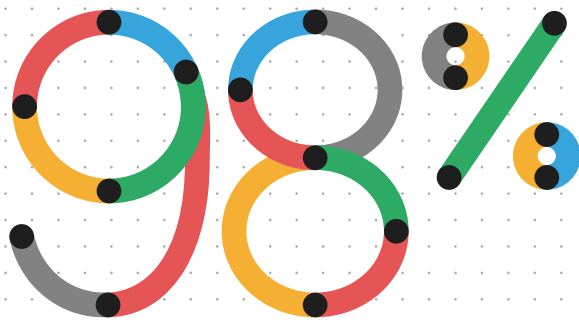


# Structure

**Standout. Succeed.**  
Standout in a crowded marketplace to succeed.

**The opportunity facing Private Equity**  
2016



**of Private Equity professionals and those working within the wider Private Equity industry in the US and Europe said it was important for a private equity firms to have a strong brand.**

**Executive summary.**

The past calendar year set a record for the amount of money distributed by fund managers to investors, however changes in market conditions and the digital landscape are creating new challenges for private equity firms.

We examine how a combination of capital superabundance, an increasing ability to conduct digital due diligence and an ever increasing need to demonstrate added value and difference during the origination process is effecting the private equity industry.

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## A time of change.

### Increased LP commitments, new PE funds and new opportunities.

It is easy for private equity firms to forget how dire the prospects for the PE industry were eight years ago with investors watching as the economy imploded.

The global financial crisis brought a halt to the PE boom years from 2005 to 2007 that became known for mega-buyouts at record-high prices and sky-high multiples of EBITDA. This brought to an end the steady upward trend from 1995 to 2005, recovering to post 2007 levels in 2014.

# 9,000%

rise in value of buyout-backed exits between 1995 and 2014.†

These deals were not only bigger than those seen previously but were far too heavily leveraged. This caused obvious concerns for PE firms however, with the Bank of England setting interest rates at near zero and the favourable credit conditions that followed, PE borrowers were able to refinance their debt.

### What does this mean?

A blend of improved market conditions and more accommodating IPO conditions paved the way for profitable exits and we are now seeing LPs increasing their commitment to new PE funds.

The market environment has shifted quite dramatically since over the past ten years and is set for another big shift over the next ten.

There are many opportunities for PE firms in the future, however only those who evolve to meet the ever changing demands of modern CEOs – brand, digital, thought leadership – will be able to fully realise the opportunities ahead.

† Bain & Company: Global Private Equity Report 2015

# Capital superabundance.

## New money brings new challenges.

The industry is now in a position where there is a capital superabundance with total financial assets of more than 10 times global real GDP. Totalling some \$600 trillion in 2010, financial assets will increase to \$900 trillion by 2020, according to Bain's Macro Trends Group projections.

# \$900tn

Financial assets will increase  
to \$900 trillion by 2020

Capital superabundance will tip the balance of power from owners of capital to the owners and creators of good ideas.

## What does this mean?

Apart from the obvious pressures on PE firms such as the rising cost of assets and the increasing holding period for a majority of assets, PE firms will need to have to fight on new fronts, against new entrants as well as presenting their difference clearly across all channels consistently in order to attract and win the right deals.

## Digital due diligence.

### Be clear on your point of difference to potential investments.

The industry has become much more sophisticated compared to ten years ago and having a strong brand is a critical differentiator. Sellers are also becoming more sophisticated and have more choice than ever.

CEOs and Founders are spending more time evaluating their investment options thoroughly online, effectively conducting 'digital due diligence' on PE firms before agreeing to meet with them. For this reason, it is paramount that the brand reflects the firms' attributes, giving the viewer the feeling that you are someone that they could imagine themselves partnering with.

# No hiding

CEOs and Founders are spending more time evaluating their investment options online

It's also important to understand the journey the CEO will go on when making their decision following that initial recommendation from their corporate finance advisor.

### What does this mean?

If the firm can be ever present along this journey, surfacing insight and thought pieces at every step of their journey, then they are already way ahead of the competition and setting a positive expectation for the first meeting.

## Invest in brand.

### Research suggests that having a strong brand helps in fundraising, deal sourcing and attracting talent.

A survey was recently conducted with 290+ private equity general partners, limited partners, fund of funds, placement agents, investment bankers, intermediaries, lawyers and consultants serving the private equity industry in the U.S. and Europe on the power of marketing. The findings were conclusive.

# 91%

said a strong brand would aid fundraising and shorten the fundraising cycle

# 92%

said a strong brand would improve deal sourcing

# 81%

said a strong brand would help attract and retain talent

The same research found that in the next 12 months, 56% are planning to invest more in their marketing materials and website, 44% to invest more in investor relations, and 34% to invest more in public relations.

### What does this mean?

With firms upping their marketing spend and the market experiencing capital superabundance, private equity firms are now in a position where they need to be clear about who they are and their difference in order to be able to compete on multiple fronts.

**Structure**

Structure specialise in working with fast growth private equity and private equity backed companies with light internal teams, tight timescales and ambitious targets.

We help firms achieve their strategic and commercial goals by having a strong value position and brand which is then articulated verbally and visually across multiple channels such as the firms' website and marcomms materials.

The brand is also used as a way to shape organisational behaviour to reflect the outwardly facing proposition specifically, how the origination process could be enriched and how the credentials document and first meeting could be structured differently to reflect the new brand.

**Get in touch**

If you are considering revisiting your brand and/or website, then we would love to have a conversation with you about how we can help.

**Contact**

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