Scaling the heights

Acquisitions are back on the menu at Econocom Group. *Technology Reseller* finds out more from Managing Director Angel Benguigui

Angel Benguigui

In July, Econocom Group kick-started a new international acquisition programme by taking a majority stake in Trams, an IT solutions provider to enterprises, creative industries and the education sector.

To find out more about the digital general contractor's plans for the UK, *Technology Reseller* met up with Angel Benguigui, Managing Director at Econocom Group, Frances Weston, MD North America, UK & IRL at Econocom, and Warren Peel, Director at Trams | Econocom.

During the discussion that followed, *Technology Reseller* found out why Benguigui believes 'Big is beautiful, but medium-big is also good', what Econocom stands for and why the company has a 48-year head-start on today's eco-conscious suppliers.

Angel Benguigui is one of two MDs at the Econocom Group. He works closely with Jean-Louis Bouchard, Econocom Chairman, and looks after the Group's international activities. In total, Econocom has a presence in 18 countries, employs 9,200 people and has a turnover of €2.6 billion, 50% of which is generated in France.

In 2019, after a decade in which turnover increased by 350% and recurring operating profit by 450%, the Econocom Group implemented a two-year transformation programme to 'integrate, clean and re-shape' the business, sell off subsidiaries that were no longer central to its strategy and to reduce its debt.

Econocom became debt-free at the end of 2020 and started 2021 with a new 10-year plan to triple or quadruple turnover by 2030.

"As part of this plan, we relaunched our external acquisition programme," explained Benguigui, "and the first deal we closed was with Trams in the UK. We took a majority stake of 60%, with Trams Directors Warren (Peel) and Alex (Page) each retaining 20% of the company.

"This is the first of many deals we want to do over the next two or three years. We think that from an organic point of view we can target growth of 2% or 3% each year, depending on the market conditions. But we would prefer to grow at 8% to 10% each year, and to do that we need acquisitions."

While Econocom integrates Trams, its main focus will be on acquiring companies in the Netherlands, Germany, Spain, Belgium and France. However, Benguigui does not rule out further activity in the UK.

"What is clear is that the UK is one of the strongest economies in Europe and one of the countries where IT spending is very strong and where leasing has the highest penetration, so that is a good starting point," he said.

One-stop shop

Econocom Group has three business activities: the supply of technology products and solutions to enterprise customers – "Big is beautiful, so we prefer big, but medium-big is also good," declared Benguigui; leasing, the Group's original activity; and services like those provided by Accenture, Capgemini or Atos, such as outsourcing, applications development and cloud transformation.

"For Services, you need a lot of people, it is very specialised and it varies greatly from country to country, so we have decided to keep services only in France, Belgium and Spain, where we already have profitable activities in outsourcing workplace management. However, we want to develop our leasing and products & solutions activities in all the countries in which we operate.

"Why? Because we see many synergies between products & solutions and leasing. We can provide finance for all the equipment we sell and we can wrap value-added services around as well, like advice, installation, maintenance and recycling. Our aim is to finance the whole package for large customers."

Frances Weston points out that this approach is more flexible than simply financing a product purchase with a traditional lease. As an example, she cites the company's Business Optimisation Solutions (BOS) proposition. Essentially a mobile-as-a-service offering, this includes mobile device estate optimisation, next-day swap-out if something goes wrong with a device and end of contract collection, wiping and recycling – all for a monthly subscription, with one number to call for support.

"We use our know-how around leasing and then we add in a lot more services and flexibility, the swap-out, the support around it, all those value-add pieces," she said.

"In Europe, this has been happening since day one, but in the UK we have taken longer to adopt that mind-set because there are a lot of old-school leasing companies that just want to complete a deal and walk away. What Warren and I are trying to do is understand the value chain and address every single step on the way so that a) we increase wallet-share and b) we provide the client with an end-to-end one-stop-shop, so they no longer have to go to one person for their leasing, another for their products and a third person for their servicing."

Today, as businesses come under pressure from customers, employees and investors to reduce their carbon footprint, being able to provide an end-to-end approach, from the supply of new or reconditioned equipment to recycling at end of life, is a big advantage.

"It enables us to talk to the client about sustainability first, about second-hand