CVC closes $1.6bn second growth fund

By *Olly Jackson*

CVC has closed CVC Growth Partners Fund II on $1.6bn to invest in high-growth, mid-market companies in the software and tech-enabled business services sector.

Fund II exceeded its $1bn target and has attracted a diverse global investor base, across North America and EMEA.

CVC's Growth Partners platform invests primarily in North America and Europe, focusing on a variety of sectors including software, SaaS, managed services and cloud computing, among others. The target equity investment amount is between $50m and $250m.

Northzone raises $500m for ninth fund

By *Sam Birchall*

Northzone has launched a new $500m fund, one of the largest early-stage VC funds raised in Europe this year.

The new vehicle, Northzone IX, will target enterprise and consumer industries across Europe and the US East Coast that have traditionally been slower to innovate, focusing primarily on Series A and B rounds.

The new fund attracted existing and new LPs and was raised at record speed, reflecting the growing European early-stage venture capital market. It has already completed three investments.

Hermes GPE raises $1.6bn for PE investment

By *Olly Jackson*

Hermes GPE has raised a total of $1.6bn for private equity investment, comprising of co-investments and other mandates. Its co-investment fund has closed above $600m and it has received $1bn of commitments from the BT Pension Scheme (BTPS).

The co-investment fund, PEC IV, was launched just over a year ago with a target of $350m and a hard cap originally of $450m.

A third of private equity professionals neglect cybersecurity assessment

According to a survey conducted by Mactavish, 27 per cent of private equity professionals said cybersecurity assesment is "poor" or "terrible".

By *Talya Misiri*

Almost a third, 30 per cent, of private equity professionals have rated due diligence carried out by private equity firms on cybersecurity of target companies as "average".

According to a survey conducted by Mactavish, 27 per cent of senior private equity professionals said that the industry's assessment of the cybersecurity of targeted businesses is "poor" or "terrible". In contrast, 23 per cent described due diligence in this area as "good" or "excellent".

While higher numbers of respondents said that cybersecurity consideration is minimal, the findings suggested that improvements in this area are likely to take place.

A total of 83 per cent of respondents expect private equity firms to insist that their portfolio companies all have specific cyber insurance policies in place in the next three years.

A further 53 per cent of professionals said that they believe that private equity firms are more focused on buying cyber insurance for their own operations.

Considering the key obstacles to private equity firms securing cyber insurance, 27 per cent said cover is too expensive when compared to the risk they face in this area. The same percentage claimed that cyber risk to private equity is not serious enough to obtain insurance. An additional 13 per cent said it is because it is difficult to find the appropriate cover.

Commenting on the findings, Mactavish client services director Liam Fitzpatrick, said: "Cyber risks are a major and growing threat to all organisations, but private equity firms are unique in that they can be left particularly exposed in three distinct but interrelated areas: the private equity firm itself, their transactional work, and then the risks faced at the portfolio company level.

"It's imperative that private equity firms and their portfolio companies have robust insurance in place. However, this is easier said than done as many off-the-shelf cyber policies are not up to the job and may not meet the requirements of a complex business like a private equity firm."

Mactavish is a UK-based independent expert on insurance placement and disputes. It has operated in the commercial insurance sector for over 15 years.

HUMATICA CORNER

Beyond Agility: The Creative Organisation Imperative

Markets, competition and customer preferences are moving faster than ever. The shifting economics of information is changing new and old businesses alike. No wonder leaders demand more agility and HR wishes for a learning organisation. But both are missing the point. Agility is reactive and knowledge is backward looking. These organisational capabilities are necessary, but no longer sufficient for top-quartile value growth.

In competitive markets, "product" innovation has become an expensive and increasingly risky differentiator. However, disruptive changes in the economics of information have opened vast new areas of business model innovation beyond "the product" for companies that are aware, and can connect the dots before others – like Apple, Amazon and Google.

Explosive value creation comes from distributed, collective pattern recognition – the organisation's ability to anticipate customer needs and pre-empt competitors with a business model and offer that more efficiently fills new demand. That is, the collective ability of knowledgeable experts to collaborate and connect the dots on shifting customer preferences to deliver a superior offer before the competition. It's an uncomfortably elusive new value driver, that you won't find anywhere in the P/L, budget or balance sheet.

No surprise: increasing attention is therefore paid to "culture" and "change management". However, these labels over-simplify elements of the solution to a very complex new business problem. How do you shift the behaviours and competence of hundreds or thousands of knowledgeable employees so that they are collectively more adept at taking in information from diverse sources, collectively recognising innovations at all levels and activating others to implement quickly?

Fundamentally, adaptation and renewal are driven by the collective ability to exchange information and motivate people to action. And this is driven by the quality of interactions – that is behaviour. Collectively, we refer to "culture". However, that label isn't actionable for leaders until we quantify specific behaviours and logically connect them with the ability to adapt. Although many would like to believe there is one silver bullet, the truth is that a huge number of diverse factors with vastly different impact drive an organisation's ability to collectively innovate. Leaders need to recognise that the key people driving collective adaptation, regardless of industry, work voluntarily. They have more lucrative alternatives with your competition. Their motivation is based on purpose. And their compliance is based on trust.

Consistency across the levers that impact the quality of employee behaviour and interaction include the leader's behaviour, signalling, communication, org structure, management processes, development opportunities and compensation. They are part of the mix needed to nurture high-quality behaviours that enable collective innovation.

Humatica's codification of the required behaviours and management processes which drive adaptation and renewal is a starting point for understanding organisational bottlenecks and where improvements are needed. The great thing about a sensitive system like the knowledge organisation is that small tweaks, like making a leader aware of behaviour, hold great improvement potential with minimal investment and risk.