Main Capital raises €564m

Main Capital Partners has reached €564m for the final-close of its sixth flagship fund.

The new vehicle, Main Capital VI, has generated significant interest from existing and new LPs and has exceeded its €550m target.

Commenting on the fundraise, Charly Zwemstra, managing partner of Main Capital Partners, said: "We are very grateful for our investors' continued support and strive to continue to support and build successful and resilient enterprise software companies together with the founders and management teams of our companies."

Following the strategy of its predecessors, Fund VI will back majority buyouts of enterprise software companies in the Benelux, DACH and Nordics.

The vehicle has already invested in four new platform companies spread over the Netherlands and Germany, and one realised add-on acquisition since the end of 2019.

Despite a slowdown in deaflow, Main's latest fund indicates that LP appetite for European technology and software companies continues unabated.

ForeScout sues Advent

ForeScout Technologies is suing Advent International following the private equity firm's decision to walk away from its agreement to buy the cybersecurity group for $1.9bn.

The buyout firm informed ForeScout that it would not be proceeding with the acquisition, which was scheduled to be completed on 18 May 2020.

In a statement, Advent said Forescout would not be able to meet its financial obligations following the deal closing, adding that since the deal was signed, Forescout "has failed to operate in the ordinary course in several material respects."

The $1.9bn deal was first announced in February this year.

Advent had partnered with Crosspoint Capital Partners for the buyout and had agreed to pay $33 a share for Forescout.

The tech group's stock has plummeted more than 30 per cent since Advent reneged its deal contract.

Lockdown dampens deal flow

PitchBook's latest report: UK and Ireland Private Capital Breakdown 2020, anticipates a sharp decline in deal flow, with no expected rebound until Q4 2020.

Deal flow in the UK & Ireland will remain sluggish as the Covid-19 lockdown continues, reveals PitchBook. PitchBook's latest report: UK and Ireland Private Capital Breakdown 2020, anticipates a sharp decline in deal flow, with no expected rebound until Q4.

According to the report, the UK has been hit particularly hard by the Covid-induced slowdown in deal activity with only eight announced deals in April. This comes as GPs do not plan on closing investments through an entirely virtual process. Most managers will close deals only once they have met management teams face to face and they've seen the business operating in full motion. The report suggests that GPs are choosing to prioritise liquidity solutions and are laser-focused on portfolio triage as opposed to deal executing in the immediate short term.

Attaining accurate asset valuations will further depress deal activity, the report says. Acquisition prices and portfolio valuations are also set to drop dramatically in 2020 due to the economic dislocation caused by the pandemic. According to the report, around 12.5 per cent of UK PE-backed assets are in sectors that are heavily affected by the pandemic, such as retail, travel and entertainment.

As valuation gaps with the UK main markets continue to grow and as governance and the quality of AIM companies increase, GPs will be focused on UK AIM-listed entities. The UK & Ireland's IT sector will likely play a key role in rebuilding the economy. GPs invested a record €7.7bn into PE-backed IT companies in Q1 2020, which according to the report is nearly one-fourth of UK & Ireland's total PE deal value in the quarter.

HUMATICA CORNER

The Post-Covid Organisation (Part 1)

Many are speculating about what lasting organisational changes will result from Covid-19. Everyone is sure that social distancing will have an impact on how we work in the future, but few are clear on what the changes will be and how agile organisations can benefit.

Clearly, technology has been a saviour. What would have happened if the pandemic hit 10 years ago before Zoom, Teams, UBER Eats, Slack and other remote IT-enabled services? It's a frightening thought. "Home office" and remote working were already topics of debate. But the pandemic has broadly accelerated (forced) acceptance for tele-working as the new normal. User friendly platforms and ubiquitous broadband have made otherwise unthinkable real-time group collaboration a reality. Like many innovations, the long-term implications of these shifts are just emerging. Companies have realised that people don't need to physically come to work to function. Take NatWest as an example. A recent inquiry was routed to one of many customer service reps working from home with a remote, secure terminal. Besides the occasional dog barking in the background or a child screaming, the rep had ready access to information and professionally handled the inquiry. Better customer service than a normal wait in the queue!

And, that rep, like many home workers today, suddenly had more time available for "work" and "life-balance". With Covid-19, busy professionals have tasted the benefits of an extra 1-2 hours per day that they would normally lose in frustrating commutes.

Particular roles, like sales and recruiting, which relied on extensive face-to-face contact will also transform post-Covid. In-person interaction will be further squeezed to the efficient minimum needed to facilitate a decision or subsequent online interaction. It's much easier to collaborate online after an initial face-to-face interaction. The importance of first physical meetings will, therefore, increase. Online collaboration also takes a higher level of structure, mindfulness and reasoning capability among participants. Everyone in a Zoom conversation needs to be engaged and get the points presented to structure their thinking and build on them. Communication skills like clearly formulating statements become even more important. Its more difficult to get a Zoom conference back on track if a participant goes off-piste and into the weeds than if you are there in person. Leaders will also have to learn a new craft post-Covid. Collaboration becomes more voluntary and requires more positive inspiration. Managers will have to trust their people more. And, they will need to invest more time in ensuring "community" despite less face-to-face interaction. The implications of new normal remote working are great, for managers and employees. Humatica is helping the most agile firms to architect new ways of collaborating, so that they are ready for business after lock-down.

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Hard Facts for the Soft Factors