

MERGERS & ACQUISITIONS

UPDATE: Hybris Merges With Huntsman Gay's iCongo

Three of Hybris' six board seats will go to Huntsman MDs Richard Lawson, Robert Gay and retired NFL quarterback Steve Young.

By ANTHONY NOTO

August 23, 2011

This article was update on Aug. 23, 2011 at 5:17 p.m. to reflect the law firms and investment bank advisers that worked on the deal: Kirkland & Ellis LLP and Seward & Kissel LLP counseled Huntsman and Hybris, respectively. Hybris tapped Bentley Associates LP to shop the company.

Private equity firm **Huntsman Gay Global Capital LLC** has orchestrated a tri-border deal between portfolio company **iCongo Inc.**, a Canadian commerce software company, and its German rival **Hybris GmbH**.

Terms weren't disclosed but Huntsman generally invests between \$25 million and \$100 million in equity for each of its transactions. The Palo Alto, Calif.-based sponsor, which acquired iCongo in November, will hold a majority stake in the combined entity and conduct business under the Hybris banner.

The merger is already being touted as creating the world's largest independent eCommerce software business, and is expected to compete directly with the business-to-consumer offerings of International Business Machines Corp. and Oracle Corp.

Hybris will continue to be headquartered in Munich, with its North American headquarters in Montreal, where iCongo is based. Thomas O'Shea, managing director of New York-based investment advisory Bentley Associates LP, ran the sale process for Hybris; James Abbott, James Cofer, Nick Katsanos and Denise Mazzeo of Seward & Kissel LLP handled legal matters. Kirkland & Ellis LLP counseled Huntsman.

The combined company will provide software to clients including Levi Strauss & Co., H&M Corp., Adidas AG, Coca-Cola Co., Bobcat Co., Nikon Corp. and Toys 'R' Us Inc., enabling them to run Internet sales and better manage their retail inventories.

Richard Lawson, a managing director and co-founder at the firm, led the deal for Huntsman. He will serve as chairman and hold one of the board's six seats, with two going to managing directors Steve Young, the retired National Football League quarterback, and Robert Gay, the firm's co-founder, and CEO.

As part of the agreement, Hybris co-founder and COO Carsten Thoma, along with the management teams of iCongo, will maintain a minority stake.

The transaction, announced Tuesday, is the 18th investment that Huntsman has made since raising its

debut \$1.1 billion fund in 2009, Lawson told *Mergers & Acquisitions*, adding that this deal is just one of many in what is considered to be a consolidating industry.

Lawson cited Redwood City, Calif.-based Oracle's January acquisition of Art Technology Group Inc., a maker of software for online marketing, and San Jose-based EBay Inc.'s \$2.4 billion purchase of GSI Commerce Inc. in March as two major deals underscoring the trend.

Apax Partners LLP's purchase of two business-software makers in April was another, he said. Epicor Software Corp. and Activant Solutions Inc. were both acquired by the London PE firm for a total value at about \$2 billion, and were combined to create a software maker with \$825 million in annual sales.

Then there's Demandware Inc., which filed with U.S. regulators on Friday to raise up to a \$100 million in an initial public offering of its common shares. Like iCongo, the Burlington, Mass.-based company provides cloud-based e-commerce products.

Global eCommerce became a \$316.5 billion industry in 2010, Huntsman stated in its release, citing a report from analytics firm Euromonitor. Over the next five years, the industry is expected to grow at least 15% each year to \$653 billion by 2015.

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