 2000s, in an LBO-dominated world, the endeavour to constantly improve EBITDA had, in my opinion, become an obstacle to growth and creativity. In these circumstances, and to stay true to my principles, I set out for adventure at the age of 55. The aim was threefold: to produce «turnkey» multimedia content in the horseracing segment, offer training modules, and assist socio-professionals in the sector in their internet plans, by offering them turnkey websites.

**What were your motives in seeking the advice of a partner for this creation?**

Estimant la qualité du couple éditeur/directeur de rédaction fondamentale, il me fallait mettre en place la même relation au sein de ma petite entreprise ! Je tenais à être orienté, challengé, à avoir l'obligation de rendre des comptes, d'anticiper, et aussi d'être remis en question. Le souhait de réunir un ou deux associés n'était pas tant de réunir du capital financier, mais de la ressource et du temps intellectuels, de l'échange de compétences. On est plus fort à plusieurs que tout seul.

**What is your assessment of this first year, and of the outlook for you?**

In our first financial year, we generated revenues of about €900,000, for a profit. We set up two subsidiaries and we have plans to expand in 2012 and the following years. Through a capital increase, in mid-2011 we co-opted the chief editor of the agency, Fabien Cailler, as partner. Our aim is to further strengthen the team of senior staff and give each member responsibilities in his sector, while making sure to maintain links between the various divisions.

But our ambition is not to grow for growth's sake, but rather to gradually become established as an essential benchmark player, thanks to our professionalism, the versatility of our teams, their expertise, and our capacity to produce evolving multimedia content.

# Fuelling faster growth

Les Numériques – VINCENT ALZIEU, FLORENT ALZIEU, MATHIAS LALLEMENT



## Can you describe Les Numériques to us?

**Vincent Alzieu:** Since 2004, our company has published three media sites on the net: [www.lesnumeriques.com](http://www.lesnumeriques.com), which is our main site, [www.digitalversus.com](http://www.digitalversus.com), which is its English-language version, and [www.focusnumerique.com](http://www.focusnumerique.com), a site specifically dedicated to digital photography professionals and amateurs.

We are leaders in France in testing and consulting on digital products. Our key feature is that we are a media independent of any manufacturer and we are not merchants! We present our readers with a selection of offers from merchants if they want to make a purchase after taking their decision with our assistance.

In a world in which everything is changing very quickly, where more or less efficient new products are the everyday lot of consumers, whether they be novices or real buffs, in a world in which economic constraints are forcing some manufacturers to be sometimes rather unscrupulous, we provide information, restore the truth and guide the consumer to the products best suited to their needs.

## How do you do this?

**Florent Alzieu:** In our laboratory, we test and compare more than 2,000 products each year: all the main television brands (colour fidelity, energy consumption, etc.), tablets, cameras (ergonomics, quality, etc.), computers, telephones and printers (speed, noise, etc.). We test everything and make sure nothing escapes us!

We also test accessories such as computer keyboards, audio headsets and also blu-ray devices (some are not worth the price difference compared to DVDs), games, and, more recently, household products (vacuum cleaners, alarms, etc.). Our tests are technical, but the results remain unders-

tandable for consumers and are oriented toward what is important for them.

Our «five-star» label has become the market reference. Some manufacturers don't hesitate to claim it, and an increasing number of distributors refer to it.

## Is this your only activity?

**Mathias Lallement:** It's our main activity, yes. Sometimes we also produce «white brand» content for third parties, under service provision agreements.

Les Numériques is also a true global information group on news concerning digital technologies, market players, etc. We analyse trends, product offerings, news such as the advent of Free in mobile telephony, for example, and on-the-spot coverage of the leading Las Vegas trade fair, the CES.

To become acquainted with products and the news, and especially before making any purchase, I recommend you visit our site. You could well find a better product, less expensive than that you were thinking of initially!

## How does the company operate and what are its key figure?

**Florent Alzieu:** Manufacturers send us all their products. Our team of 20 technical journalists tests the products and writes articles posted on the site each day. These tests are grouped by category, in which the products can be compared both for quality, characteristics and price.

At the start and end of our articles, we include price tables offering direct links to the main merchants on the Web. The consumer is free to go to them by clicking on the link to the merchant offering the best price, or the merchants they prefer for other reasons.





Our audience has grown constantly by more than 35% each year. With more than 3 million unique visitors per month, according to Google Analytics, our 70 million visits and 300 million pages viewed per year, the advertising department has recently started selling our advertising space. We generate €2 million in revenues and are growing quickly.

**Mathias Lallement:** We also have an integrated team of efficient developers, who carry out our plans for changes in the site and constantly offer our readers more functionalities. For example, we recently redesigned the site architecture and proposed mobile applications under iOS and Android.

#### What was the context of your fundraising with Capital & Dirigeants Partenaires?

**Florent Alzieu:** We had not yet raised funds apart from the few thousand euros invested by ourselves, the founders of the company, in 2004. We had expanded based on balanced accounts, solely through the quality of our content and the loyalty and growing number of our readers. But we needed both to organise our three companies to meet the standards allowing further growth, and also to invest.

The €450,000 raised with Capital & Dirigeants Partenaires enabled us to acquire some sophisticated test equipment, including a highly technical sound studio, to strengthen our independence in marketing our advertising space, and to bolster our working capital.

In addition to the injection of funds, Capital & Dirigeants Partenaires assisted us in organising this project, formalising agreements with our managers and other partner shareholders.

#### What are your main plans and prospects?

**Vincent Alzieu:** We are convinced that quality will make a difference on the internet as elsewhere. We assign great importance to producing tests, analyses and content of constantly improving quality, and above all useful for our readers.

**Florent Alzieu:** We are also present in an English-language version with [www.digitalversus.com](http://www.digitalversus.com). We are expanding nicely but we do not yet have the means to invest massively in this direction and we want to first reach a greater size to optimise our results in France.

**Vincent Alzieu:** Based on this, our objective is to further enlarge our range of products tested, in order to win over all types of readers. We also want to strengthen our presence in the analysis of technological trends and news, because this news is increasingly watched by the general public, and no longer merely by a fringe group of enthusiasts.

**Mathias Lallement:** To do this, we shall also make further improvements in the site's ergonomics throughout 2012, and redesign it. Follow us!

# Capital & Dirigeants Partenaires

## The partners



**Bruno founded Capital & Dirigeants Partenaires after a past as an auditor, advisor in mergers and acquisitions and investor in an institutional structure.**

*An engineer from Ecole des Mines de Nancy and a graduate of Sciences Po Paris, Hubert began his career as a project manager in various investment companies. After working at Natwest Ventures, he joined Financière Natexis in 1993, where he held the positions of Managing Partner, first at Financière Saint-Dominique and then at Initiative & Finance. In 2002, he co-founded mbo Partenaires, which has since become a leading investor in the small caps market. With 25 years' experience of investment, he joined Capital & Dirigeants Partenaires in 2008.*



**An investor in unlisted French companies for the past 27 years, co-founder of one of the most active private equity players in France, Hubert has extensive experience and expertise in capital injections for SMEs.**

*An engineer from Ecole des Mines de Nancy and a graduate of Sciences Po Paris, Hubert began his career as a project manager in various investment companies. After working at Natwest Ventures, he joined Financière Natexis in 1993. There he held the positions of Managing Partner, first at Financière Saint-Dominique and then at Initiative & Finance. In 2002, he co-founded mbo Partenaires, which has since become a leading investor in the small caps market. He joined Capital & Dirigeants Partenaires in 2008.*











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