

Huntsman invests in thriving software sector

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Huntsman Gay Global Capital has acquired an electronic-commerce software company based in Germany called hybris amid escalating deal activity in the software and services sector.

Huntsman did not disclose details of the transaction, but said it would merge hybris, based in Munich, with its existing e-commerce platform iCongo to form what it calls the largest independent e-commerce software company in the world. The firm expects rapid growth in the sector, especially as companies upgrade their technology to meet the demands on online consumers.

“This is a \$300 billion e-commerce software and services market that will probably grow [15 to 16 percent] a year,” Rich Lawson, co-founder and managing director of Huntsman Gay, told Private Equity International.

The firm invested in Montreal-based iCongo last year. The combined company will keep the hybris name, Lawson said.

The investment illustrates the firm’s broad geographic investment scope. While the firm does not have an “international mandate”, it does look for investments that will help “mid-market businesses expand to seize global opportunities,” Lawson said.

Huntsman Gay has made 18 investments from its debut fund, which closed on \$1.1 billion in 2009. It has other software companies in the portfolio, including Sunquest Information Systems, which it bought from Vista Equity Partners earlier this year.

The firm has invested the majority of capital from the fund, but would not comment about launching a second fund. In July, the firm made its first exit from the debut fund, selling Grand Isle Shipyard, an oil field services company, to Nana Development Corporation.

Deal activity has been intense in the software and services sector, highlighted by Hewlett-Packard's announcement earlier this month that it was "looking at options" for its computer division. The company at the same time announced the acquisition of software maker Autonomy, sending a strong signal of the future direction of long-time computer maker from hardware manufacturing to software and services. International Business Machines made a similar move several years ago.