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PRIVATE EQUITY BEAT

HGGC Turned to Familiar Faces to Drive Growth of Serena Software

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By Laura Cooper

When HGGC bought Serena Software Inc . from Silver Lake in 2014, the firm saw an opportunity to "get the band back together."

At that time, the midmarket firm, which earlier this week agreed to sell the software provider to Micro Focus International for $540 million, sought to not only help the company develop new products but also trim its $350 million debt load.

To help do that, HGGC welcomed back Bob Pender, who had served as Serena's chief financial officer for fourteen years, starting in 1997. Mr. Pender is currently the company's chief operating officer-a role he took on as his responsibilities grew to include some sales oversight, particularly in respect to maintenance renewals.

"Bob is a strong, hard-nosed CFO that knows the ins and outs of his business and manages expenses and revenues tightly," said Rich Lawson , co-founder and chief executive of HGGC. "His historical knowledge of the product set and customer base made him ideally suited for our back-to-basics strategy of focusing on efficiently managing Serena's strong core business."

Over the following two years, Mr. Pender and Serena founder Douglas Troxel worked to help the company pay down debt and collaborate with programmers to introduce new products, including Serena DevOps Release Management. Serena provides software and services that help corporate IT managers and application developers develop and roll out software. But the DevOps Release helped push the company further into streamlining businesses and aiding their ability to work together.

DevOps is the product of a closer integration of the company's development and operations team, according to a video put together by Serena on the new product. The company said the product helps its customer base reduce errors and improve efficiency in planning and implementing their own software releases.

"Over two years, we righted the ship," said Mr. Lawson, adding the company paid down $100 million worth of debt and were able to get its margins of earnings before interest, taxes, depreciation and amortization to 50%. "You had Doug rolling up his sleeves and Bob working on financial sophistication."

Mr. Lawson said that HGGC had been thinking about its exit from the start of its acquisition. He added that the company operates in a small universe of cash-flow generative software businesses.

"Everyone knows each other," Mr. Lawson said, adding that Thoma Bravo's Compuware and Vista's Tibco Software are peers in the space.

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