



Press release
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Alter Way to join forces with Smile to consolidate the group's position as the European leader in open source, with the support of Keensight Capital

After 6 successful years of growth within the Econocom Group, Alter Way, an emblematic French player in open source specializing in consulting, managed services and the hosting of digital platforms in the cloud, announces its merger with Smile, the European leader in digital and open source technologies. By selling 100% of its majority stake in Alter Way to Smile, Econocom fosters the positive consolidation of the open source market and will remain a leading business partner of Alter Way. This merger strengthens Smile's position and ambition across infrastructure and cloud services. As part of this new project, the Alter Way brand will become the spearhead of the group's infrastructure and cloud strategy to meet the challenges of a rapidly growing and fast-changing market. As for Alter Way's application services, they will further bolster the Smile Group's digital offering. The merger benefits from the active support of Smile Group's shareholders: Keensight Capital, one of the leading private equity managers dedicated to pan-European Growth Buyout¹ investments, and Eurazeo through its Small-Mid Buyout team.

Given the strong growth of the market, especially in the dynamic and constantly-evolving cloud and open source² sectors, this industrial consolidation will enable the Group to better support major customers and partners through DevOps and managed services offerings generating considerable added value.

This merger was a logical next step in Smile's strategic plan, Open Arrow, which aims to boost the group's infrastructure offering launched in 2014 through its managed services and cloud business. Alter Way, via its Chrysalide project, has been working resolutely since 2020 to accelerate the development of its offering in the fields of outsourcing, hosting and "move-to-cloud" consulting.

The Smile group, headed by Marc Palazon, has been focusing on its brand strategy for several years with the acquisitions of Neopixl, UX-Republic and SensioLabs, enabling it to capitalize on its skills and reputation in highly sought-after technological segments.

Alter Way thus becomes the Group's newest brand and brings together under its banner all of the group's infrastructure teams and offerings (Alter Way and Smile), specifically, managed services, DevOps and Cloud consulting. This represents more than 20% of the group's turnover and enables it

¹ **Growth Buyout:** investment in profitable, private companies experiencing strong growth, in minority or majority positions, with or without leverage, using a flexible approach tailored to the needs of individual entrepreneurs, in order to finance organic growth projects, acquisition strategies or provide historic shareholders with liquidity.

² In 2020, according to IDC, global spending in the cloud increased by 24%, whilst the French national market for open source represented close to 6 billion euros according to the study Teknology / Cnll, Systematic, Syntec 2019.



to reach a critical market size. This new group will be led by Véronique Torner. Additionally, the application services of Alter Way will strengthen the group's digital activities.

Furthermore, the Smile group will leverage the expertise of the new Alter Way brand to accelerate its pioneering efforts in the field of digital responsibility. Convinced of the benefits of such a strategy, Smile plans to develop this value creation axis by entrusting the group's responsible digital policy to Véronique Torner, who is very much involved in these issues, notably through Numeum and its Planet Tech Care program.

The group will continue to draw on the open source and innovation DNA of both companies, with the help of Philippe Montargès, to lead the open source, innovation and cloud ecosystems. This focus is aligned with public authorities' latest declarations, in particular the announcement of a plan to deploy open source technologies in French administrations (recently unveiled by the Minister of Transformation and Public Service, Amélie de Montchalin) and the launch in November 2021 of France Connect's source code. It is fully in line with the underlying trends identified by the European Union with the recent publication on September 6, 2021, of a study on the impact of Open Source Software (OSS) and Open Source Hardware (OSH) across the European economy.

Marc Palazon, CEO of the Smile Group, says: *"This merger with Alter Way represents a new step in our construction of the European Open Source Champion. Thanks to the recognized expertise of Alter Way's teams, which have worked hard to make it an emblematic player in open source, we are strengthening our infrastructure, managed services and cloud consulting offerings, which will represent a significant part of the Group's revenues and will play a key role in supporting the evolving needs of our customers with a comprehensive, high-performance and responsible offering. We are delighted to welcome the Alter Way teams and look forward to working with these new talents."*

Véronique Torner and Philippe Montargès, co-founders and presidents of Alter Way, add: *"After an exciting entrepreneurial journey within the Econocom galaxy which enabled us to successfully develop our Build4Run plan, we are convinced that we need to accelerate the development of Alter Way around our two strategic priorities; namely, managed services and cloud infrastructure services on the one hand, and on the other, a strong commitment to a more responsible digital world. Since its creation, Alter Way has been a leading actor committed to a digital world founded on accessible and eco-responsible open source solutions. Our company can rely on a team of engaged collaborators who have at heart to change the future of open source. We naturally find our place within the Smile group, which has fully integrated this component into its project. We are proud to contribute to the future of Europe's champion of open source and digital responsibility alongside Marc and his talented management team."*

Stanislas de Tinguy, Partner at Keensight Capital, concludes: *"We are pleased to accompany Smile in this new strategic step for the group's development, after the successful merger with UX-Republic last April. This merger with Alter Way is fully in line with Smile's strategy of expanding its offer and will enable the group to reinforce its position as the European leader in open digital technology."*

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About Alter Way

Alter Way is a technology company that designs, develops and manages application services and digital infrastructure around the cloud and DevOps methods. Committed since 2006 to digital responsibility through open source, accessible and eco-responsible solutions, Alter Way joined the Econocom group in 2015 as part of an ambitious development plan. Integrating the current changes, the company is resolutely projecting itself in the framework of its strategic plan Chrysalide 2020-2023 in the economic, societal and ecological issues related to the accelerated digitalization of companies and large organizations.

www.alterway.fr

About Smile Group

We are over 1,700+ passionate people working on creative and innovative digital solutions in 7+ countries. Our approach is based on understanding the specifics of your market, your business, your financial stakes and your current and future challenges. Our open source DNA is the guarantee of our value proposition. In a constant concern for neutrality towards our partners, we always offer the solution best suited to your business objectives and your organization.

We support you in making technological decisions that will improve your business and the digitalization of your company: e-commerce, business applications, data, connected objects, embedded solutions, infrastructure. We are fun and innovative, but also pragmatic and result-oriented. We believe that our contribution is closely linked to your success as that is how we give meaning to our work.

We are SMILE, the European leader in digital and open source.

www.smile.eu

About Keensight Capital

Keensight Capital, one of the leading European Growth Buyout firms, is committed to supporting entrepreneurs as they implement their growth strategies. For 20 years, Keensight Capital's team of seasoned professionals has leveraged their knowledge of investment and growth industries to invest for the long term in profitable companies with high growth potential and revenues in the range of €10 million to €300 million. Drawing on its expertise in the Technology and Healthcare sectors, Keensight identifies the best investment opportunities in Europe and works closely with management teams to develop and achieve their strategic vision.

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