

Rich Lawson: HGGC looks for deals amid market dislocation

HGGC sees opportunities to back dislocated assets in the public markets and also eyes win-win partnership transactions.

By **Milana Vinn** - 26 March 2020

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Rich Lawson, HGGC

While the global pandemic is bringing valuations down and putting processes on pause, some investors are still open to new M&A.

HGGC, a mid-market private equity firm, sees opportunities in the public market and also looks to invest behind the companies where CEOs and managers want to sell but stay involved, Rich Lawson, chairman and CEO at the firm, *Hub*.

“We are getting a lot of calls because people can no longer go in the traditional process with a banker because everyone has shelved their processes for a couple quarters. They are saying: ‘Hey, what can we do here that make sense? We want to stay involved, we want to be heavily invested in the business,’” Lawson said.

According to the investor, many companies that don’t have scale are now more inclined to partner with a larger IP platform amid the period of financial uncertainty.

“I think this situation is providing even more opportunities for middle market PE firms that are focused on a win-win partnership mentality with sellers,” Lawson said.

The firm also considers this time to be good for execution of buy-and-build strategies.

Last week, HGGC closed two deals via existing platforms. Idera tacked on FusionCharts, a provider of JavaScript components and tools, while Integrity Group acquired Killimett Agency (FFL Southeast), an insurance marketing organization.

In the public markets, HGGC is seeing tremendous opportunity to take advantage of the dislocation.

The firm closely evaluates potential take-private opportunities – a strategy the firm has long been pursuing. HGGC identifies technology companies that are thinly traded, not followed, and have a market cap of \$1 billion to \$2 billion.

“Well now they are really dislocated,” Lawson said, “and this is an enormous opportunity.”

Besides looking for new deal opportunities, the firm is working closely with its portfolio companies to assess and mitigate impacts from covid-19.

Nearly two weeks ago, HGGC’s portfolio companies created bespoke internal covid-19 response committees to respond to challenges unique to each business.