French fundraising spikes post-Brexit

Private equity fundraising in France rose by 51 per cent to €14.7bn in 2016, according to figures from industry body AFIC.

The result of the Brexit referendum in June and consequential political and economic uncertainty in the UK was "one factor among many" behind the increase in France, said AFIC chair Olivier Millet.

However, the figures were also boosted by the efforts of mega-funds from the likes of Ardian and Astorg Partners, representing nearly a third of the total. There were €4.1bn worth of €1bn+ raises in 2016, compared to none the year prior.

"Nobody suddenly discovered France as a country for private equity investment – we have a long track record of development of this industry," said Millet. "There is a lot of money available across the world and for sure Brexit raised questions for some foreign money. Investing in France with its quality of SMEs and GPs makes sense for some of them."

Foreign interest in the market increased, with the proportion of investment by non-French LPs rising by 22 per cent.

Investment and exit figures rose by 15 per cent and 14 per cent respectively. Buyout investments taken alone rose by 25 per cent, while turnaround investments more than doubled, though from the very low base of just €22m in 2015.

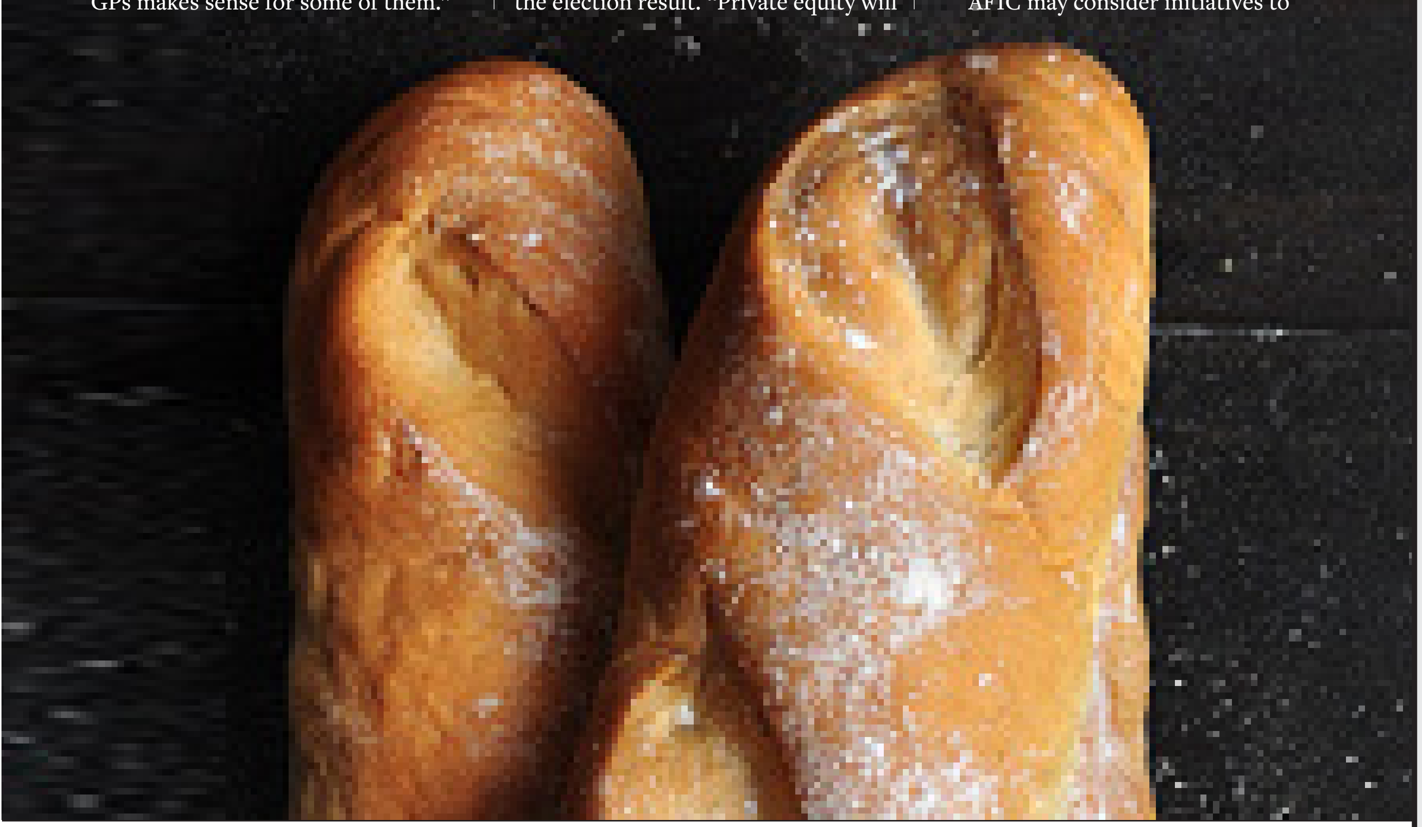
Political uncertainty currently overshadows private equity activity in France with presidential elections due to start in a month. Millet said that two candidates, François Fillon and Emmanuel Macron, have to an extent incorporated the economic proposals put forward by AFIC at the beginning of the year in their manifestos.

He is also confident that French buyout firms can prosper regardless of the election result. "Private equity will not wait for political parties to provide us with support. We create growth on our own, partnering with good entrepreneurs, despite poor political situations," he said.

AFIC believes that France can top European league tables for both fundraising and investment within the next five years if it can encourage more businesses to grow internationally.

"France is a start-up nation, but we have to make bigger, international companies, and private equity is there to support this transformation. What is new is that now that French entrepreneurs don't want to remain French-only. They want to be more dynamic and more international. We have access to a lot of money, so if we partner well with these entrepreneurs we will continue to transform the French economy," said Millet.

AFIC may consider initiatives to



Italian firm Progressio begins raising €225m fourth fund

Progressio, the Italian private equity firm headed by former Carlyle and Investindustrial partner Filippo Gaggini, is raising its fourth fund.

Progressio Investimenti III is targeting €225m, with a hard cap of €250m, and aims for a first close in the summer with a final close at the end of 2017.

The general partner will contribute four to five per cent of the capital.

Having historically focused on raising funds from Italian investors, the firm is looking to broaden its LP base and has taken on Cebile Capital as placement agent.

HumaticaCorner

The uncomfortable truth – Getting the benefits from technology

Technology continues to transform business. Web-based solutions and mobile apps are opening vastly new ways to interact with customers - to enhance loyalty by controlling their information. And, inside firms, digitalisation, robotics and 3D printing can dramatically slash costs and enable new business models.

It's therefore no surprise that fund managers have embraced technology and digitalisation as ways to grow value. On paper, the business case for digitalisation is compelling. So why do so many system implementations fail to deliver the anticipated value? Our experience shows that the root causes are organisational.

To begin with, the implications of a system implementation on the future working practices are overlooked. User requirements are not adequately defined up-front, in order to enable labour-saving improved performance later. In particular, buy-outs rarely have the time, patience or approved funding to first prove To-Be processes in the field, before pulling the trigger on hard-wiring them into working practices.

Second, the management process layer is nearly always last to be considered after operational processes have been automated. That is, the meta-level information that leaders need to manage a process, in the form of KPI reporting, is often just an after-thought and not available at their fingertips.

Third, poor training on systems is a huge driver of under-utilisation and non-compliance. The reduced cost and increased utility of SaaS-based solutions, like CRMs and HRIS' are driving these systems deeper into organisations, beyond just expert users that work with them every day. Non-expert users require more training.

However, there is one last, and powerful reason why new systems are not used, that executives would like to forget – it's called FEAR!

Employees know that by using systems, increasing transparency and documenting their knowledge, they are reducing their bargaining power vis-a-vis the company. Why do this in a time of shrinking tenures?

Fear is also a logical by-product when a system automates 80% of an employee's repetitive tasks and they are forced to focus on the 10-20% which required complex, cognitive thinking. For those who have worked hard for many years, but can't work smart, the new system is a big threat.

If you haven't considered the human factors in rolling out a new technology, you might want to take a closer look at the impact on people in order to get the benefits.