

# Newcastle's hedgehog lab acquires York's Netsells following £6.3m investment

Tech consultancy hedgehog lab has acquired York-based app developer Netsells having secured a multimillion-pound investment.

The Newcastle firm, which also operates hubs in the US and Bulgaria, has received the backing of BGF (formerly the Business Growth Fund) in a £6.3m deal that sees an exit for previous investors Maven Capital Partners. Netsells will be branded as hedgehog lab and led by CEO Sarat Pediredla alongside a new executive board that includes ex-Accenture Song managing director and Karmarama founder Ben Bilboul.

Since launching in 2007, hedgehog lab has grown to work with a number of high profile brands including Aviva, Deliveroo and Tesco. It has made a name for itself delivering digital products using user experience research, user experience design, artificial intelligence, cloud and data science knowledge.

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Netsells was founded by a group of undergraduate developers and designers in their student halls in Scarborough and now employs a team of 40 developers, designers and strategists. It has delivered work for businesses such as Itsu, Hiscox, and Warburtons.

Sarat Pediredla said: "The acquisition of Netsells is a major milestone for us as a company. The combination of two firms with established and renowned capabilities will enhance our offering and growth prospects massively by bringing together

some of the best talent in the industry and facilitating our continued expansion into new international markets.”

The deal was led by John Healey and James Baker, investors in BGF’s Yorkshire & North East team. Maven Capital Partners had invested about £2.2m in hedgehog lab, including its most recent tranche of £900,000 in 2020.

Mr Healey said: “We are delighted to be supporting hedgehog lab on the next stage of its growth journey. The company has already established itself as a leading global digital product consultancy and the acquisition of Netsells will combine the talent and capability of two great teams, unlocking more opportunities in this exciting sector and positioning the business as a credible player of scale in the global digital marketplace.”

Hedgehog lab and Netsells were advised by corporate finance and tax specialists, Cowgills while Hill Dickinson provided legal advice. BGF received legal advice from Weightmans.

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