

# BUYOUTS

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## HGGC, General Atlantic merge portfolio companies to fight Amazon effect

October 15, 2018 By [Luisa Beltran](#)



An employee of Amazon walks through a turnstile gate inside an Amazon Fulfillment Center (BLR7) on the outskirts of Bengaluru, India, Sept. 18, 2018. Courtesy of REUTERS/Abhishek N. Chinnappa

- Sears files for bankruptcy protection
- Amazon spent \$22.6 billion on R&D in 2017: recode
- HGGC acquired MyWebGrocer in 2013

In a bid to help retailers combat the **Amazon** effect, **HGGC** is merging its portfolio company, **MyWebGrocer**, with **Mi9 Retail**, which is backed by **General Atlantic**.

The combined company will be called Mi9. Terms weren't disclosed. Shareholders includes HGGC, General Atlantic and **Respida Capital**.

"No one is selling out," said **Rich Lawson**, HGGC co-founder and CEO.

The merged company will help retailers respond to Amazon, Lawson said.

The Seattle retailer spent \$22.6 billion on innovation in 2017, more than any other U.S. company, [Recode reported](#). Amazon's huge R&D budget is more than what the top 20 retailers spent on innovation combined, Lawson said.

"Retail is at a tipping point," he said. "Someone better come in and help them compete, help them know their shoppers, know what they're browsing for."

Many have blamed the so-called retail apocalypse, which saw the demise of nearly 9,000 stores in 2017 and 5,000 this year, on Amazon.

And the phenomenon has claimed another victim. **Sears**, once a staple of U.S. retail, [has filed for bankruptcy protection](#), according to press reports.

Situations like Sears will keep happening, Lawson said. "People need to invest and we have the technology to help them."

Enter Mi9 Retail. The Miami company helps retailers manage their merchandise and take and process orders, while providing data analytics and point-of-sale technology. "It's a 360 platform for retailers," Lawson said.

General Atlantic's investment in Mi9 dates to July 2017, when **Summit Partners** [sold its stake](#). Respida invested in the software company in 2014, **PitchBook** said.

Mi9 [acquired JustEnough Software](#) in January and, in 2016, **Application Systems Corp** and **Upshot Commerce**.

Launched in 1999, MyWebGrocer, Colchester, Vermont, is a software and digital media provider for the grocer and consumer-packaged-goods industries.

MWG processes more than 3 million orders annually, representing nearly a half billion in grocery-basket transactions in in-store and online sales, the firm's website said. HGGC [invested](#) in MyWebGrocer in 2013.

With MWG, Mi9 gains entrée into the grocery vertical and positions Mi9 more aggressively with general merchandise retailers that also sell groceries.

The combined Mi9-MWG will provide software to retailers with \$250 million to several billion of revenue. Customers of the merged firm will include more than 500 major retailers, including **Nike, Levi's, Saks Fifth Avenue, Samsonite** and **Tory Burch**.

"Customers expect all retailers to offer a unified experience across their online and in-store channels, and retailers need to invest in omnichannel technology to keep up," said **Neil Moses**, Mi9's CEO.

The merger was not the product of an auction process but a "direct dialogue," Lawson said.

**Evercore** advised Mi9, **Raymond James & Associates** provided financial advice to HGGC while **Jefferies LLC** advised MWG.

**Action Item:** Contact Rich Lawson at +1 650-321-4910