



PRIVATE EQUITY FIRM OF THE YEAR

HGGC

Closing an impressive nine acquisitions and one exit in 2014, tech-focused private equity firm HGGC also raised a successful new fund and proved its enduring vitality, despite a change in leadership and a new company name.

The Palo Alto, California firm was founded in 2007 as Huntsman Gay Global Capital. While eponymous investor Jon Huntsman Sr. still serves as chairman of the firm's \$1.1 billion inaugural fund (which closed in 2009), he was never involved in managing the firm, due to his day job as chairman of chemical maker Huntsman Corp. (NYSE: HUN). Robert Gay served as the firm's CEO until his departure in 2012 to take a leadership position in the Church of Jesus Christ of Latter-Day Saints. The firm changed its name to HGGC in 2013 and began raising the new fund in January 2014. (Neither Huntsman nor Gay were involved in the second fund.)

Today, HGGC is led by a quartet that includes three of the original founders: Rich Lawson, who serves as CEO and previously co-founded Sorenson Capital and led a Bain Capital-backed e-commerce company; former San Francisco 49ers quarterback Steve Young; and former Bain Capital executive Greg Benson. Also on HGGC's management team is Gary Crittenden, former chief

financial officer of Citigroup Inc. (NYSE: C), who joined the firm in 2009. Proving the team's prowess, HGGC has already returned \$1.2 billion to investors from the inaugural fund, which still has investments to sell.

"We were delighted by the support of both existing and new investors in our latest private equity fund," CEO Rich Lawson tells Mergers & Acquisitions. "We believe it was a seamless transition from Huntsman Gay Global Capital to HGGC, as we had everyone's



Greg Benson, Steve Young, Rich Lawson

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collective support."

The firm began raising HGGC Fund II LP in January 2014 and announced a first close of about \$500 million in April to support acquisitions. HGGC an-

nounced a second close of around \$1 billion in December and the final close of \$1.33 billion in March 2015.

"We stepped up and are the largest collective investor across our funds," Lawson says. HGGC invested \$80 million in Fund II. The firm plans to make 10 platform investments from the fund and has already completed four: AutoAlert, which provides cloud-based data and analytics services to the automotive market; Pearl Holding Group, an insurance-services company; Serena Software, an information technology business; and Survey Sampling International, which provides data and technology services for consumer and business-to-business research.

HGGC made five add-on acquisitions to portfolio companies and sold Hollander Sleep Products, a manufacturer of pillows and comforters, to Sentinel Capital Partners, for an undisclosed price. As the private equity industry matures, succession plans will prove crucial for many firms. "To ensure an orderly transition, make sure you have a true partnership approach to your organization," Lawson says.

—Mary Kathleen Flynn

Private Equity Perspective



Four Prize-Winning Firms

MARY KATHLEEN FLYNN

Only one firm took home Mergers & Acquisitions' 2014 M&A Mid-Market Award for Private Equity Firm of the Year: HGGC. But among the eight awards Mergers & Acquisitions bestowed, we also honored three other PE firms: Huron Capital Partners, the Riverside Co. and Thoma Bravo. All four PE firms thrived in 2014, demonstrating different aspects of dealmaking.

Gretchen Perkins originated the majority of the deals closed by Huron in 2014, which won her Dealmaker of the Year. In addition to recognizing Perkins and Huron, the award highlighted the importance of finding good deals in today's increasingly competitive PE landscape. Perkins is the first woman chosen as Dealmaker of the Year, reflecting the rise of women among the middle-market ranks.

Our Deal of the Year award often goes to a strategic buyer. Hormel Foods Corp. (NYSE: HRL) picked up the prize for its acquisition of the Skippy peanut butter brand from Unilever plc (NYSE: UL) in 2013, and Starbucks Corp. (Nasdaq: SBUX) won for the purchase of Teavana Holdings Inc. in 2012. But for 2014, a year that saw heightened competition between private equity firms and strategic buyers, we chose Thoma Bravo for its acquisition of TravelClick in a move that continued the flow of deals involving cloud computing and augured the wave of transactions in travel coming ashore currently in 2015.

Always one of the most active firms in the middle market, the Riverside Co. is a perennial

contender for our awards. The firm's co-CEOs Stewart Kohl and Béla Szigethy won Dealmakers of the Year for 2013, and Riverside won Private Equity Firm of the Year for 2012. For 2014, we honored Riverside with Seller of the Year, recognizing it for closing a whopping 19 portfolio-company sales and delivering the largest return on a deal since the firm's founding in 1988.

The firm that stood out for its prowess across all aspects of PE dealmaking was HGGC, which won Private Equity Firm of the Year. We were particularly impressed by the firm previously known as Huntsman Gay Global Capital for raising a successful fund after the departure of its eponymous partners.

By delivering stellar returns and completing 10 transactions in 2014, HGGC proved its enduring vitality under the leadership of CEO Rich Lawson, former San Francisco 49ers quarterback Steve Young, former Bain Capital executive Greg Benson, and former chief financial officer of Citigroup Inc. (NYSE: C) Gary Crittenden.

Congrats to all the 2014 winners! **M&A**



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Our 2014 awards honored HGGC, Huron Capital, Riverside and Thoma Bravo.

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