

Environmental Scan to support commercial due diligence for the acquisition of a data centre business

The Scope

Harley Reed was approached by a London based boutique M&A and private capital markets adviser who were acting as sole financial advisors on a transaction to acquire 100% of Teraco Data Environments, at the time the largest provider of carrier neutral data centre services in Sub-Saharan Africa with major operations in South Africa.

The scope of the work included:

- General business feasibility in, and attractiveness of, Ghana including commentary on the macro and microeconomic environment, market risk assessment, and feasibility of running a data centre business in Ghana
- Business opportunity assessment, including assessment of key demand drivers for data centre capacity, local demand for carrier neutrality, and existing data centre capacity
- Actionability of a potential transaction in the local market, including potential targets, size of assets, suitability and other pertinent information.

The client required a fast turnaround of 1 week to support the deal advice.

The Approach

The UK and Ghana offices worked together to quickly assemble a team including a sector specialist. Secondary research including existing PE activity in the market and opportunities / challenges for foreign investment.

The team also conducted extensive primary research in the short time available, interviewing key stakeholders and meeting with existing operators of data centres and providers of data centre infrastructure. Detailed discussions were held with major telcos as well as a number of banks, insurance companies and other financial services entities as major users of higher tier data centres. Discussions were also held with senior members of the National Information Technology Agency and the central bank.

The Outcome

A report, was delivered to the client on time and supported the commercial decision for the transaction which proceeded to completion a few months after the report.