

US background screening company bought back by SA

AltX-listed Ideco Group, which had a 30% stake in Kroll Background Screening, has purchased the remainder of the shares from its US owners, it announced earlier this week. The company, one of South Africa's oldest and largest background screening companies, will revert to its original name: Managed Integrity Evaluation (MIE).

“When this opportunity came up, we immediately decided to exercise our option to acquire the remainder the shares. Kroll is a leading player in its field, is financially more than sound and has excellent management skills and systems. There are extensive synergies between the two companies, which in the first place led us to acquire a minority share in December 2007,” explains executive chairperson Vhonani Mufamadi.

“We confidently expect that now MIE is again wholly South African owned there will be a considerable increase in business with private and public sector entities requiring that sensitive personal data remain in the local circuit. Of course, a strong performance by MIE would add significantly to the group's bottom line

Keen to leverage

MIE chief executive Ina van der Merwe welcomed the buyout, “Onshore ownership has many advantages, both with regard to market access and access to local sources of information.”

She is also keen to leverage the Ideco relationship to expand MIE's presence in Africa: “Ideco already has operations in a number of African countries, which can open doors for us and reduce the expense and often steep learning curve associated with entering new markets.”

Mufamadi is particularly pleased that the National Empowerment Fund (NEF) financed the purchase, “which identified MIE as a very efficient empowerment vehicle and, with this transaction, places BEE owners at the top of the background screening industry.” He emphasises that Ideco will move fast in this regard, “Our very first empowerment move will be the replacement of the two American directors by South Africans.”

Both Mufamadi and Van der Merwe highlight that it is business as usual and that the company's highly prized National Qualifications Register, which lists the qualifications of the majority of tertiary graduates and diplomats in South Africa, remains operational.

Van der Merwe concludes: “It is important to note that MIE does not rely on any foreign technology. In fact our locally-developed systems are of such quality that several of them were licensed to companies in the United States and Europe.”