

Value Creation Insights

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ACTUM GROUP

Capital D to globalise Qmee via M&A

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Key Topics

- Key hires sought in sales, business development and finance divisions
- Capital D executing three-point value creation approach over three to four years
- Bolt-on acquisition targets on the radar
- Enhancing and developing Qmee's software and data offering
- New clients and channel partners will further boost Qmee growth
- Expanding into Latin America, Asia and continental Europe on the cards

Pan-European mid-market growth investor, Capital D, has engaged in talks with two bolt-on targets as it looks to expand the presence of market research software company, Qmee, into non-English-speaking countries.

Capital D acquired a majority stake in the Reading-headquartered company in March 2021.

Qmee's algorithm-led, machine learning software allows brands and market research companies to more accurately and widely connect to survey participants digitally. The data driven rewards and loyalty company's platform collects insights, data and opinions from the public on behalf of brands and polling organisations.

Capital D has created a three-point value creation approach alongside Qmee's management team that it has started work on executing, Jean-Marc Jabre, Capital D Partner told Actum Group. Alongside moving into Continental Europe, Latin America and Asia, it will invest in continually enhancing and developing its software and data offering, growing its existing client base and chasing new client channels, he said.

The US is Qmee's largest customer base. It is also active in the UK, Australia, Canada and other English-speaking countries. *"Continental Europe is key,"* Jabre said. *"France and Germany are especially attractive. There is also a lot of interest coming from Asia and Spanish-speaking Americas offers huge potential."*

The company has so far scaled organically, but M&A could also drive its internationalisation. *"As a fund, Capital D is keen on M&A. We have already reviewed in detail two acquisition opportunities and have a number of other targets on our radar,"* Jabre said. *"It is very scalable and easy to bolt-on to Qmee and will be far faster to move into these new territories through buying than building."*

Value Creation Levers

- New Revenue Streams
- Digital Transformation
- M&A and Corporate Development
- People and Talent

It will also grow the number of direct clients and market research companies that commission surveys it connects to. Channel partners is another area of growth it wants to expand into, Jabre said.

Qmee's revenues grew 60%, year-ending December 2020, with a 140% CAGR achieved since 2017.

Jabre described how, alongside the operational side of the business, Capital D will also strengthen and accelerate the company commercially. This will involve making key hires in sales, business development and finance divisions. He went to say that it will also spend time better professionalising the business in order to build a stronger foundation to support the larger business.

Capital D was introduced to Qmee several years before eventually investing. *"We remained close to Qmee and monitored their progress. March was a suitable time to invest,"* Jabre said. Capital D has a prospective 200 companies on its radar that are yet to be at an investable stage, he added.

Qmee management worked alongside Capital D on its three-four-year value creation plan. This process took place two months either side of the deal completion date.

“Shortly after completing our due diligence, we formed a very good view of the areas where we could add value. If we don't have the right capabilities in-house, we identify bringing in an executive, or non-executive, through our network.” Mike Baker has joined as non-executive chair, bringing highly relevant experience to Qmee. Baker has led internet data company, Engage, to IPO as well as overseen two other companies - Enpocket and Nexage - through respective takeovers by Nokia and Verizon.

Capital D was established four years ago and primarily backs agile, entrepreneur-led businesses. *“We are entrepreneurs ourselves and believe we connect with businesses differently to traditional private equity funds,”* Jabre said.

It invests in profitable companies where it can deploy a minimum £20m investment. *“Our approach is one of forging a partnership with very frequent engagement at senior level. Unlike growth funds that invest in 20 or more companies each year, we do so with far less and this is where we add value. We are very focused and involved and provide very senior input,”* Jabre said.

Qmee has developed machine learning algorithms whereby artificial intelligence searches all demographics and matches appropriate survey respondents to market researchers. This programmatic approach operates via the cloud and helps navigate the challenges presented in gathering third-party data for market research.

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