

Scope takes out major rival

Catie Low 14-Nov-2014 02:21pm



SMOOTH TRANSITION: Troy Morrison says NEC staff members are fitting in well.

Photo: Attila Csaszar



Scope Systems has bought out [NEC Australia](#)'s business-wide information management software in an agreement that significantly broadens the Perth technology operation's client base.

The deal is the culmination of six months of negotiations between the two Perth-based software businesses, which have been archrivals for the past 20 years.

Its genesis dates back three years, when Scope undertook a strategic review with Barringtons to identify growth opportunities in light of a slowing mining sector.

"Our strength had been focusing on mining and mining services; roughly 80 per cent of our business was mining and mining services, most of the mid-tier miners and a lot across Australia are [Scope Systems](#) customers," Scope managing director and 40under40 winner [Troy Morrison](#) said.

"As we moved into 2011-12, mining started to taper off and become more difficult, with no new mines and limitations on spending and development it obviously had an impact on our business."

Scope explored a number of growth strategies, including organic growth, but this was going to be difficult to achieve as the heat came out of the mining sector.

Mr Morrison would not reveal NEC's price tag except to say it was significant and represented the purchase of a like-sized business.

Business broker [Tomkins Turner Corporate Advisory](#) represented Scope in the negotiations with NEC, and Mr Morrison said managing director [Todd Grover](#) worked closely with him to finalise the deal.

The NEC purchase is the first step on a long-term growth pathway, which is likely to lead the privately held company into further acquisitions in 2015. But for now, the focus is on bedding down the amalgamation of these two operations.

The NEC purchase close to doubles Scope's client base, but more importantly gives it substantial exposure to the manufacturing and logistics sector as well as the wholesale and retail industries.

It also bolts on a new technology offering with the addition of the Microsoft suite of products, including its workflow management tools, which will complement Scope's Pronto Xi ERP and the Qlik Business Intelligence Solutions software.

"NEC was somewhat opportunistic, in the sense that their Perth-based ERP (enterprise resource planning) business wasn't really in their strategic portfolio going forward," Mr Morrison said.

The rivalry between the two operations and Scope's focus on the mining sector had naturally pushed NEC into other industries.

The amalgamation of the two businesses delivers Scope a far bigger and more diversified client base, which will not be captive to the cyclical nature of Australia's resources sector.

More than 20 NEC staff have joined Scope and pushed its total staff number to over 90 in its three offices.

In addition to its Perth headquarters, Scope has an office in Brisbane and an operation in Johannesburg to leverage opportunities in Africa's burgeoning mining sector

Work at the African office had been hampered by the Ebola outbreak, but Mr Morrison was optimistic the outlook was improving.

New Perth headquarters are under construction in West Leederville and the expanded Scope workforce is expected to move in around the middle of 2015.

These new premises will bring together Scope's two Perth operations and further strengthen the internal culture, according to Mr Morrison.

"This is our first acquisition and my primary goal is to make sure this acquisition is a fantastic success," Mr Morrison said.

"The first three months are going to be our most challenging time ... but the vibe in the office, and it's only a been a week now, has been fantastic and the collaboration we are seeing between the two teams and the two cultures is nothing short of fantastic."