What’s inside this report?

02 Introduction
Building foundations for the future in uncertain times
Seth Brody Partner and Global Head of the Operational Excellence Practice, Apax Partners

Shifting foundations in a turbulent world

04 Micro-opportunities, macro-knowledge
Andrew Sillitoe Co-CEO and Nico Hansen Chief Investment Officer, Apax Partners

Putting Brexit in a global context
Andrew Sentance Senior Economic Adviser, PwC

The view from the Hill
John Boehner 53rd Speaker of the United States House of Representatives

12 Building the future for growth
Follow your North Star
Kyle Leahy Executive Vice President and General Manager of North America, Cole Haan
Mapping career paths to a strong future
Greg Kayata Senior Vice President of Human Resources, Acelity
The price of change
Scott Kim CEO, Bankrate.com
Building strength in carve-out situations
Noel Goggin CEO, Aptos
Matt Foster COO, Duck Creek Technologies
Vid Desai CIO, Vyaire Medical
Extending your influence
Rich Beattie Vice President, Multiply

20 Putting the foundations in place: case studies for success
A recipe for winning new customers
Jon Simmons Operating Executive, Apax Partners
Preparing for public markets
Doug Ahrens CFO, GlobalLogic
Health and safety as a value driver
Cliff Dixon Vice President of Information Technology, Quality Distribution
Putting customers at the heart of systems planning
Sal Caruso CIO, One Call Care Management
Nick Iozzo Operating Adviser, Apax Partners
Using the Apax Portfolio Efficiency platform to get “large company” procurement
Edward Burgers Procurement & Facilities Manager, Exact Software

Attendees
26

The Operational Excellence team
28

A differentiated platform for value creation
30
**Partners in driving growth**

Apax Partners is one of the world’s leading private equity advisory firms. An independent global partnership focused solely on long-term investment in growth companies, our Funds invest in four sectors: **Consumer, Healthcare, Services** and **Tech & Telco**.

Apax Funds’ strategy is to drive superior returns through sector expertise, geographical flexibility and transformational ownership. To that end, the Operational Excellence Practice (“OEP”) and the firm’s vertical domain expertise are brought to bear through the life cycle of a deal to drive value. The OEP is comprised of resources possessing deep operational expertise and broad acumen as general managers. The OEP resources “get in the boat” with management teams to drive results.

Through the OEP’s KnowledgeNow programmes, communities and conferences, we create forums for executives to share experiences and discuss the common challenges our portfolio businesses face. Our annual conference, held in October 2016 in Barcelona and recounted in this brochure, is the cornerstone of these efforts.

<table>
<thead>
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<tbody>
<tr>
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<tr>
<td>Portfolio companies*</td>
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<table>
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<td>Employees</td>
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* Registered
Building foundations for the future in uncertain times

The KnowledgeNow Conference brings together portfolio companies, critical vendors and operational experts from across the Apax network to discuss common themes and to share best practice.

The conference has grown from strength to strength since ten people gathered in a New York conference room in 2011 and realised they were facing many of the same challenges. This sense of a common purpose is as true today as it was then, even now that the conference comprises attendees from portfolio companies representing more than $15 billion in annual sales.

In the wake of the Brexit decision in the UK and with the US election result looming large on the horizon, the conference provided the ideal forum to discuss how businesses could continue to flourish in uncertain times by building “Future Foundations” today.

Our primary objectives

- Share...
- Network...
- Accelerate...

- ideas
- experiences
- data
- best practices
- worst nightmares
- with each other
- with our partners
- with Apax
- project delivery
- talent development
- transformation
- execution

“More than 80% of the value that’s been created in our buyouts comes from the work that each and every one of our portfolio companies does every day; expanding margins, driving profitability and growing the top line.”

Seth Brody, Partner and Global Head of the Operational Excellence Practice, Apax Partners

The evolution of Operational Excellence

As part of our own commitment to continuous improvement at Apax, we recently asked McKinsey to examine the evolving perceptions and expectations of the Operational Excellence Practice through a comprehensive research study.

We take the idea of continuous improvement very seriously and wish to focus on serving two constituencies: internally helping our deal teams and deal partners carry out due diligence on the way in; and externally supporting our portfolio executives to grow their businesses and drive equity value.

The results from the survey were clear. Apax portfolio companies appear happy with our mission and strategy – we are designed to “get in the boat and row” with the portfolio companies, and we get in with a strike-force mentality. This seems to be understood and working well, with strong results and partnerships around the global portfolio.

What was less universally understood is the full range of services that the OEP provides, where there is opportunity to more broadly communicate our capabilities. There are also functional areas where we will strengthen our offer going forward, most notably in the areas of corporate carve-outs and human capital.

Portfolio Companies Registered:

- Acelity
- aptos
- = Exact
- fullbeauty
- Paradigm
- QD
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Insights on a year of unprecedented political and economic turmoil. Our experts unpick the trends and offer their thoughts on the road ahead.
In the face of a “frothy” environment, Andrew Sillitoe outlined the three pillars of sector expertise, geographical flexibility and transformational ownership that define Apax, and zeroed in on micro-theses over macro-bets.

Apax Partners’ sector approach developed from the firm’s venture capital roots and predates that of many private equity peers. We overlay digital expertise across these sectors and take a flexible geographical approach by moving our sector experts to the opportunities we see. We add transformational ownership through measures such as management improvement or accelerated M&A to generate superior returns.

Apax is committed to striving to maintain its target returns, despite the fact that the current low-interest rate environment and high company valuations make this more challenging than in the past. Rather than paying highly for developed businesses with sustained growth, Apax is searching for companies at lower valuation where we can create value early through transformational skills.

This has led to a focus on the micro-thesis over the macro-bet. Recent Apax Funds acquisitions have tended to follow four key themes: digital improvement, carve-out/operational improvement, international expansion and consolidation. Some investments fall into one category, but many, such as Duck Creek Technologies and Vyaire Medical, fall into a number of them.

High asset prices and cheap borrowing do mean it is a good time to sell – Apax Funds has achieved realisations of $21.5 billion since 2014. But against the backdrop of low, sometimes negative, interest rates we are refusing to drop our target returns – we believe that can leave little room for companies underperforming versus plan in uncertain times and compound potential for low returns.
Nico Hansen delved deeper into the world’s economies to explain how Apax is pivoting to markets and subsectors where lower valuations can be found.

Public market valuations have continued to rise throughout 2016 and are above their five-year averages in most markets around the globe, while private company valuations are at 10.5x, trailing EBITDA in the second half of 2016. We are seeing how they are now back in line with levels seen in 2007 before the financial crisis.

At the same time, political uncertainty can cause significant volatility. The UK’s Brexit decision continues to have near-term economic repercussions while political unrest in Turkey, the presidential elections in the US, the referendum on constitutional reform in Italy, as well as forthcoming elections in France and Germany, all have scope to upset markets. Taken together, all of these factors indicate high potential for another market correction in the next six to twelve months.

Despite this turbulence, Apax Funds has investors’ capital to deploy and we are hunting for – and finding – opportunities. With asset prices high in the US, we are looking towards Europe and emerging markets similar to Israel where valuations are lower on average. While we do focus on micro-theses, the macro-environment is critical. Where we see a positive macro-backdrop and moderate or low valuation levels, it’s an incentive to deploy our resources to unearth those micro-opportunities.

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### Average PE buyout multiples (EV/LTM EBITDA)

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<tr>
<th>Year</th>
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<th>Europe, Equity (x)</th>
<th>US, Debt (x)</th>
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<td>3.3</td>
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### Market outlook snapshot

- **UK**: Potential Brexit disruption higher than markets expect
- **US**: High valuations, tough times for energy and industrial sectors
- **India**: Strong macro, albeit slow political reform
- **Brazil**: Improved political situation, potential for strong rebound
- **China**: High debt levels must come to an end
- **Spain**: An impressive recovery story against difficult political backdrop
- **Israel**: Small economy, moderate/low valuations
- **Africa**: Fragmented, political, underrated

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Footnote reference (9)
Global concerns and UK-specific factors led to the Brexit decision

An anti-globalisation backlash, in part brought on by the rise of Asian economies and the declining influence of the West as well as fears about immigration, were the two main reasons behind the UK’s unforeseen decision to leave the European Union in June. Neither of these factors is confined to the UK as Sentance sees the same trend of discontent across Europe and the US, as highlighted by mounting popular support for both far-right and far-left political parties. “The growth of people’s living standards, particularly in traditional industries, has been fairly weak and fairly low and that’s contributed to the perception that this great global economy that we created in the period from the 1990s onward maybe isn’t serving the interests of many working people in western economies,” Sentance said.

It’s worth noting the decision was influenced by a number of UK-specific issues, which may limit a similar voting outcome elsewhere in Europe. Since the creation of the EU in the 1990s, Britain became less prominent in European political and economic decisions. Leading British politicians often used the EU as a scapegoat for problems at home. Sentance claims that these factors, along with a badly managed pro-EU campaign, led to the unexpected final result.

UK will bear the brunt of Brexit fallout as the global economy moves forward

Despite the global concerns about a slow recovery from the Brexit decision, economic growth has been remarkably solid. While developing economy growth rates have been particularly high, developed economies in Europe and North America have also performed soundly. Growth rates of about 2% might seem disappointing when compared with the heady 3%-4% rates achieved by some economies before the financial crisis. They are actually in line with long-term averages achieved from the 1980s onwards. “Two per cent growth is quite healthy for a western economy,” Sentance explained. Even Japan is growing at the same rate as the US when you adjust for its declining population. We would predict that these growth rates represent the “new normal”.

A shifting global economy

| Potential reduction in UK GDP growth by 2020 stemming from the Brexit decision. | The increase in Asia Pacific’s share of global GDP from 1980 to 2016. |
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Despite this solid performance in “developed” economies, we should expect the Asia Pacific region – which is home to 60% of the world’s population – to increase its current share of global GDP from 35%, while Africa and the Middle East increasingly become the real motors of future economic growth.

The impact of Brexit on these wider trends, as well as the economic impact on the world’s economies, will be negligible. However, the effect on the UK will undoubtedly be negative. PwC expects British GDP growth to slow to 1% in 2017. Depending on the kind of deal the UK strikes with the EU, PwC believes that by 2020 GDP will be lower than the pre-Brexit trajectory. Any potential benefit for export businesses that might emerge from the fall in sterling will be more than offset by higher prices on imported goods for consumers.

### Capitalising on global opportunities in the post-Brexit world

Investment in the new world order will require an understanding of global economic movements, a focus on persistent underlying trends, and detailed analysis of micro-economic opportunities. Sentance noted that the inexorable shift of global economic power to Asia is a trend to capture, as is the rise of older age consumer groups in developed economies, as well as in China.

Sentance concluded, “Before the financial crisis, there were some very strong tail winds, particularly from the expansion of credit but also from the impacts of globalisation sweeping through the world economy. [Those] big macro-tailwinds to a large extent have gone away... it’s digging down into the micro-economic opportunities that’s going to be important.”
The view from the Hill

with John Boehner, 53rd Speaker of the United States House of Representatives

The view from the Hill continued

The art of disagreeing and finding common ground, as well as building a strong team, are keys to success in politics and business, John Boehner, former speaker of the US House of Representatives, said in an interview with Apax’s own Seth Brody on the theme of America’s Political Foundations and the Presidential Election of 2016.

**Voters frustrated by weak economy**

Speaking ahead of the US presidential election on 8 November, in which Republican candidate Donald Trump swept to power, Boehner said the weak economy was a major contributor to the political situation in the US. “There’s a great deal of frustration in our country, and frankly I think elsewhere around the world; mostly stemming from the economic collapse, and the inability of the world to reflate and grow the world economy,” he said.

Due to the level of political ill will that characterised the whole campaign, he predicted that either candidate would struggle to pass laws in Congress. As a result, the majority of issues will go before the Supreme Court. With a vacant seat in the court, the president’s selection of potential justices is a decisive factor between Trump and Clinton.

While the future of politics may be headed for uncertainty and potential gridlock, Boehner had encouraging words about US businesses. Based on his experience on the road fundraising for businesses from auto dealers to dry cleaners, Boehner asserted that the picture on the ground was often very different from the view in Washington. “I would argue America’s economy is a lot stronger than America’s political process,” Boehner said. “I’m optimistic about America, and eventually the political process. People will calm down. We’ll have new leaders who can lead. And they’ll get back on track. But right now, it ain’t going to happen any time soon.”

**Learning to disagree without being disagreeable**

Growing up as part of a large working-class family in Cincinnati, Ohio, armed Boehner with the fundamental skills needed to make his way in politics. Dealing with tricky customers at the family-operated tavern while simultaneously getting along with eight brothers and three sisters provided him with essential experience for his political career. “The art of being able to disagree, without being disagreeable. That’s something that probably helped me more throughout my political career than anything else I ever learned,” he said.

““The art of being able to disagree, without being disagreeable. That’s something that probably helped me more throughout my political career than anything else I ever learned.””
“There’s a great deal of frustration in our country, and frankly I think elsewhere around the world; mostly stemming from the economic collapse, and the inability of the world to reflate and grow the world economy.”

Before politics, Boehner gained professional experience in the plastics and packaging business. “There’s one big lesson that I learned during my business career, and that’s take your team and make sure it’s a team,” Boehner said. As Speaker of the House, he had a staff of about 85 people with united goals and principles. He conducted regular team-building retreats and exercises to maintain team cohesion among existing employees and new recruits.

Navigating economic and trade challenges

Boehner praised America’s entrepreneurs who deal with the political landscape in front of them while advocating a smaller state as a route to a healthier economy. However, he still saw significant financial threats. “I think the greatest threat to the economy today is the risk of deflation. All over Europe, the United States, China, everybody’s been involved in trying to avoid deflation for the last eight years. And we have shot virtually every bullet in trying to avert this,” Boehner said.

He was also critical of the government practice of running a budget deficit, which he likened to children paying for their parents’ purchases on credit.

Turning to the other side of the pond, he had a more positive message for the UK following its Brexit vote in June. If Britain can seal a free trade agreement with the US ahead of the EU, which continues to struggle to set terms, then it would strengthen its hand in negotiations with the other European nations, Boehner said.

“I would argue that America’s economy is a lot stronger than America’s political process.”
Building the future for growth

Leaders from across the Apax Fund portfolio share operational insights on how to build solid platforms for success in turbulent and challenging times.
Differentiation is the key to transforming an iconic American brand into the next big global lifestyle brand, Kyle Leahy, EVP and GM for North America at Cole Haan, explained in her presentation "Building a consumer-driven brand and product strategy."

The hundred-year-old start-up

Cole Haan’s acquisition by Apax Funds in 2013 and subsequent carve-out from Nike was the catalyst for huge change at the US footwear company. It involved rebuilding the entire management team in multiple phases, a complete overhaul of product lines and establishing new platforms for future growth including digital. In short, a complete reset of the company’s direction. This “North Star” strategy aimed to transform the business from a multi-million-dollar footwear company into a multi-billion-dollar lifestyle brand.

Leahy referred to Cole Haan as a “hundred-year-old start-up”. She explained: “We are lucky to be stewards of this great American brand. But it requires that we really rethink how we operate, how we’re going to compete.”

That means overcoming the legacy mind-set and challenging the ways things have been done in the past.

Differentiation at the heart of brand positioning

With markets more competitive and consumer demands higher than ever, standing out from the crowd is the key to Cole Haan’s strategy. This differentiation is defined by three components: brand authenticity, market opportunity, and cultural and consumer insight. By reconsidering its brand strategy, Cole Haan arrived at a competitive advantage defined as Elegant Innovation. This cross-market positioning allows the company to compete in a much larger market, with performance sportswear brands as well as fashion brands.

“Consumers have responded so strongly that it is validated for us that this is a North Star that we can continue to drive as a sharp point for our company,” Leahy said. Sales of shoes developed under its GRAND.ØS technology design initiative have grown to some 1.5 million pairs in the last 18 months.

Follow your North Star

with Kyle Leahy, Executive Vice President and General Manager of North America, Cole Haan

Key takeaways from Cole Haan journey

- Question the traditional way of doing things at your business
- Define your competitive advantage by understanding your brand, your consumer and your market
- Invest and plan to meet your North Star strategy
For inspiration, Cole Haan delved deep into its long history of design innovation, which included developing ergonomically designed golf shoes in the 1940s. It also looked at changing consumer trends, as well carefully analysing feedback from customers to really understand their perceptions of the brand and what they expected.

Finally, it investigated the market opportunity. “Fish where the fish are’ is a phrase we use a lot when we think about our strategy development,” Leahy said. As a result, Cole Haan broadened its focus from the dress shoe category, worth some $8 billion at the time of acquisition, to incorporate casual and lifestyle categories, in the process boosting its potential market opportunity to $100 billion.

**Delivering against a North Star strategy**

Having defined its market and set its North Star, Cole Haan is now delivering against its aims. Leahy explained how it requires patience and clarity of message, as well as an ability to fine tune the strategy over time. The company has changed its product architecture and is planning far ahead with new collections for 2018 seasons that will meet its customers’ expectations. “We’ve tilted our investment to be able to deliver against this North Star. It’s informed the type of talent that we’ve acquired, the resources that we’ve built,” Leahy said.

As part of this drive to cement this market leadership position, Cole Haan has built an innovation centre at its New Hampshire headquarters where it has industrial engineers, rapid prototyping and 3D printing. “It’s been a tremendous proof point for us around not just talking the talk, but walking the walk on bringing innovation,” Leahy added.

“**We are lucky to be stewards of this great American brand. But it requires that we really rethink how we operate, how we’re going to compete.**”

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<th><strong>Innovation</strong>&lt;sup&gt;(12)&lt;/sup&gt;</th>
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<td><strong>The number of shoes sold under Cole Haan’s GRAND.ØS innovation programs in the last 18 months</strong></td>
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</table>
Building the future for growth continued

Mapping career paths to a stronger future

Choosing the right people, defining their career development potential, and providing detailed feedback on performance can help retain employees and minimise costs from unnecessary staff turnover, explained Greg Kayata, SVP of Human Resources at Acelity.

Staff turnover can place high costs on a business through lost revenue and recruitment fees for new hires. By improving management that identifies how employees can progress through the company, staff are likely to stay on board for longer, reducing costs to businesses.

Since joining Acelity two years ago, Kayata has spearheaded a new human resources plan that focuses on four key areas: selection, development, performance and retention. In the first instance, better selection means more standardised interview processes and success profiles that define what is needed for each role from the outset. This is followed by creating development plans to focus on how those staff can progress through the company, mapping out potential routes and roles they can take in the future.

Setting clear criteria for each job makes it easier to assess staff performance and create potential goals. The evaluation of leadership potential and subsequent succession planning should be more open and transparent. This also requires that those not picked for internal moves should be given clear feedback on what is needed to progress. “I’d argue if you’re doing those first three things appropriately, then the retention will follow,” Kayata explained.

Acelity is witnessing the benefits of this approach, with turnover of new hires in field services down to zero this year and staff willingness to recommend the company on the rise.

Reducing staff turnover costs

Selection
Define the role and standardise interviews

Development
Plan career paths to enable staff progression

Performance
Give clear feedback on how to move forward

Retention
Get the first three right and retention will follow!

“Acelity turnover for new hires in field services”(133)

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<td>2015</td>
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<td>2016</td>
<td>0% (end-October)</td>
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“I’d argue if you’re doing those first three things appropriately, then the retention will follow.”
The price of change

with Scott Kim, CEO, Bankrate.com

Defining a new business pricing model required staff change and a new company mind-set that ultimately delivered better results, Bankrate.com CEO Scott Kim explained.

Financial product comparison website Bankrate.com threw out its old flat rate pricing chart and switched to one based on data analysis tailored to individual searches. Through detailed analysis, the company identified seven key dimensions that highlighted the consumers most likely to actually take out mortgages. The new algorithmic model based on this data generates about 1,500 different prices and crucially demonstrates to advertisers that the higher the ad price they pay, the greater the likelihood of a loan agreement.

Implementing the new model required a four-point plan. In the first instance, Bankrate.com put data into its DNA. Not only did it create a data centre and a business intelligence team, it also put the head of data in charge of product management, meaning the ethos filtered through the organisation. Then Bankrate.com needed to break the inertia of the traditional way of doing things.

The third point was to set company objectives and key results that were transparent and to let people take charge. “You really have to let go and push empowerment and ownership down the organisation,” Kim said. Finally, Bankrate.com moved to Agile and Scrum methodologies to increase velocity – it made mistakes but was able to focus on what was really important.

The result was a 48% jump in the top line – Q2 2016 revenues grew to $10.3 million from $7.0 million the previous year.

Correlation of price and probability of lead

Top line revenue increase

<table>
<thead>
<tr>
<th>Q2 2015</th>
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<tr>
<td>$7.0m</td>
<td>$10.3m</td>
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Y-o-u really have to let go and push empowerment and ownership down the organisation.

Raise in Q2 2016 mortgage revenues

48%
Building strength in carve-out situations

Establishing standalone working practices while ensuring continuity for customers and staff are central to company carve-outs, explained Aptos CEO Noel Goggin, Duck Creek Technologies COO Matt Foster and Vyaire Medical CIO Vid Desai.

Taking control

Aptos’s ownership by Epicor, a software and services group previously owned by Apax Funds, meant the spin-out process could be concluded in just 60 days. This situation allowed the company to think differently about priorities. “We had to build all this stuff from scratch. So it gave us a tremendous opportunity to actually do things differently from the start,” Goggin said. Aptos chose not to establish a large in-house IT team and infrastructure but instead to go down a 100% SaaS route, which also felt right for a “scrappy, start-up-oriented organisation”.

However, the desire for speed must also be balanced with other considerations. Vyaire’s mantra to “do no harm” reflects its focus on patient wellbeing for the respiratory devices carve-out from Beckton Dickinson.

Managing people

In the case of Duck Creek, a specialist insurance software company that was spun out of Accenture, the main issue was managing the expectations of the employees at the large process-driven former parent. Some 400 people at Accenture were aware of and involved in the evolution of Duck Creek. “One of the big challenges was trying to keep everybody in a similar orbit and keeping them informed,” Foster said. In hindsight, he wishes he had more selfishly concentrated on the future priorities of the company rather than managing the separation process.

Meanwhile, the carve-out of Aptos energised many staff, but also identified people who would hold the company back. Aptos turned over 20% of employees in the first year. It holds weekly company meetings to get the staff more on-board with changes. “We can’t do enough communication of the right behaviours internally,” Goggin said.

Existing customers and new opportunities

Vyaire Medical has identified opportunities to go after untapped customers in new markets. “About 85–90% of our revenues right now come from the US, so the international area is a huge growth opportunity,” Desai explained. At Duck Creek Technologies, that desire to go after new sources of revenue must also be balanced with the need to minimise disruption for existing customers and keeping them on board, Foster added.

“We had to build all this stuff from scratch. So it gave us a tremendous opportunity to actually do things differently from the start.”
Influencers on social media don’t need to be global mega-stars. The key to increasing brand awareness and boosting sales is to understand your customers and work with influencers that reflect this audience, Rich Beattie, VP at Multiply explained.

The rapidly growing and increasingly mobile social media universe reaches billions. Facebook, the dominant platform, has 1.7 billion monthly active unique users. Better still, it has near 100% penetration among 18–34-year olds, and is still the go-to site for 18–24-year olds, with half going straight to Facebook when they wake up. Subsequently, social media advertising is expected to reach €25 billion by 2021.

As social media grows, the role of influencers in this space continues to evolve. Famous names linked to commerce have been a tool used throughout history – from Josiah Wedgwood using Royal endorsement to sell crockery in the 18th century, to basketball star Michael Jordan’s relationship with Nike in the 1980s. While celebrity status still has pulling power, social media today enables anyone to create and share their own content online and become an influencer.

Both consumer and B2B brands can benefit from influencers on social media – when it comes to targeting the right audience, Beattie says the key is to “think small”.

Beattie then went on to talk about the new evolutions in social media and how these nascent developments could be harnessed by brands and influencers to further enhance their online presence. “So what is next? Well, some of the things that I think are particularly interesting, Facebook 360 panoramas, Facebook Live and Snapchat Stories. It’s all about Live now. You’re going to get even more bang for your buck with those”, he said.
Putting the foundations in place: case studies for success

Four real-life examples demonstrating how the OEP works with portfolio companies to drive change and unlock value
Putting the foundations in place: case studies for success continued

A recipe for winning new customers

with Jon Simmons, Operating Executive, Apax Partners

Reaching potential customers directly was a new opportunity for B2B weight loss program Ideal Protein. Through a clear plan, selective testing and systems to attract and track potential leads, the company was able to prove that a B2C initiative could be a cost effective way of growing the customer base.

Ideal Protein’s science-based approach to weight loss has relied on medical professionals at 3,000 independent clinics across the US and Canada recommending the plan to end-customers. While it has achieved great results for individuals, the B2B set-up meant that the number of dieters was limited by clinics’ priorities and their own ability to grow their customer bases.

The company wanted to test into new channels such as search engines and social platforms to grow its customer base, but needed to understand if the cost of the new approach would be viable in the long run. Apax and Ideal Protein management worked together to define key performance indicators – cost per lead, and cost per dieter – to measure overall program success, and built a multi-step lead generation funnel designed to generate leads, and convert those leads into new customers.

Ideal Protein built a new front-end user experience for the program including multivariate-ready website landing pages, a clinic locator solution, and online reservation flow – additionally, the company leveraged an off-the-shelf analytics solution, Google Analytics, coupled with proprietary lead tracking and CRM solutions to track and manage the distribution of leads through to clinics. After the components of the lead generation funnel were built, the marketing program was activated on Google and Facebook in two key test markets, Chicago and Washington DC. “Out of the gate, let’s just see if we can actually drive some leads in this very, very competitive marketplace,” Jon Simmons explained.

In the first few months, the B2C initiative generated good progress on new leads, and a rapidly declining cost per new lead.

The upshot is that Ideal Protein identified the cost of acquiring a new customer B2C and proved it could make a return on investment. “We learned that this is a viable channel for us,” explained Simmons. The initiative has also provided lessons on how the company can boost its B2B business by improving the way it interacts with clinics.

“Out of the gate, let’s just see if we can actually drive some leads in this very, very competitive marketplace.”
Preparing for public markets

with Doug Ahrens, CFO, GlobalLogic

“The reality for any company is you don’t know when or if [an exit event] will happen, but it’s really good to prepare when you’re getting large and growing quickly,” Doug Ahrens said. GlobalLogic drew on the experience of Apax’s Operational Excellence team and preferred vendor Alvarez & Marsal for the process. The exit readiness project highlighted three areas for improvement at the company: faster turnaround of monthly accounts, better and longer-term forecasting, and improved financial and revenue controls.

The project required increased IT resources, daily progress reports and weekly meetings among key GlobalLogic management, extensive internal communications with staff and a program sponsor on the executive team – in this case Ahrens himself. External help enabled the company to push through changes, while continuing on its high-growth trajectory, and set up processes that could be sustainable in the longer run. The result? GlobalLogic has reduced the turnaround on monthly accounts to ten days from seventeen. It also extended forecasting from one or two quarters to five, and beefed up revenue controls by linking with banks to receive automatic balance updates. Whatever the eventual exit route, the preparations have been important and healthy, Ahrens concluded.

“The reality for any company is you don’t know when or if [an exit event] will happen, but it’s really good to prepare when you’re getting large and growing quickly.”
Health and safety as a value driver

with **Cliff Dixon**, Vice President of Information Technology, Quality Distribution

Quality Distribution needed a complete overhaul of environmental, and health and safety standards following the acquisition by Funds advised by Apax in 2015. One year on, the company stands out as one the most safety-conscious chemical transport companies.

During the due diligence process, Apax challenged Quality Distribution’s manual reporting of its handling of chemicals and other hazardous materials. Most environmental information was kept on spreadsheets and in the head of just one individual. The lack of processes occasionally sucked internal time and resources from other priority projects.

The Operational Excellence team helped design an initiative to make environmental, and health and safety processes more transparent, improve governance to ensure compliance with regulations and automate processes. Quality Distribution documented procedures for operations in all key areas and set up a cross-functional team to take reporting off spreadsheets and into an automated system.

Following a competitive tender, the company selected an appropriate software vendor to transform its tracking and reporting processes. The system goes live in early 2017 and will standardise procedures, including reporting and analysis. It will allow the company to identify weaknesses and automate processes. And crucially, it will enable the company to avoid potential fines, and cut down on legal fees related to compliance issues. “If we avoid just a couple of those things, that easily pays for the whole implementation of an EH&S solution. So it really becomes a no-brainer from that standpoint,” Cliff Dixon explained.

Putting customers at the heart of systems planning

with **Sal Caruso**, CIO, One Call Care Management, and **Nick Iozzo**, Operating Adviser, Apax Partners

Harmonising One Call Care Management’s six distinct IT systems threatened to be a costly and time-consuming process. Apax and company management focused on customers to design an integrated system that can generate synergies and transform the business.

The customer experience at One Call Care Management, a US company managing medical compensation claims, was complex and at odds with the name. In order to increase satisfaction, One Call settled on an “outside in” approach that would focus on improving customer-facing systems first, followed by a rebuild of the less visible back-end functions over time.
Using the Apax Portfolio Efficiency platform to get “large company” procurement

with Edward Burgers, Procurement & Facilities Manager, Exact Software

Apax’s network of contacts and portfolio companies helped Exact improve procurement and understand best practice. The software company is on track to have increased procurement savings four-fold since before the takeover last year.

Realising cost savings in a fast-growing company in which procurement is not a strategic function can be challenging. But Apax’s expertise, as well as contacts with other companies in the portfolio, has helped transform Exact’s procurement function into that of a large company without hiring new people or going through costly and time-consuming tenders for outside consultants. “We do have a lot of knowledge in all the portfolio companies, and the team has really brought that together and made it available to us,” Edward Burgers explained.

By outsourcing IT infrastructure suppliers, Exact was able to reduce costs and improve quality, without any negative impact on the company or its users. The company was also able to benefit from experience within the group to secure licensing deals and contracts with Salesforce and Microsoft. In addition, Exact has come to understand all the constituents of its carbon footprint – including lease cars and offices – and has developed a plan to improve.

The benefit to the bottom line is clear. From cost savings of $500,000 in 2014, the company achieved $1.5 million in 2015 and made savings of over $2 million even before 2016 was out.

The first step was for the company to talk to some of its users and define their needs. “You don’t spend months thinking about this; you spend a week and it’s a gauntlet,” Nick Iozzo said. Next, One Call prepared rough and ready designs to show to customers, which it was then able to transform into a prototype for more detailed feedback.

One Call has completed planning and is now in the build phase. In addition, it has brought forward consolidation of its Oracle E-Business Suite applications. The wider business has bought into the process and is aligning with IT. “We don’t consider this an IT project. It’s a business transformation project of which IT is a key partner,” Sal Caruso concluded.

“We don’t consider this an IT project. It’s a business transformation project of which IT is a key partner.”
Attendees

Who’s who?

Conference speakers

Doug Ahrens
CFO, GlobalLogic

Rich Beattie
Vice President, Multiply

John Boehner
53rd Speaker of the United States House of Representatives

Seth Brody
Partner and Global Head of the Operational Excellence Practice, Apax Partners

Edward Burgers
Procurement & Facilities Manager, Exact Software

Sal Caruso
CIO, One Call Care Management

Vid Desai
CIO, Vyaire Medical

Cliff Dixon
Vice President of Information Technology, Quality Distribution

Onur Erzan
Partner, McKinsey & Company

Matt Foster
COO, Duck Creek Technologies

Noel Goggin
CEO, Aptos

Nico Hansen
Chief Investment Officer, Apax Partners

Nick Iozzo
Operating Adviser, Apax Partners

Greg Kayata
Senior Vice President of Human Resources, Acelity

Scott Kim
CEO, Bankrate.com

Kyle Leahy
Executive Vice President and General Manager of North America, Cole Haan

Nico Hansen
Chief Investment Officer, Apax Partners

John Simmons
Operating Executive, Apax Partners

Connie Adair
CEO, Taylor Winfield

Ameya Agge
Principal, Apax Partners

Doug Ahrens
CFO, GlobalLogic

Nicolas Alfin
General Manager, Cosas De Barcos

Nick Alvarez
Managing Director, Alvarez & Marsal

Ian Atkins
President, Dominion Marine Media

David E. Ball
Senior Vice President of Operations, Acelity

Brett Batchelder
Senior Director Private Equity, EMC

Rich Beattie
Vice President, Multiply

Bryan Belanger
Vice President of Technology, Ideal Protein

Mark Binney
Partner, PwC

Michiel Boehmer
COO, Unilabs

Martijn Bonte
Business Development Manager, Wehkamp Group

Blake Booyse
CFO, Wehkamp Group

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Partner and Global Head of the Operational Excellence Practice, Apax Partners

Arthur Brothag
Principal, Apax Partners

Fredrik Burger
Partner, Ernst & Young

Edward Burgers
Procurement & Facilities Manager, Exact Software

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Operating Specialist, Apax Partners

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CIO, One Call Care Management

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Senior Managing Director, SSA & Company

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Operating Adviser, Apax Partners

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CIO, Vyaire Medical

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Vice President of Information Technology, Quality Distribution

Lynn Durant
Managing Director, Taylor Winfield

Frank Ehmer
Partner, Apax Partners

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Vice President, Global AWT Manufacturing, Acelity

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CMO, idealista

Jesus Encinar
CEO, idealista

Drubay Eric
Group CPO, Unilabs

Onur Erzan
Partner, McKinsey & Company

Matt Foster
COO, Duck Creek Technologies

Paulo Freitas
CFO and Director of Investor Relations, TIVIT
Conference attendees continued

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Principal, Apax Partners

Marcelo Gigliani  
Partner, Apax Partners

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Operating Adviser, Enterprise Technology, Apax Partners

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CEO, Apto

Gurdeep Grewal  
Senior Vice President of & GM Europe, GlobalLogic

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Operating Executive, Apax Partners

Genna Gwynn  
AVP Sales Commerce Cloud, Salesforce

Rohan Haldea  
Partner, Apax Partners

Tom Hall  
Partner, Apax Partners

Nico Hansen  
Chief Investment Officer, Apax Partners

Will Harman  
Operating Specialist, Apax Partners

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Senior Director, Private Equity, SAP

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Chief Marketing Officer, FULLBEAUTY Brands

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CFO, Takko Fashion GmbH

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Operating Adviser, Apax Partners

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CEO, Bankrate.com

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Onno Krap  
CFO, Exact Group B.V.

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CEO, Unilabs

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Managing Director, Alvarez & Marsal

Kyle Leahy  
Executive Vice President and General Manager of North America, Cole Haan

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Sr. Associate, Portfolio Efficiency, Apax Partners

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CEO & Co-Founder, Branding Brand

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CEO, Paradigm

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CIO, Acelity

Lenny Nash  
Chief Strategy Officer, ForeSee

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Partner, Apax Partners

Wiljar Nesse  
Executive Vice President, EVRY

Ajmal Noorani  
Senior Vice President & General Manager, Technology Business, GlobalLogic

Or Offer  
CEO, SimilarWeb

Daniel O’Keefe  
Partner, Apax Partners

Cesar Oteiza  
COO, idealista

Neil Patel  
IT Director, Apax Partners

Milind Patwardhan  
Vice President, Strategic Solutions, GlobalLogic

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Partner, Apax Partners

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Regional Vice President, Commerce Cloud, Salesforce

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Partner, McKinsey & Company

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Senior Vice President and Head of Europe, Zensar Technologies

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Vice President of Sales, North America, Dominion Marine Media

Micha Ronen  
CEO, Schulz Catering Ltd.

Indranil RoyChoudhury  
Senior Vice President of Enterprise Sales Leader, Zensar Technologies

Shashank Samant  
President & CEO, GlobalLogic

Regenia Sanders  
Vice President, Supply Chain & Business Technology, SSA & Company

Ray Schnell  
Global Coverage Officer, ADP

Rebecca Sheehan  
Senior Director, Business Development, Concur Technologies, an SAP company

Andrew Sillitoe  
Co-CEO, Apax Partners

Jon Simmons  
Operating Executive, Apax Partners

Shashank Singh  
Partner, Apax Partners

Will Smith  
Chief Product Officer, One Call Care Management

Randy Strutz  
President, Quality Carriers, Quality Distribution

Paul Tarvin  
CEO, FULLBEAUTY Brands

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Operating Adviser, Digital Retail, Apax Partners

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Associate Director, Macquarie Group

Erik Van der Meijden  
CEO, Exact Group B.V.

Ervin Veszpremi  
CEO, INVENT FARMA S.L.

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Managing Director, Macquarie Group

Vivek Vyas  
Principal, Apax Partners

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COO, One Call Care Management

Jill Watts  
Group CEO, BMI Healthcare

Michael Weyrich  
Partner & Managing Director, Alix Partners

Edmund Williams  
Independent non-executive director, idealista

Ilan Zachi  
CEO, Zap Group
# The Operational Excellence team

## Operational Excellence practice

<table>
<thead>
<tr>
<th>Name</th>
<th>Title and Experience</th>
</tr>
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<tbody>
<tr>
<td>Seth Brody</td>
<td>Partner and Global Head of the Operational Excellence Practice</td>
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<tr>
<td>Jon Simmons</td>
<td>Operating Executive, Digital</td>
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<td>Marty Guinoo</td>
<td>Operating Executive</td>
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<tr>
<td>Will Harman</td>
<td>Operating Specialist, Portfolio Efficiency</td>
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<tr>
<td>Jessica Kuess</td>
<td>Vice President, Digital</td>
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<tr>
<td>Velina Luhur</td>
<td>Sr. Associate, Portfolio Efficiency</td>
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**Seth Brody** is a Partner and Global Head of the Operational Excellence Practice ("OEP"). He has been with Apax since 2008, based in the New York office. He is responsible for the strategy and development of the OEP team and the evolution of its capabilities.

His prior industry operating experience includes roles as Executive Vice President and General Manager at Razorgator Interactive Group, as Group Vice President and General Manager at Orbitz Worldwide, Director of Marketing at priceline.com, and Product Manager at Netmarket Group, Inc. Seth has served in numerous interim management positions across the Apax Fund portfolio including roles as the Chief Information Officer at Netrada Management GmbH and Chief Marketing Officer at Trader Canada Corporation. Seth serves on the boards of directors for FULL BEAUTY Brands, Aptos and for Bankrate, Inc. (NYSE:RATE). He has served as a director and adviser to numerous growth companies in the digital space. He received his BA from Yale University and his MBA from Harvard Business School.

**Jon Simmons** is an Operating Executive in the Operational Excellence group. He joined Apax Partners in 2012 and is based in New York.

Prior to joining Apax, Jon was the Founder and Principal at Clearsearch Media, where he led digital strategy for a diverse portfolio of clients ranging from early stage ventures to global companies. Prior to founding Clearsearch in 2006, Jon was the Director of Marketing Operations at Walkaway Media, an online lead aggregator in the travel industry, and also held various positions at priceline.com. Jon serves on the board of directors for Dominion Marine Media.

**Marty Guinoo** is an Operating Executive in the Operational Excellence Practice. He joined Apax Partners in 2016 and is currently based in the New York office.

Prior to joining Apax Partners, Marty had over 10 years of experience running and selling assets for private equity. During that time, he was the CEO of Sentient Jet and President of Icon Parking Systems.

**Will Harman** is an Operating Specialist in the Operational Excellence team. He joined Apax Partners in 2014 and is currently based in London.

Prior to joining Apax Partners, Will worked for PA Consulting Group where he led procurement restructuring, cost reduction and supply chain risk management programmes for clients including BP, BAE Systems and Aston Martin.

**Jessica Kuess** is a Digital Associate in the Operational Excellence group. She joined Apax Partners in 2014 and is currently based in New York.

Prior to joining Apax Partners, Jessica was a member of the Strategic Development team in Ralph Lauren’s Global Digital and e-commerce Group. She also worked as an Investment Banking Associate and Analyst at Citigroup in the Global Industrial Group in New York.

**Velina Luhur** is a Sr. Associate in the Portfolio Efficiency practice of the Operational Excellence team. She joined Apax Partners in 2015 and is currently based in New York.

Prior to joining Apax Partners, Velina was a member of the Central Procurement and Profit Improvement team at J.Crew, where she led cross-functional cost reduction and process improvement initiatives. She also worked as a Procurement Strategy Manager at ANN INC. and as a procurement consultant at GEP.

Jessica holds a BBA from the Stephen M. Ross School of Business at the University of Michigan.

Velina holds a BSFS in International Political Economy from the Edmund A. Walsh School of Foreign Service at Georgetown University.
Gary Hughes
Operating Adviser

Gary Hughes joined the Operational Excellence team at Apax as an Adviser in October 2012 following an extensive career in both the public and private equity markets.

Gary is an experienced international operator and at Apax works with our deal teams on operational pre-acquisition due diligence; with portfolio companies on business efficiency, change and transformation and 100-day planning; and provides interim management support where needed.

He is currently a non-executive director of Booker Group plc, Premier Farnell plc, Majid Al Futtaim LLP, SECC Limited and the Scottish Football Association. He is also an Apax representative on the board of General Healthcare Group Limited. His career has taken him from investment banking to various roles across the FMCG, international hotel, media and gaming sectors.

Jason Glaun
Operating Adviser, Enterprise Technology

Jason Glaun is an Operating Adviser in the Operational Excellence team, having previously held the role of Interim Global Technology Director at Apax Partners.

Prior to joining Apax as an adviser in 2009, Jason founded a management consulting business in the Channel Islands. He has operated in the retail, digital, technology, alternative investments, finance, law and consulting industries. Holding previous operating positions at board and executive level, his speciality areas revolve around supply chain, business operations and technology.

Jason holds a postgraduate Diploma in Commerce & Industry and an MBA in Technology Management from the Open University.

Shivani Tejuja
Operating Adviser, Digital Retail

Shivani Tejuja joined Apax Partners in 2014 as an adviser in the Operational Excellence team.

Prior to joining Apax, Shivani was Multichannel Director of New Look, strategising this dynamic fast-fashion brand’s customer experience and growing its digital business over 50% year-on-year. She has held senior management roles and directorships at a host of major brands in the US and Europe, including Microsoft, Starbucks, Amazon, Expedia and Voyages-SNCF – Expedia’s joint venture with the French national train operator.

Since joining the Apax team, Shivani has supported digital growth initiatives at rue21, Takko, Karl Lagerfeld, River Island and FullBeauty brands. Shivani holds a BA in Economics from the University of Pennsylvania and an MBA from London Business School.

Nick Iozzo
Operating Adviser, User Experience

Nick Iozzo has nearly 20 years’ experience in user experience and product management of internet-based software.

Nick’s speciality is in managing the design and roll-out of disruptive technologies. During most of his career, he established and led the user experience practice for three different consulting companies, working for companies like Hallmark, Victoria’s Secret, Travelocity, Fisher Scientific, GSK and Orbitz as well as about 40 other start-up and established companies.

Currently, he works exclusively with Apax Partners and provides assistance to portfolio companies looking for help in managing disruptive technologies, improving the usability of their products, or helping them bring design thinking to their product management process.

Ellen de Kreij
Operating Adviser, Sustainability Initiatives

Ellen de Kreij is responsible for the implementation of the Apax Partners Sustainability Programme and is a member of the Apax Operational Excellence team.

Ellen joined Apax Partners in 2002 as Director of Deal Generation and became a Director in the Investor Relations team in early 2010 with a particular focus on European investors.

Prior to joining Apax Partners, Ellen worked as an investment banker in the Mergers & Acquisitions teams at Merrill Lynch and Broadview International, where she specialised in advising transactions in the Technology sector.

Ellen holds an MA in Dutch Civil Law and an MBA from Harvard Business School.

David Burgess
Operating Specialist, Search Technologies

David Burgess joined the Operational Excellence group in 2015 as an Operating Specialist focused on Search Technologies.

Prior to joining Apax, David acted as President of Ayima, a specialist search engine optimisation (SEO) agency. David grew the office from inception, building an industry-leading team of SEO experts and winning Fortune 100 clients including Verizon, Sports Illustrated and MGM Resorts. A technical SEO expert, David spearheaded the SEO Program at Verizon Wireless, delivering transformational change, triple digit growth and multi-million-dollar revenues from the Organic Search channel.

Prior to moving to the US in 2012, he acted as lead consultant for FTSE 100 clients in the most competitive search verticals, including O2 and Marks & Spencer. He is an expert in e-commerce platform optimisation including Oracle Commerce & Demandware. David holds a BSc in Human Sciences from University College London.
A differentiated platform for value creation

Distinct approach

The structure and capabilities of the OEP have evolved to meet the needs of deal teams and portfolio company executives over time. There are currently seven vertical practice areas, which have been developed based on the evolving nature of the growth opportunities and challenges we face in our investments. The OEP combines the experiences of its distinctive in-house team with a powerful network of fit-for-purpose “preferred partners”. These efforts are augmented with a coordinated process for best practice sharing and cross-portfolio networking, called “KnowledgeNow”, and innovative tools and technologies developed to accelerate growth across the portfolio using big data analytics.

Proprietary tools & technology

The OEP is comprised largely of former executives. The team’s work in due diligence and across the global portfolio puts them in contact with operators on a daily basis. Those executives are engaged in the constant effort to bring products to market, leverage their data to make decisions and maximise the value of their relationships. The OEP practice leaders view it as an extension of their mission to not only support deal teams and executives during a particular project, but to empower them with connections, tools and technologies that can be used to drive performance on a daily basis.

KnowledgeNow through the ages

KnowledgeNow 2012
“Building a focus factory”
New York
21 portfolio companies
12 preferred partners
100 attendees

KnowledgeNow 2013
“Branching out”
London
26 portfolio companies
15 preferred partners
87 attendees

KnowledgeNow 2014
“Enterprise Tomorrow”
Las Vegas
24 portfolio companies
17 preferred partners
89 attendees
**Specialised team**

The OEP team is comprised of operating professionals who bring diverse experiences and backgrounds to our vertical practice areas from some of the world’s leading organisations.

The group operates with a global remit, travelling frequently to engage directly on projects and initiatives alongside portfolio executives and investment professionals.

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**Portfolio scale**

The power of the Apax network is formidable. Companies in the portfolio employ more than 150,000 people around the globe who conduct business in nearly every conceivable market. There is a vast wealth of operating knowledge and commercial experience on hand.

The OEP team has access to this knowledge base through its global engagements.

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**KnowledgeNow 2015**

“Playing Offense”

- Miami
- 27 portfolio companies
- 21 preferred partners
- 130 attendees

**KnowledgeNow 2016**

“Future Foundations”

- Barcelona
- 28 portfolio companies
- 15 preferred partners
- 120 attendees
Returns calculated on EURm basis. Includes fully realised cashflows occurred. The $21.5bn of realisations figure is from 1 January 2014 to 30 September 2016, is converted to USDbn at the FX rate prevalent at the end of each month in which the cashflows occurred. The $21.5bn of realisations figure is based on all cash received, or expected to be received, by the Apax Funds across all deals.

Returns calculated on EURm basis. Includes fully realised investments; signed exit of Sisal and Plantasjen closed post-September 2016, and significant partial realisations of Sophos, Capio and Garda, where the Apax Funds have sold the majority of the shares originally held. For partial realisations, unrealised stake valued as of September 2016 or exit event, whichever is more recent. For all fully realised and significant partial realisations, total costs associated with each investment and realisations prior to 2014 are included in the returns calculation. Gross IRR calculated on a concurrent basis (please refer to “Information with respect to IRRs, MOICs and TVPIs” in Endnotes for further information). Refer to table of Fund Level Returns in End Notes for Gross and Net MOIC & IRRs for funds containing investments included in above figures. Realisations figures are pro-forma for the signed realisations in Sisal and closed exit of Plantasjen post September 2016. Information with Respect to IRRs, MOICs, TVPIs and DPIs. Unless otherwise indicated, internal rates of return (“IRR”) and multiples of invested capital (“MOIC”) in this Presentation are pro-forma for the closed realisations of Plantasjen, Idealista, and Ascential and signed exit of Sisal (post-30 September 2016). The figure, as of 30 September 2016, is converted to USDbn at the FX rate prevalent at the end of each month in which the cashflows occurred. The $21.5bn of realisations figure is based on all cash received, or expected to be received, by the Apax Funds across all deals.

The actual realised returns on unrealised investments may differ materially from the returns indicated herein. In certain instances, the Gross IRR shown is a Concurrent IRR, meaning a gross annual IRR, calculated as if the first cash flow associated with all investments occurred in the same month.

Source: Bloomberg.

Source: Factset.

Source: S&P Capital IQ. Includes fees and expenses.

Presented by Nico Hansen, Apax Partners.

Apax analysis. For a discussion on Apax’s current views on the implications of the ‘Leave’ vote and the likely process by which the UK may pursue an exit from the European Union, please refer to the Resource Library. Presented by Nico Hansen, Apax Partners.

ONS and PwC forecasts and post-Brexit scenarios. Presented by Andrew Sentance, PwC.


©2016 KCI Licensing, Inc., LifeCell Corporation, and/or Systagenix Wound Management, Limited. All rights reserved. Presented by Greg Kayata, Acelity.

Source: Bankrate. Algorithmic Pricing as a Catalyst for Cultural Change.

Source: https://www.dreamgrow.com/top-15-most-popular-social-networking-sites/

The Operational Excellence team as at 30 September 2016.

Title as of 1 January 2017.
This report has been printed on print comprising of paper from well managed forests and other controlled sources certified by the FSC® and produced at mills with EMAS & ISO 14001 environmental management systems.

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