

Case Study

Identification of Acquisition Opportunities  
in the Mortgage Service Providers'  
Market



# Case Study

## Identification of Acquisition Opportunities in the Mortgage Service Providers' Market



### About the Client



- A leading European private equity firm with a diverse portfolio of investments across sectors worldwide, including financial services, healthcare and manufacturing

### Client Objectives / Goals



- The client wanted RocSearch to analyse the mortgage services market in Western Europe to identify potential acquisition opportunities, with a promising growth outlook and attractive valuation multiples

### Approach and Methodology



- RocSearch team assessed few of the major mortgage service markets in Western Europe, including UK, Netherlands, France, Germany and Spain
- The impact of the economic slowdown in each of these geographies was assessed in detail
- Focus was also on understanding the impact of intermediaries on outsourcing of various mortgage services, along with identification of key services being outsourced
- The team identified the key players and presented an overview covering products/services, management structure and recent developments

### Sample Output



Servicing amongst the leading activities being contracted to 3<sup>rd</sup> parties; Product design and Origination also subcontracted

Vendor Name	Disbursement (sales & support)	Referrals & Valuations	Product Design & Origination	Financing	Servicing
Company X			✓	✓	✓
Company Y (UK)	✓		✓		✓
Company Z (UK)			✓		✓
Company AA (Netherlands)	✓		✓	✓	✓
Company AB (Netherlands)			✓	✓	✓
Company AC (Germany)		✓	✓		✓

\* These vendors will deliver financing services considering the joint contribution made by the lender and the originator (Special Servicing Company Act)

- Referrals and Valuations activity will largely keep in-house by mortgage lenders amongst the key players
- Product design, origination and servicing - the leading services offered by leading TPA's across Europe, but servicing is the most preferred activity outsourced by mortgage lenders

Source: RocSearch analysis of the mortgage market in Europe  
© 2009 RocSearch Limited. All rights reserved.

### Results / Value-add



The insights helped the client form their investment perspective regarding this segment

Basis the outcome of the study, the client became interested in looking at additional sub-markets within Europe

In the next phase, the team prepared deep-dive profiles of potential acquisition targets shortlisted by the client