

## **HGGC Closes Third Fund Speedily, as Buyers Seek New Technology for Old Markets**

"Technology is invading every end market, and it is driving companies to be more competitive with than thier peers," says HGGC CEO Rich Lawson



HGGC has closed its third fund with aggregate capital commitments of \$1.84 billion, with \$90 million from the firm's general partners, including Steve Young, the former San Francisco 49ers quarterback. Fund III was raised in less than 100 days, according to the private equity firm, which is based in Palo Alto, California. HGGC invests in middle-market companies in such sectors as technology and information services, business and financial services, and industrial services.

Fund III, which was launched on Sept. 6 and closed on Dec. 14, was raised much more quickly than the firm's previous funds, HGGC CEO Rich Lawson tells Mergers & Acquisitions. The firm's first fund took about a year and a half to raise, and the second one took about a year, Lawson recalls.

The completion of HGGC's fundraise comes at a time of high interest in tech M&A. The firm looks to invest in companies involved in updating end markets that are still steeped in outdated technology, such as grocery stores, car dealerships, marketing agencies and insurance providers.

"Technology, in and of itself, is invading every end market, and it is driving companies to be more competitive than their peers," Lawson says. HGGC's current portfolio companies include: Dealer-FX, a provider of software to automotive dealers; FPX, a provider of enterprise configure-price-quote software; Integrity Marketing Group, a senior life and health insurance distribution business; and Survey Sampling International, a provider of data and analytics for consumer and business-to-business survey research. Prior investments include: Sunquest Information Systems, sold for \$1.4 billion to Roper Technologies; Hybris Software, sold for more than \$1 billion to SAP AG; and Serena

Software, sold to Micro Focus International for \$540 million.

With the closing of Fund III, HGGC boasts more than \$4.25 billion of cumulative capital commitments from a range of public and private pension funds, sovereign wealth funds, insurance companies, family offices and other institutional investors in North America, Europe, Asia and the Middle East. HGGC raised \$1.25 billion from existing investors and \$500 million from new investors to round out the Fund III hard cap of \$1.75 billion.

Fund III surpassed its target of \$1.5 billion and reached its \$1.75 billion hard cap, exclusive of the general partner commitment. HGGC professionals are substantial personal investors in Fund III and remain collectively one of the largest investors across HGGC's three funds, driving a strong alignment of interests between HGGC and its limited partners, according to the firm.

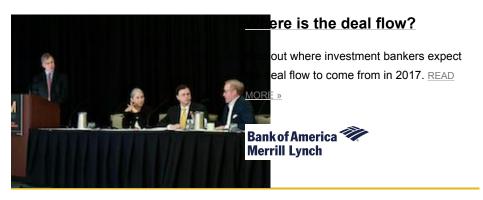
HGGC was founded as Huntsman Gay Global Capital in 2007. The investors for which the firm was named - Jon Huntsman Sr., chairman of chemical maker Huntsman Corp. (NYSE: HUN), and Robert Gay, a leader in the Church of Jesus Christ of Latter-Day Saints – did not participate in the firm's second and third funds. The team running HGGC today includes three of the original founders - Lawson, Young and Greg Benson, a former Bain Capital executive - plus Gary Crittenden, former chief financial officer of Citigroup Inc. (NYSE: C). Mergers & Acquisitions named HGGC the winner of the M&A Mid-Market Award for Private Equity Firm of the Year for 2014, when the firm raised its second fund after the departure of Huntsman and Gay.

Evercore Private Funds Group acted as exclusive global placement agent, and Kirkland & Ellis LLP served as legal adviser on Fund III.

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