

News release

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Graphite Capital agrees to acquire Digital Space

Graphite Capital, a leading UK mid-market private equity specialist, has agreed to back the management buyout of Digital Space from Horizon Capital. The transaction, the terms of which were not disclosed, is subject to regulatory approval.

Digital Space provides a comprehensive, integrated connectivity, security and hybrid cloud managed service, underpinned by its own datacentres, core network and network operations centre. The company works with organisations looking to improve their operational workflow and accelerate growth through digital transformation.

Digital Space's services are aimed at medium to large corporations as well as public sector and not-for-profit bodies with 500 to 5,000 staff. The company has 5,700 customers which span the retail, financial and professional services, manufacturing and construction, hospitality and leisure sectors.

The addressable IT managed services market is estimated to be £58 billion, with the areas Digital Space serves forecast to grow at 10 per cent a year for the next five years. Led by chief executive Neil Muller, the group is set for strong expansion, building on the success of its strategic acquisitions and organic growth momentum. In the year to December 2021, it generated revenue of £57.4 million.

Graphite senior partner, Humphrey Baker, commented: "Neil has built an extremely strong management team and an attractive, well invested platform of services. Digital Space has the potential to be a highly differentiated player in this growing and resilient market, driven by high-quality provision of critical services to private and public sector organisations in the UK."

Neil Muller added: "Graphite's expertise in the IT managed services market will prove invaluable as we strengthen and expand our core services. We see exciting opportunities for further acquisitions and consolidation in the market. We are also looking to develop targeted sector-specific propositions and to build on our partner relationships."

In addition to Humphrey Baker, Graphite partner Tony Saade and investment managers Edgar Borg-Rodriguez, Tom Llewellyn and Zoe Jackson managed the transaction for Graphite.