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**ACCOUNTING & AUDIT**

## Wolters Kluwer Acquires XCM

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Wolters Kluwer Tax & Accounting has entered into an agreement to acquire XCM Solutions, a cloud-based workflow solutions provider for professional tax and accounting firms. The acquisition offers integration opportunities with CCH Axcess, the cloud-based software suite for professional firms in North America.

Wolters Kluwer Tax & Accounting North America has had a longstanding strategic partnership with XCM Solutions since 2006, enabling firms to integrate XCM workflow tools with CCH ProSystem *fx* on-premise software and, since 2012, with CCH Axcess, a cloud-based, modular software platform. Wolters Kluwer and XCM share a common approach to providing innovative, cloud-based solutions that drive productivity for customers.

Founded in 2002, XCM today serves professional tax & accounting firms of all sizes across the U.S. and Canada. XCM solutions help firms control their workflow processes and allocate their resources in order to achieve greater efficiency, productivity and profitability. The company's main product is XCMworkflow, a cloud-based system that aligns with a firm's existing systems and helps them manage all types of work across multiple clients, projects, and offices, streamlining workflows between systems and facilitating a more open and collaborative way of working.

XCM recorded revenues of €19 million in calendar year 2019. Approximately 75% of XCM 2019 revenues were from cloud-based software, of which the majority was subscription-driven. XCM also provides outsourcing and technology-enabled services to support clients during the tax season. The transaction values XCM Solutions at €136 million.

With revenue and cost synergies anticipated over the medium to long term, Wolters Kluwer says it expects the acquisition to achieve a return on invested capital above their after-tax weighted average cost of capital (8%) within 3 to 5 years.

Headquartered in Quincy, Massachusetts, XCM has approximately 440 employees located in the U.S. and India. The transaction is expected to close in the next few weeks once customary closing conditions have been met.

“Our longstanding business relationship make this combination a natural evolution. Firms are seeking solutions that will allow them to modernize their workflows to remain profitable, to attract talent, and to better meet clients' expectations beyond tax compliance work. With this acquisition and our CCH Axcess Platform, we can even better serve their needs,” said Jason Marx, President & CEO, Wolters Kluwer Tax & Accounting North America. “XCM also offers technology-enabled accounting and tax outsourcing services, which will be a great complement to the services we provide Wolters Kluwer customers today.”

“We are very excited by the opportunity to join Wolters Kluwer,” said Glen Keenan, CPA, President & COO XCM Solutions. “XCM customers will benefit not just from the

leadership and domain expertise of Wolters Kluwer but also from their demonstrated commitment to serve customer needs through sustained investment in product enhancement and innovation.”

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