

SoftwareOne
Crayon Acquisition
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Transcript

Speakers:

Anna Engvall

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Anna Engvall

Good morning, and thank you to everyone for joining. I'm Anna Engvall, head of investor relations at SoftwareOne. As you will have seen, we announced this morning that SoftwareOne and Crayon have agreed to combine by way of an acquisition of all outstanding Crayon shares by SoftwareOne. To provide you with further insights on the transaction, we have Raphael Erb, SoftwareOne CEO, Melissa Mulholland, CEO of Crayon, and Rodolfo Savitsky, CFO of SoftwareOne, all together here in Zurich this morning.

In terms of agenda, Raphael and Melissa will take you through the strategic rationale for the transaction, Rodolfo will cover financial impact and financing. We will conclude with final remarks, and thereafter open up for Q&A. Before handing over, please let me draw your attention to the disclaimer regarding forward-looking statements and non-IFRS measures on slides two and three. With that, I will hand over to Raphael.

Raphael Erb

Thank you, Anna, and welcome from my side as well. I look forward to telling you more about our exciting news this morning. I'm especially pleased to be joined by Melissa Mulholland, the CEO of Crayon since 2021. Melissa has 18 years of experience in the IT sector, with a distinguished 12-year career at Microsoft and, prior to that, at Intel Corporation. At Microsoft, Melissa led the company's global strategy for enabling partners to build profitable businesses in the cloud. I'm delighted to be working closely with you, Melissa, in the future.

Melissa Mulholland

Thank you, Raphael. Great to be here as well. Today is such an important milestone for both companies and our amazing employees, and I'm glad we have the opportunity to jointly connect with investors and our stakeholders on this call.

Raphael Erb

Absolutely, so let's get started. SoftwareOne and Crayon have agreed to combine, starting a new chapter together. With this transaction, we will be bringing together two highly complementary businesses with dedicated teams around the world and shared core values. We have both been on growth journeys over the years with mutual respect for what the other has achieved. Joining forces is the right thing to do for the benefit of all stakeholders. For shareholders, the value-creation opportunity is significant. We are combining two leading global providers of software and cloud solutions. The strategic rationale for the transaction is compelling, based on our highly complementary business offering and geographic footprint. And thirdly, the transaction is highly accretive for shareholders, driven by the substantial synergy potential.

Let me now provide an overview of the transaction. In a voluntary stock and cash offer, SoftwareOne will offer Crayon shareholders 0.8233 new shares in SoftwareOne and 69 Norwegian krone, or NOK, in cash for each Crayon share. The offer reflects a valuation of Crayon at NOK 172.5 per share, and SoftwareOne at CHF 10 per share in the exchange ratio. The boards of directors of both companies have unanimously approved the transaction. SoftwareOne's founding shareholders, holding 29%, are fully supportive of the transaction. Also, the founding shareholders of Crayon, representing 5%, have pre-committed to tendering their shares in the offer.

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The rationale for the acquisition, both strategically and financially compelling, with EPS accretion around 25% by 2026, including implementation costs and phased synergies, and over 40% excluding implementation costs. The cash consideration will be financed through investment-grade bridge facilities. We expect the pro forma ratio of net debt to adjusted EBITDA, including synergies and implementation costs, to be below two times at year-end 2025, followed by rapid deleveraging.

Based on the healthy cash generation of the combined company, SoftwareOne's capital allocation policy, including its dividend policy, will remain unchanged. To complete the acquisition, we will launch a voluntary tender offer in Norway, with the offer prospectus becoming available in March next year. A SoftwareOne shareholders meeting will be held in spring 2025 to approve the issuance of new shares to Crayon shareholders. We expect closing in the third quarter of 2025, subject to receipt of required regulatory approvals. As part of the transaction, Crayon will appoint two nominees to be proposed as additional members of SoftwareOne's board of directors. Melissa and I will take on the roles of co-CEOs for the combined company.

Moving on to the strategic rationale in more detail on slide seven, we are bringing together two customer-centric business models, creating a larger marketplace with increased breadth and depth, as well as an enhanced services offering. Together, we will be uniquely positioned to capitalise on the fast-growing 150 billion US dollar market opportunity ahead of us, and our deep relationships with the hyperscalers and other vendors will be reinforced.

Furthermore, our go-to-market models are fully aligned, and Crayon's highly successful channel business serving tier two distributors can be further leveraged together with SoftwareOne's newly established digital sales hubs to serve SMEs.

Our digital marketplaces, marketplace platform and cloud IQ, can also be combined, taking the best of both platforms. As we look to integration, SoftwareOne has a scalable, efficient, global, regional, local delivery network, and financial shared-service centres to process nearly CHF 16 billion of combined billings. Importantly, both companies were born out of a strong entrepreneurial spirit and share similar values, including customer focus, speed of sales and integrity, to name a few. Finally, as mentioned, we see substantial cost and revenue synergies, which will drive significant value creation. With this, let me hand over to you, Melissa.

Melissa Mulholland

Thank you. And hello, everyone. Let me introduce Crayon. Crayon has a business model that is centred around helping our customers to remove complexity in purchasing and implementing software and cloud solutions, with a focus on value-creation and delivering return on investment. This approach has been central to the strategy for the past 22 years. Our success is rooted in an entrepreneurial mindset, with a people-focused culture driven by a hunger for growth. When we listed on the Oslo Stock Exchange in 2017, we began to scale internationally, which has been foundational to the growth strategy.

We have just over 4,000 employees serving 140,000 customers across 46 countries around the world. This year, we were awarded the Microsoft Global Scale and Solutions Partner of the Year across all LSP providers. This is a prestigious award, further cementing our global capabilities. To build customer first solutions, we have expanded our capabilities with AWS, and were selected as one of nine global partners on generative AI, furthering our ability to deliver diverse customer offerings. Financially, we have demonstrated consistent, strong performance with revenue and adjusted EBITDA almost doubling and growing at a compound annual growth rate of 26% and 21% respectively since 2021.

Now, on slide nine, let's look at the combined organisation. The market we serve is worth USD 150 billion, growing mid-teens, driven by several megatrends, including public cloud adoption, focuses on managing spend and challenges related to hybrid and multi-cloud environments, as well as security concerns. Data and AI is a fast-growing market segment, with organisations requiring expert support to get their data and cloud infrastructure to leverage AI tools. With the sophistication of hackers and the risk of data security, we have seen an increased demand from customers relating to security solutions. Cyberattacks are becoming more frequent and sophisticated, with deepfakes and AI technology. Consequently, we're seeing increased demand from customers relating to consultancy support.

This further increases the complexity for buyer decision-making, amplifying the market opportunity for Crayon and SoftwareOne. As we come together, achieving scale and critical mass across markets, along with enhanced partner relationships and service offerings, we will be uniquely positioned to accelerate growth and gain market share.

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Looking at our combined geographical presence, we are highly complementary. SoftwareOne is naturally strong in DACH. Meanwhile, Crayon leads in the Nordic region. SoftwareOne has a solid base in North America, which will be further strengthened by Crayon's business in the region, including our Anglepoint subsidiary. In APAC, we will be able to double down on the attractive market with both contributing businesses of roughly equal size. Post-transaction, we will be in over 70 countries, reinforcing our positions in certain key countries and regions, while achieving critical mass in others which are currently underserved.

As you'll see on slide 11, the high level of complementarity is also evident in our offerings. Together, we will have a large software and cloud marketplace with improved breadth and depth serving SMEs both directly and through the channel via tier-two distributors. Crayon has successfully expanded its channel business, consequently enabling the company to obtain sole distribution rights for VMware with Broadcom in APAC, as well as AWS authorised distributor in the European Economic Community and Switzerland. This enables the company, the combined company, to further strengthen its offering towards SMEs and generates multiple new business opportunities.

We will also have an even stronger offering in cloud services and ITAM, including spin-off as well as data and AI. We are the leader in the Gartner Magic Quadrant for SAM managed services, taking three out of the four leadership positions with Crayon, our daughter company Anglepoint, and SoftwareOne. Both SoftwareOne and Crayon have a long-standing, trusted relationship with Microsoft. Microsoft has been informed about our intention to combine, with Judson Althoff, who is responsible for Microsoft's commercial business, providing the statement which you see on the slide. It recognises the strategic role that we both play today, and the benefits from a combination in terms of broader geographic coverage and enhanced service offerings for customers. In fact, in total, we will have six solution partner designations, 20 specialisations, and over 7,000 Microsoft certifications amongst our employees, reflecting the expertise and track record that we have to offer. In addition, we will have a total of 1 million Copilot users as the end of Q3, as we continue to capture this market opportunity.

Now, let me hand it back to Raphael.

Raphael Erb

Thank you, Melissa. Given our very diverse customer base, the foundation of our go-to-market model is having dedicated sales teams focusing on each of our client segments. This aligns well with Crayon's approach, and together, we will strengthen our distribution capabilities across the segments to best address our customer needs. For enterprise and corporate, our differentiated services focus on commercial advisory, digital supply chain, and custom API solutions, as well as FinOps, cloud infrastructure and digital workplace and security and AI.

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We will serve SMEs directly through our digital sales hubs and Crayon's channel platform, including our marketplace platform and Crayon's Cloud-iQ offering standardised solutions. We are convinced that our go-to-market model is the right one. At SoftwareOne, we remain focused on resolving the execution issues related to the transformation and are making good progress with our phased implementation in the remaining markets.

Employees will always be our most important asset. We have diverse and dedicated teams of industry experts, over 13,000 FTEs on a combined basis. across over 70 countries. As a result of our focus on investing in talent, you will have over 10,000 cloud certifications across Microsoft, AWS and Google, and over 650 data and AI experts, positioning us very well to serve customers and drive the future success of our business.

If you ask our employees what distinguishes us, they will say it's all about culture. We live our culture daily through our core values, which align well with Crayon's. This will be critical as we integrate our businesses. Let me now hand over to Rodolfo to talk about the financial impact of the transaction and funding.

Rodolfo Savitzky

Thank you, Raphael. And hello, everyone. Thank you for being with us this morning. I would like to start by taking a look at the financial picture of the combined business on a last-12-months basis. These numbers are indicative and exclude the synergy potential. Together, we generated an impressive CHF 16 billion in billings, indicating the scale and stronger market position resulting from the combination. Revenue was CHF 1.6 billion, with growth in constant currency of nearly 8%. Adjusted EBITDA totalled 334 million, reflecting a healthy margin of around 21%. Complete pro forma financials will be included in the Norwegian Takeover Offer Prospectus published next year.

As we look ahead, we're excited about the opportunity for accelerated growth, which we believe can reach at least mid-

teens, in line with our addressable market. We also expect improved profitability, driven by the substantial revenue and cost synergy potential we have identified. As Melissa highlighted, beyond the enlarged geographical footprint, we will be able to serve an expanded customer base, in particular larger accounts, based on our complementary capabilities, certifications, and authorisations. Furthermore, our enhanced services offering would be beneficial as we focus on cross and upsell. We also expect to accelerate growth in the SME segment by leveraging Croydon's tier-two distribution channel, together with our newly created digital sales hubs.

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Moreover, our increased scale will enhance our importance as a channel partner to vendors, based on our broader geographical presence, distribution capabilities, and offering. On the cost side, we have identified synergies of CHF 80 million to CHF 100 million on a run-rate basis, which are incremental to SoftwareOne's previously announced cost savings of over CHF 50 million. The combination of SoftwareOne and Crayon allows us to consolidate premises and streamline operations by eliminating duplicate functions at the country, region, and headquarter levels. With a greater commercial presence in many markets, we also expect to drive higher sales efficiency. Importantly, following the transaction, the business can leverage SoftwareOne's more efficient service delivery network and financial shared service centres.

We expect to achieve 30% of the run rate cost synergies within six months of closing, and the remaining 70% within 18 months. One-off implementation costs are estimated to be within the same range as a run rate cost synergies. We are confident in achieving our targeted cost synergies by leveraging the foundation we have put in place at SoftwareOne with our Operational Excellence programme. This initiative has helped us establish an organisational model with the right balance of central and local resources, operating with a more standardised and automated process. Based on the substantial synergy potential, the transaction is expected to be highly accretive to shareholders by 2026, with an expected boost to EPS of around 25%, including implementation costs and phased synergies of over 40% excluding implementation costs.

Let's go through the offer mechanics in more detail. The transaction would be a stock and cash voluntary offer to Crayon shareholders by SoftwareOne.

The offer is based on an agreed valuation of 172.5 Norwegian krone, or NOK, per share, implying a premium of 36% to Crayon's undisturbed share price in a cash and share split of 40% and 60%. The share component further assumes an exchange ratio valuing SoftwareOne at CHF 10 per share, implying a premium of 38% to the undisturbed price. Crayon's shareholders will receive 0.8233 new shares in SoftwareOne and NOK 69 in cash for each share, corresponding to an undisturbed offer value of NOK 144 per share. And this offer implies an overall premium of 13% to Crayon's undisturbed share price.

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Moving on to the financing of the transaction on slide 18, as mentioned, there will be a share and cash component to the offer. The share component will involve the issuance of up to 72 million new SoftwareOne shares. This issuance will be subject to shareholder approval planned for spring next year. A secured investment-grade bridge facility of approximately CHF 700 million has been arranged to fund the cash portion of the offer and refinance Crayon's existing debt. Post-transaction SoftwareOne expects pro forma net debt to adjusted EBITDA ratio, including synergies and implementation costs, at a health under-two-times as of year-end 2025. Based on the solid cash generation of the combined company, we expect to maintain our balanced capital allocation policy. This includes growth reinvestment and an attractive dividend policy, with a payout ratio of 30% to 50% of adjusted net profit for the year. With this, I hand back to Raphael for his closing remarks.

Raphael Erb

Thank you, Rodolfo. To conclude, we are very excited about this acquisition. We are convinced that joining forces is the right thing to do, and confident of the resulting value-creation for all our stakeholders. For shareholders, this is a highly strategic transaction which will drive accelerated growth and improved profitability. Our customers will benefit from our broader geographic coverage and enhanced offering. Meanwhile, vendors will appreciate our strong distribution capabilities across all customer segments. And, very importantly, our employees will enjoy development opportunities and working in a highly diverse, dynamic environment. I'll now hand back to Anna to open the Q&A.

Anna Engvall

Thank you, Raphael. Operator, we are ready to take the first question.

Operator We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their telephone. You will hear a tone to confirm that you have entered the queue. If you wish to remove yourself from the question queue, you may press star and two. Questioners on the phone are requested to disable the loudspeaker mode and eventually turn off the volume from the webcast while asking a question. Anyone who has a question may press star and one at this time. The first question is from Knut Woller from Baader Bank. Please, go ahead.

Knut Woller Hi, good morning. Thank you for taking my questions. Actually, two. The first one, you just started to build a stake in Crayon in 2018 and then reduced the stake in 2022, so questions I received were why this U-turn now again, and why did you reduce it back in 2022, now to come up with the conclusion to acquire Crayon? Then, secondly, on the valuation, Rodolfo, that you applied, the CHF 10, can you share some colour here, how you arrived at the CHF 10? Thank you.

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Rodolfo Savitzky So, Knut, thank you very much. I'll take your questions. On the Crayon shareholding, I think we have communicated over time, we have had different views over time. We have always considered Crayon as a very attractive strategic opportunity to partner. That was the reason why we acquired the shares in the first place. Then, there was some shift in strategy, the value of the shares decreased significantly, and at one point we decided to partially monetise the shares. But again, I think the attractiveness of the combination was always there, because now this opportunity to bring the two companies together, realise very, very important synergies, leverage the complementarity of the two businesses. So I think we're seeing the happy conclusion of an idea that, as you correctly pointed out, starting way back when we initially acquired the shares.

I think on the valuation, in the end, it's the deal terms agreed by both parties, but what is important to reflect is when you when you think of the undisturbed prices, the 10 reflects a premium of roughly 38% against 172, which is a premium of 36% against the undisturbed share price. So the two reference points for the exchange of shares are reflecting similar premiums compared to the undisturbed price in the market for both share prices.

Knut Woller Thank you. And all the best in closing the deal.

Rodolfo Savitzky Thank you very much. And thanks for the questions.

Operator The next question is from Michael Bries from UBS. Please, go ahead.

Michael Bries Good morning, a few for me as well. Just in terms of the implied valuation, even if I take the CHF 10 valuation for yourself, you seem to be paying sort of double the multiple for Crayon that you're trading at yourself. Why are you valuing them so much higher, when, obviously, from an equity point of view, their shareholders will share in the synergies to such a great extent? And can you clarify what percentage of votes you require in order to issue the shares? And what percentage of Crayon shareholders must accept the offer for the deal to go through?

And then, just in terms of the take-private, from my reading of the statement, it seems like those talks have now ended. Why did the board think that embarking on this project, which is not even going to complete until almost a year away, and then synergies take some time and have some uncertainty, and obviously paying a big premium relative to your own valuation, why not consider that take-private as still an option?

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Raphael Erb Thank you, Michael. Thanks for the questions. Let me maybe start, and then maybe I handover to you, Rodolfo, on the financial technicalities. But related to voting, it needs an AGM, or an Extraordinary General Meeting, basically. And it's a qualified two-thirds majority of the vote which is needed to get basically through the deal. Related to your question around going private, first of all, I would like to highlight that we are convinced that the business combination with Crayon represents a significant value-creation opportunity for shareholders, and therefore the company will now focus all its efforts on the successful completion of the transaction and integration. The board does not exclude considering private ownership at a later stage, if in the best interest of the company and its shareholders. And SoftwareOne will update the market as and when required. And maybe, Rodolfo, over to you on the first question from Michael.

Rodolfo Savitzky Yes, Michael, on the implied valuation, I think, again, when you do the maths, and you reference it yourself, when you look at the implied multiple for Crayon, and then you allocate the part of the synergies, you come to a transaction multiple which is pretty much in line with what would be expected in our industry. And I think, here, what is probably more important to highlight is the very high synergy potential that we see, cost synergy potential between 80 and 100 million. The fact that it already translates into an EPS accretion of around 25% by 2026 all in with synergies and onetime costs. So all in all, I think it's, from a value-creation opportunity, a very attractive transaction.

- Michael Bries Okay. Just in terms of the debt-equity ratio, as you said, you're going to be under two times at the end of next year, could you not have pushed it to three times and issued fewer shares and taken on more debt? That would be better for the SoftwareOne shareholders, presumably, given the synergies.
- Rodolfo Savitzky Well, we, of course, evaluated different transaction structures. In the end, we want to make sure we have an investment-grade type of capital structure that, as I mentioned, we will continue with our capital allocation policy with an expected distribution of 30% to 50% of dividends based on the combined adjusted net profit. So I think with this specific deal structure, we achieve many of the objectives we had from a capital allocation, capital structure point of view.
- Michael Bries Okay. And just to clarify, did you say that the one-time costs for the deal would be similar to the synergies, so 80 million to 100 million?
- Rodolfo Savitzky That's correct.
- 00:31:30
- Michael Bries Could you say how much of that is restructuring as opposed to fees?
- Rodolfo Savitzky Typically, what we assume is that, from this energy generation, roughly speaking, 50% would be required in terms of one-time costs, because it involves, in most cases, people [?] separations. But then, of course, for such an integration, you need to have external support in many areas, we have some investments to adjust systems to make sure the two companies can bring their systems together. And so I would divide to the 80 to 100 50-50 between one-time separation costs and the rest between support for project management, the integration and costs associated with either systems or legal aspects to restructure some legal entities, etc.
- Michael Bries Okay, thank you then.
- Operator The next question is from Christian Bader from Zürcher Kantonalbank. Please, go ahead.
- Christian Bader Hi, good morning. A couple of questions for me, please. First of all, what is the number of shares on which your EPS creation calculations are based on? Secondly, please, can you provide us with the terms of the of the bridge loan, the CHF 700 million? And thirdly, I was interested to get an idea how much of the pro forma revenues of the combined entity will be related to Microsoft products.

Rodolfo Savitzky So, in terms of shares, we cannot give a very precise number, because the ultimate issuance will vary. We have said that the maximum of 72 million shares will be issued. And then to give you a reference number, it's around 222, give or take. But this number cannot be taken precisely because, again, there are several components which will affect the ultimate number of shares.

 I think on the on the bridge financing, we cannot disclose terms. What I can say, and this is very important, is it's an investment-grade-type facility, so very attractive terms. The terms of the facility, the initial terms, particularly are very much in line with our own RCF facility. So, that's what I can share. And then I can hand it over to my colleagues to provide a little bit more perspective on the impact of the combination on our relationship with Microsoft.

Melissa Mulholland Thanks for the question, Christian. As mentioned, we both have strong Microsoft businesses. We have not, due to the fact that we are competitors, going through great detail at this stage, but on estimate with average, say, that in a combined basis, approximately 70% would be related to Microsoft.

Christian Bader Okay, thank you. So, if I may follow up, basically the EPS creation that has been calculated is based on the existing number of SoftwareOne shares plus the, let's say, capital hike of 72 million. Is that way to look at it?

Rodolfo Savitzky Yes. As I said, it's difficult to come up with precise numbers. Of course, I know you want to do your calculation, so I'm giving you some reference, but, yes, that's the idea.

Christian Bader Okay. And what is the term of the of the bridge loan? How long is it? When do we have to repay the bridge financing.

Rodolfo Savitzky It's customary for such a transaction, I don't know if we will go into discussing terms, but let me just indicate that it's it requires the right time frame to make sure we can finance the transaction. And then it has a couple of extensions. And then, the plan after that is to have a take-out, most likely in the form of term loans and potentially a Schuldschein. But we won't go into it [00:36:14 inaudible ?].

Christian Bader So I assume it is more than 12 months. Can we assume that?

Rodolfo Savitzky I think with the extensions, we will definitely a cover 12 months.

Christian Bader Okay. All right, thanks very much.

Rodolfo Savitzky We comfortably cover 12 months.

Operator The next question is from Christoph Grau from AWP. Please, go ahead.

- Christoph Grau Hello, thank you for taking my questions. My first question is on potential job cuts. You are speaking of synergies, can you maybe elaborate a little bit on how much job cuts do you expect and in what regions? And the second question is can we expect some improvements in the margin? Will there be some upgrade maybe for your mid-term guidance soon?
- Raphael Erb Thank you for the question related to our workforce and employees. So, I think fundamentally important to highlight we are a growth company, as we mentioned, and as both Crayon and SoftwareOne, I always mentioned, people are our greatest assets, and we very proud of our highly qualified teams which we have. So, while there is naturally some cost overlap and changes to the workforce as part of the integration of our offices and business functions, our primary goal is to retain and leverage the talent from both companies. We are committed to supporting our employees through this transition and provide opportunities and development opportunities as we go through this.
- Rodolfo Savitzky On the margin, we, of course, will provide margin guidance at an appropriate time. I think, for the time being, what we can use as a reference point is when we think about our own SoftwareOne, what we call 2026 guidance, we're talking about approaching a 27% EBITDA margin, Crayon talks about, in their own mid-term (unclear?) increase to 25 in their own adjusted EBITDA. Again, there may be some slight differences in the calculation, but roughly, order of magnitude, the numbers are the same. So that could give you an indication of the pro forma mid-term margin. And, of course, on top of that, you need to add the synergies that we can generate as a combined company.
- Again, the exciting part is the growth opportunity we see. I mentioned in my remarks, there's an opportunity for growth in the mid-teens, in line with the serviceable addressable market, as indicated. And then, of course, this strong margin, plus the additional upside from the synergies of 80 to 100.
- Operator As a reminder, if you wish to register for a question, please press star and one on your telephone. The next question is from Reto Huber from Research Partners. Please, go ahead.
- Reto Huber Good morning, everyone. Just one left from me. And that's what is the exposure of Crayon's revenues to large enterprises?
- Melissa Mulholland Thanks for the question. We don't provide that level of detail, but what I would say is that Crayon itself does not have a lot of large enterprise customers. Our strength really is in mid-market all the way down into SMB, and we've built a very strong channel business specifically that leads in CSP.

When CSP launched in 2015 from Microsoft, we decided to build out that channel motion [?], which is our most profitable business today, and will continue to be a strength, especially in regards to the changes that Microsoft is making. So we are well-equipped and excited to grow this, and we see the potential certainly with SoftwareOne, especially in their SME space and their digital hubs.

Reto Huber

Very good. Thank you.

Operator

The next question is a follow-up question from Michael Bries from UBS. Please, go ahead.

Michael Bries

Yes, just in terms of customer overlap and any sort of any details you have on that in terms of where you believe you have shared customers, and from a risk point of view, do you do you see any risk of the business being distracted or customer hesitancy over the next six, 12 months? And that's a question, I guess, to both CEOs. And then there was a question I received from an investor, which had you evaluated doing a buyback, and whether that would get you to the same level of accretion? That's for SoftwareOne, Rodolfo. Thanks.

Raphael Erb

Maybe on the customer base, I thought maybe, Melissa, you want to add on, but I think it's very exciting. Melissa mentioned before, Crayon has around 140,000 customers, SoftwareOne 65,000 customers. Together, we have a very large, enhanced customer base, which is amazing. We see very little overlap in our joint customer base, and we actually are very convinced that, for our customers, this is good news. They have basically an enhanced and more debt [?] offering they can benefit from and they can benefit from, obviously, the joint capabilities which both companies bring to the table. Maybe, Melissa, you want to add on?

Melissa Mulholland

That's a great summary. I would say, overall, to confirm from my side, very little overlap. If you look at the geographic coverage, what you can see is that, for Crayon, our base is really in the Nordics, and certainly with APAC and certain regions, but together, we will actually be stronger. The customers where we do have overlap, we'll actually be able to create, I think, a clarified offering specifically in markets like Germany. But as I look at the potential, and that's where I think this is really exciting, it's certainly where we see that the business can go.

If you look at the enterprise capability, that SoftwareOne has through its marketplace and its ability to serve over 7,000 different providers, that will give us strength and certifications in new ways to attract net new customers and expand and upsell. We see that as a great opportunity from the Crayon side, and equally from SoftwareOne's side, our CSP strength, the strength of channel, as I was commenting earlier, will also be a new endeavour to take forward. So we see this to be very complementary and excited for growth opportunities in the future.

Rodolfo Savitzky

Yes, and maybe I address the second question, Michael, on the accretion. Again, let me just reiterate what both Raphael and Melissa said a moment ago. I think the rationale for that transaction is the value creation opportunity by bringing the two companies together, translating into revenue synergies that Raphael and Melissa described. We have the cost synergies from the complementarity of the two organisations. And I think the good outcome, the very positive outcome, is that this value creation story with the envisaged deal terms still results in this EPS accretion of around 25% already in 2025. So if I think about can you achieve a similar level of accretion doing something else? Of course, you could, but that's not the point. I think the point here is we're really leveraging these very, very important value-creation opportunities.

Michael Bries

Thank you. And do you know which of the software procurement platforms you're going to go forward with? Because I think you've both got very strong positions in the Gartner Magic Quadrant for Software Lifecycle Asset Management. But there are two platforms, do you know which is going to be the go-forward one?

Melissa Mulholland

We'll need both platforms in terms of their capabilities as they reach different size of customers and scale. Our Cloud-iQ platform does not support on typical software asset management (unclear ?) procurement platform to be able to automate purchasing software licenses. But I think certainly the combined capabilities will be critical for the future and being able to deliver to customers.

Rodolfo Savitzky

Michael, just one thing I realised, I said 25, I meant 26. EPS accretion by 26.

Michael Bries

Okay, thank you.

Operator

For any further questions, please press star and one on your telephone. Ladies and gentlemen, that was the last question. I would like now to turn the conference back over to the speakers for any closing remarks.

Anna Engvall

Thanks to everyone for joining the call, and we look forward to speaking soon again. Thank you.