

ISIS wins trust offshore.

In November 2006 ISIS was given the opportunity to participate in the management buy out of Equiom (formerly Anglo Irish Trust Company Ltd - AITCL), the offshore trust company owned by Anglo Irish Bank. Equiom had agreed a deal with its parent company and was keen to find the right equity partner – one who would bring enthusiasm and credibility to their long-established and highly regarded business in the Isle of Man.

When ISIS and Equiom shook hands a mere 5 weeks later, the deal became the largest ever MBO in the history of the Island's financial services sector.



“ISIS’ market knowledge and enthusiasm was immediately evident and allowed us to complete the transaction within five weeks – a considerable achievement. Throughout the deal process, we felt they were part of our team – working to get the deal done. That approach has continued ever since.”

Shani Zindel

Shani joined ISIS in 1997 and currently leads the London buyout team. She is a Chartered Accountant (SA) and a Chartered Financial Analyst (USA). Her investments include Travel Jigsaw, Enotria and MORI.

Sheila Dean

In addition to her role as Managing Director of Equiom, Sheila is a relationship manager on her own portfolio of high net worth clients and is also a key contact for intermediary relationships, both on the Isle of Man and internationally.

Simon Ward

Simon joined the new investments team at ISIS in 2002. Based in the Midlands office, he leads ISIS’s business services sector focus, and has been involved in a number of investments including Equiom, Credit Solutions and Occam.

SD/ When Anglo Irish Bank told us they wanted to sell the business, we didn't initially consider an MBO. But as we were presenting the business to potential trade buyers, I realised that we had something of substantial value that had been created by the management team. The opportunity to gain our independence and continue growing our business was very compelling. I sought advice and went back to our Chairman, Larry Kearns, to say that I was keen to lead a buy-out and determined to find a way to do it.

I was very clear what the opportunity was – to be the leading provider of trust and company admin services in the Isle of Man. I was (and still am) very ambitious for the Company – it was about growing our introducer base, developing new products and increasing the number of staff. I want Equiom to be highly profitable and the place where people want to work!

We met five private equity houses in two days, and ISIS was the last one we saw. We liked them at the first meeting, but each house had their own sort of style. There were some who were clearly trying to extract a lot of detail about the business from us in the meeting, whereas what struck me from the start with ISIS was their attitude and focus. Instead of concentrating on ratios and financial detail, they wanted to know more about the business as a whole. It came over as interest rather than grilling.

Understandably, the relationship angle was very, very important to us. Equiom is a people business, that prides itself on quality and relationships. The senior management team had not met any private equity houses before, and Larry and I really had to make them feel comfortable with the concept of an MBO and how life would be with a private equity investor.

Timing was also critical – we had five weeks to pull a deal together and the Bank needed to be able to report on the deal in their December numbers. We were under pressure to make a decision and all of the PE firms had expressed a strong interest in the deal. Ultimately, the decision was not that difficult to make. ISIS demonstrated a genuine knowledge of the market. We felt they had jumped on the train with us and I knew they could get the deal done in time. And I felt as if they really wanted to help us grow and develop the business.

The deal process itself was a complete eye-opener. Looking at our business through the eyes of an external investor was really interesting, albeit very hard work. There were many late nights as we worked to pull the information together and it was very tough trying to focus on due diligence and keep the business on track. Possibly the hardest part was having to go through all the shared services we had with the Bank and think about how we would do things without them. The reality of being on our own, without the comfort blanket of a corporate parent, was starting to dawn...”

Company Name	Equiom (formerly AITCL)
Founded	1978
Nature of business	Independent offshore trust company
Core services	Comprehensive trust and company formation and Administration, family office, yacht & aircraft registration and management, shipping services, international pension trustees, and accounting services



SZ/ I believe Deloitte introduced us to the business because they thought the deal was right for us. They understood how Sheila and her team worked and they knew what kind of people they should be partnering with.

Prior to meeting Sheila, I expected to be presented with a very solid, incremental business. But the Equiom team presented really well, and I quickly realised that this could be an exciting opportunity for ISIS. The team had a very strong and proactive culture of business development, and I liked the focus on ultra high net worth individuals. Most importantly, the team were committed to growing and developing the business, and wanted a partner to work alongside them in their next phase of growth. I felt sure that the Equiom / ISIS fit was right.

We saw lots of potential in Equiom. It clearly had a very strong position in the Isle of Man with some exciting product opportunities – particularly in yachting and aviation. Like any business coming out of a corporate environment, there would be a period of transition, both practically and culturally, but we were confident that we had a good platform and management team.

The five weeks we spent on due diligence were very intense. We basically moved to the Island and spent 3 days a week there. That in itself was a great experience as we got to spend so much time with the business and people. Even though we did the deal in a short period of time, by the time we completed we felt very comfortable with the business. The day before completion, management called clients to inform them about the MBO. The reaction was incredibly positive. Without exception they all said how much they loved the people at Equiom, how great the service was and they just wanted to be reassured that wouldn't change. That was clearly very reassuring for us.

SW/ We had looked at other Trust companies but most of them were at the low value, volume end of the market and were not positioned for growth. We wanted to invest in the area but they weren't the right deals for us.

When the deal went through, we knew the right decision had been made and we also knew some of the steps we had to take. We knew business development was critical and that we had to get additional people on board to help in this area. In terms of clients, we also knew that the priority was the focus on high net worth individuals and the range and quality of services Equiom could offer them.

We agreed an action plan with the team which covered areas such as the separation of functions from the parent company, rebranding of the business, building our own compliance and IT functions etc. There was a lot to do! In typical Equiom style, the team got on with working through that plan and within 6 months everything on the list



**We were very excited...
...we knew we had invested in
a great business.**

was ticked off. That typifies Equiom – outward facing, client focused and an obsession with doing whatever is required as well as can possibly be done. It really is a pleasure working with them.

In December 2006 ISIS invested £13m for a significant minority stake in Equiom, a leading Isle Of Man trust company. A steady-as-she-goes approach was adopted in the early days, as the teams settled down with one another. Equiom continued to emphasise the importance of delivering a quality service to its loyal customers, and quickly built up momentum to maximise the worth of new business.



Larry Kearns

Non-executive Chairman of Equiom, Larry was a founding partner of Equiom and is a leading figure in the Isle of Man business community. Larry was Chairman of the Isle of Man Society of Chartered Accountants in 1988, and President of the Chamber of Commerce from 1991-1993.

Wol Kolade

Wol joined ISIS in January 1993 and is Managing Partner of the business. His role encompasses overall responsibility for the strategic development of ISIS, and active involvement in investments.

LK/ From the start there were two key priorities: ensuring Sheila stayed very close to the business whilst continuing to build her relationship with ISIS; and delivering the budget for the first year. We very quickly set up a process of formal board meetings, and it was great to have the ISIS team coming up to the Isle of Man and drilling down into the information. They offered constructive advice on our systems, which was helpful bearing in mind that some of these had been in place for 10, 15 years or more. And, I suppose, we've helped ISIS to understand the challenge of managing people and dealing with issues in a small company in a small community.

During that first year, stability was essential for the business, and so I'm very happy with the way things went. To add to that stability, we significantly outperformed budget, largely assisted by products which had great momentum behind them. This helped enormously in building the confidence of our people. They've spent most of their lives in the Isle of Man and can be wary or unsure of people coming from outside. And naturally they don't want to fail.

Having had a strong first year and with a program in place to upgrade and improve our operational systems, what we're seeing now is a switch in focus – from internal to external. We appreciate that, in order to take the business forward, we have to be far more proactive in terms of the generation of new business and hence far more of the Board meetings now are devoted to the sales pipeline and lead conversion. We need to know what the conversion rate is and what else can we do to generate that new business. It's a seismic shift away from the 'last month' into 'the next six months'.

We've recruited good people to help us here and we're looking to make investments in Jersey. We have also built relationships with representatives in Geneva to develop the business in Switzerland.

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WK/ First years are always about bedding down, getting people to understand they can deliver, getting comfortable. Only then can you start to shift your focus. It's a very natural progression that good, high quality businesses go through.

So the idea that we could walk in there and tell these people what to do was just completely not in our frame of reference. The approach to the whole thing has rather been to persuade and influence, from a supportive angle – we made it clear we were all on the same side. Thus we were very comfortable to let things flow as opposed to just demanding answers.

Of course, Equiom's potential was clear from the start. While there was more growing to do, they had three very strong assets.

First, there were the people, who had built a quality business and showed enormous professionalism, experience, ambition and hunger to achieve. Lots of ticks in those boxes. Secondly, there was the business development aspect, or 'platform' if you like. There were areas the management hadn't explored yet and with which we could clearly work in the coming months, for example, broadening contacts with different advisors, and working with the operational and financial reporting systems to achieve greater efficiency. All those areas are now moving forward.



Finally, looking at the position of the company, there was absolutely no doubt in our minds that a prominent provider in the Isle of Man was going to prove a prize asset – one that, when we came to realise the investment, would be attractive to quite a wide range of people.

But what we've achieved to date isn't just about out performing on budget, it's not just about financials. For instance, we've made changes that will impact on the quality of the HR function and the quality of compliance – areas which people refer to as being dull but in this business are absolutely essential.

Looking ahead, we've got to continue to upgrade and improve the quality we have, if we want to compete with Jersey and the other Channel Islands. On this score we're aiming to introduce new products, maintaining a focus on ultra high net worth services. We've welcomed new faces onto the Board, thus expanding the number of executives versus non-execs and we're extending our international client base.

But all along the line, we've achieved buy in at every stage, and made certain that everyone understood how each decision was a part of a plan to build a high-value, high-quality business.

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