At a crossroads
Given the topic, the venue in Berlin, on the historic junction that once divided Europe, felt appropriate. Over the course of two days, portfolio company leaders were joined by members of the Apax Operational Excellence Practice (OEP) to address the topic from a range of economic, political and commercial perspectives.

The annual flagship event has three main purposes: it enables portfolio company management teams from around the world to share experiences; it provides a platform for networking between the OEP and management teams; and it offers practical insights that help drive growth.

Now in its ninth year, the theme of this year’s KnowledgeNow conference was “At a crossroads.” Portfolio company management were joined by external keynote presenters to discuss how companies can flourish in an environment where decisions are being made with ever-increasing speed. It’s a world where data is driving complexity and complexity is compounding risk. How do we empower teams to make the best choices at every juncture?
Mitch Truwit, co-CEO of Apax Partners, highlighted the pivotal role that operational improvement has played in the Firm’s long history. Founded on both sides of the Atlantic close to 50 years ago, Apax is one of the world’s oldest private equity firms.

Truwit puts this longevity down to the fact that Apax has consistently delivered strong returns by focusing on improving the intrinsic value of the businesses in which the Apax Funds invest. In the latest fund, Apax IX, c.84% of the value created has been driven by operational impact – top line growth, margin expansion and profit improvement.

The “Operational Excellence Practice” is a crucial enabler of this through its partnership with management teams, offering specific functional expertise where executives most need it. “We don’t tell management what to do – we do provide specific expertise where they need it most to accelerate growth. This is the best insurance against the economic cycle and will remain our priority for the next 50 years.”
The world at a crossroads

Decision-making in an age of chaos
Working with biases for better results

Dr. Tali Sharot

Tali Sharot splits her time between MIT and University College London, where she conducts research at the intersection of behavioral economics, psychology and neuroscience. She is especially well-known for her work on biases and people’s propensity for optimism.

Human beings are programmed to seek out information that confirms their own positive opinions at the expense of bad news. These patterns are the product of millennia of cognitive evolution and as a result all but impossible to change. Yet they can be recognized and managed to produce more beneficial outcomes. “Biases are not going to go away but knowing about them means that you can change your action in response,” Sharot said.

Factors like stress and age can alter individuals’ reactions and need to be taken into account. However, Sharot outlined approaches that business leaders can use to address their teams’ in-built biases and achieve better results.

1) Start from a position of common ground
   Find the things you agree on and don’t focus on the things you don’t agree on.

2) Frame your news to highlight the opportunity
   Focus on measures that can drive progress as a team, rather than the risks when things go wrong.

3) Immediate rewards work
   Rewards now – even simple praise – influence behavior more than the threat of punishments.

4) Enable people to make managed choices
   People feel anxious when they don’t have control and are overwhelmed when they have too many options. Give them a degree of choice and they will become more secure in their opinions.

If we’re familiar with human bias, we can put policy in place to protect ourselves from negative outcomes.

Dr. Tali Sharot
Lessons in leadership

General John F. Kelly

General John F. Kelly, a 30-year veteran in the US Marines, was coaxed out of retirement to serve as Head of the Department of Homeland Security under President Donald Trump. Six months later, he became White House Chief of Staff to support the 45th President in his decision-making.

The experience of rising through the ranks of the US armed forces has informed Kelly’s leadership skills and his deep commitment to absolute honesty. Every President – like any CEO – needs a good Chief of Staff to fulfil two major functions, he explained: “If no one else in the room is doing it, the Chief of Staff has to tell truth to power. No matter how unpopular it is.” The second responsibility is to ask the critical question: is a policy being pursued for the benefit of America, rather than the re-election of the President?

Kelly established processes that gave structure to executive decision-making by ensuring that the President had all the information and expert opinion he needed to make informed choices. He also encouraged teamwork among White House staff by making them feel valued and provided support when things went wrong.

Running a country, a military campaign, or indeed a business, requires millions of decisions every day. One individual cannot take all of those decisions personally, but through their leadership can empower trusted staff to make informed decisions based on a culture and direction that is established at the top.

"It’s critical in any organization that everyone feels as though they’re on the team and that they’re a valued member."
Anders Rasmussen has had a long and distinguished career in European and global politics. He served as Denmark’s Prime Minister from 2001 to 2009 and then as Secretary General of NATO for five years.

Europe is weak and divided, Rasmussen said. It lacks strong leadership, as well as a clear vision of what the continent – and its largest bloc, the EU – stands for. The result is that it is at the mercy of international and domestic political forces.

“We have to address people’s legitimate grievances more effectively. And that means we have to address immigration much more effectively than we have done,” Rasmussen explained. A stronger external European border, welfare reforms to prevent abuse of social benefits, better integration of immigrants into domestic cultures, and more work overseas in unstable regions are needed.

Mainstream politicians should be much, much better at taking seriously the legitimate grievances of people, and then deliver efficient solutions.

Anders Rasmussen
Journeys of transformation
Stories of collaboration, stories of growth
Growing fast through M&A

The Apax Funds acquired Authority Brands in September 2018. In just a year, the company has tripled revenue having grown from operating two home services franchisors into a leading, multi-brand home services franchisor with revenues of $1.2 billion. Today, Authority Brands’ services include cleaning, home healthcare, swimming pool maintenance, plumbing, electrics, and air-conditioning. CEO Rob Weddle explained how to grow a successful international franchising operation through M&A.

Expanding the franchise model meant establishing the processes and systems that could be quickly deployed in each new business to allow franchisees to focus on the essentials.

Bringing businesses together under one umbrella needed a well-defined corporate culture, clear communication and a clear understanding of what franchisees need to succeed. It also required the desire and ability to move fast when implementing change and integrating new systems. “We have learned that the first 90-120 days are very, very important,” said Weddle.

Independence unlocking growth

The insurance industry may generate 3% of global GDP but it still has to adapt to the mobile-first mentality of today’s consumer. Mike Jackowski, CEO of Duck Creek Technologies, told how the company is helping insurers meet policyholder expectations, while building a successful standalone enterprise.

Duck Creek is a leading provider of software to the property and casualty insurance industry offering policy, billing, rating, claims, data insights, digital engagement, and distribution management applications.

The Apax Funds carved out the business from Accenture in 2016. It has since focused on four initiatives: investment in sales and marketing; expansion of its partner ecosystem; M&A as a growth engine; and finally, it recognized the opportunity from insurers increasingly migrating their systems to the cloud.

To execute its plan, Duck Creek brought in new talent to reboot sales, helped partner organizations expand so they could distribute Duck Creek products beyond Accenture’s own clients, and acquired services it could cross-sell. It also launched Duck Creek “On demand,” its end-to-end SaaS solution, providing services and support to help insurance carriers move faster and more efficiently. SaaS bookings now account for 95% of new bookings. Maintaining dialogue with customers and staff ensured they were on board throughout the process.
Reaping the benefits of AI

Tosca’s reusable plastic containers are helping food suppliers and retailers around the US to reduce cardboard waste. CIO Michael Weinberg explained how the Apax Funds portfolio company is embracing data and analytics to track and improve the use of its containers.

Traditionally, Tosca relied on estimates by service center managers to predict the number of packaging containers they would need each week to meet customer demand. But with 14 service centers, customers like Walmart with retail outlets across the US, and partner organizations involved in cleaning, keeping track of the company’s 25 million containers could be a challenge.

Tosca asked Apax’s OEP and their preferred vendor network to help build a data-based model. In testing, the result consistently beat human prediction, prompting the company and its service center managers to make the jump. Tosca expects the data model to deliver:

- Lower labor cost
- Lower shipping costs
- Higher revenue per container
- Higher company EBITDA

Ensuring success in transformational tech projects

Big technology projects can transform a business and generate huge rewards, but they are also fraught with pitfalls. Tiffany Lentz, Managing Director, Office of Social Change Initiatives, and Rachel Laycock, Head of Technology, North America, at tech consultancy ThoughtWorks outlined the do’s and don’ts that can blight technology projects and explained how to stay on the right path.

**DO**

1. Prioritize and be firm about what is not essential
2. Concentrate on what is right for customers and have the courage to refocus projects back on their needs
3. Update your strategy, communicate and ensure everyone understands challenges
4. Follow a gradual replacement strategy, update and switch off old systems as you go
5. Take responsibility and make leadership decisions based on the facts not politics
6. Focus on what your customers want
7. Have the honesty to change course when a project isn’t working

**DON’T**

1. Let project scope creep with unnecessary “gold-plate” details
2. Let parties within your business obsess about must-have features
3. Mistake your plan for a strategy and don’t underplay potential problems
4. Try to do everything at once
5. Let people think issues are not their department’s problem
6. Focus on what your competitors are doing
7. Throw good money after bad
The data-driven approach to hiring

Paycor, a leading US provider of SaaS Payroll and Human Capital Management software to small and medium-sized businesses, had to focus on its own human resources when its founder and long-time CEO stepped down. Karen Crone, Chief HR Officer, talked about how the company brought data into its leadership selection process and created blueprints that could help staff develop.

Having grown for three decades under an entrepreneurial CEO, it was essential to get the right leader in place to drive growth at Paycor after the Apax Funds acquired the business in 2018. The selection process led to the creation of a new protocol for vetting senior staff based on four key pillars:

- Psychometric testing
- 360-degree assessments
- Feedback from staff about how they were being led
- Deep dive interviews into personal and work history, motivations and values

The protocol created a candidate profile that could guide hiring decisions, as well as a heatmap showing the attributes needed at company level. Together, these elements are shaping plans to help Paycor hire and form the people it needs to deliver its strategy.
Who’s who? (continued)

Conference attendees (continued)

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<thead>
<tr>
<th>Name</th>
<th>Title</th>
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<tbody>
<tr>
<td>Sanjeev Malik</td>
<td>Senior Vice President, Zemar</td>
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<td>Luis Matar</td>
<td>Executive Officer, TMT</td>
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<td>Philippe Mauguy</td>
<td>Chief Executive Officer, Safetykien</td>
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<td>Richard McIntosh</td>
<td>Managing Partner, Prosura Consulting</td>
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<tr>
<td>Heather McLoud</td>
<td>Chief Marketing Officer, Authority Brands</td>
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<td>Brendan McVeigh</td>
<td>Partner, Prosura Consulting</td>
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<td>Michaela Merlin-Jones</td>
<td>Senior Associate, Vendor Optimization, Apax Partners</td>
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<td>Anders Meyerhoff</td>
<td>Principal, Apax Partners</td>
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<tr>
<td>Sam Miller</td>
<td>Chief Revenue Officer, EQ Software Solutions</td>
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<td>Roxana Mirica</td>
<td>Principal, Apax Partners</td>
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<td>Artūras Mizeras</td>
<td>Head of Autoplius.lt, Baltic Classifieds Group</td>
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<td>Konstanci Nardi</td>
<td>Partner, Ernst &amp; Young</td>
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<td>Dan O’Keefe</td>
<td>Principal, Apax Digital</td>
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<td>Leah Olson</td>
<td>Operating Advisor, Tech Practice, Apax Partners</td>
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<tr>
<td>Simona Orkina</td>
<td>Chief Operating Officer, Baltic Classifieds Group</td>
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<tr>
<td>César Otzeiza</td>
<td>Chief Operating Officer, idealista</td>
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<td>Nedu Ortlie</td>
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<tr>
<td>Neil Patel</td>
<td>IT Director, Apax Partners</td>
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<tr>
<td>Alex Pellegrini</td>
<td>Partner, Apax Partners</td>
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<tr>
<td>Nicolas Peters</td>
<td>Co-Chief Technology Officer, Signavio</td>
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<td>Silvio Petrallo</td>
<td>Vice Chairman, CBRE</td>
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<td>Joel Portice</td>
<td>Chief Executive Officer, KERPQ</td>
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<td>Boaz Raviv</td>
<td>Chief Executive Officer, Attenti Electronic Monitoring</td>
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<td>Jon Reeves</td>
<td>Head of Americas, API, SAP</td>
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<td>Liesbeth Riger</td>
<td>Chief Executive Officer, Lemo (Wehkamp)</td>
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<tr>
<td>Daniel Rosenthal</td>
<td>Chief Financial Officer, Signavio</td>
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<tr>
<td>Malise Sather</td>
<td>Operating Advisor, Human Capital, Apax Partners</td>
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<tr>
<td>Abhinav Saxena</td>
<td>Senior Business Development Manager – Private Equity, Amazon Web Services</td>
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<tr>
<td>Vincent Schuller tot Peursum</td>
<td>Managing Director, Blue Ridge Partners</td>
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<td>Kyle Seiter</td>
<td>Chief Information Officer, Ascend/CDI</td>
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<td>Jon Simmons</td>
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<td>Shashank Singh</td>
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<td>Melanie Stack</td>
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<td>Viktorija Steponavičiūtė</td>
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<td>Donald Swartz</td>
<td>Managing Director, CTBR</td>
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<td>Eric Thalen</td>
<td>Private Equity Strategist, Amazon Web Services</td>
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<td>Will Throg</td>
<td>President International, Vyera Medical</td>
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<td>Charlie Toni</td>
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<td>Rosanna Trasatti</td>
<td>Managing Director, YSC Consulting</td>
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<td>Bethany Travis</td>
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<td>Vishal Maheshwari</td>
<td>Chief Financial Officer, Healthum Medtech Private Limited</td>
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<td>Rob Weddle</td>
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<td>Michael Weinberg</td>
<td>Chief Information Officer, Tosca</td>
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<td>David Whalley</td>
<td>Chief Information Officer, Ernst &amp; Young Financial Solutions</td>
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<td>David Burgess</td>
<td>Vice President, Search Engine Technologies</td>
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The Operational Excellence Team

Apax Partners

Seth Brody
Partner, Global Head of OEP
OEP Areas: Digital Acceleration, Human Capital, ESG, KnowledgeNow

Jonathan Simmons
Operating Executive, Digital Practice
OEP Areas: Digital Acceleration

Markus Nagel
Operating Executive, Finance Practice
OEP Areas: Carve-Outs & Integration, Operational Finance

Jayme Fuller
Vice President, Sales and Go-To-Market
OEP Areas: Sales and Go-To-Market

Angelique Augereau
Operating Executive, Head of Data Science
OEP Areas: Data Science, AI & Machine Learning

Marty Guinoo
Operating Executive, Head of EMEA
OEP Areas: Margin Expansion, Carve-Outs & Integration, Operational Finance

Jessica Ross
Vice President, Digital
OEP Areas: Carve-Outs, Digital Acceleration

David Burgess
Vice President, Search Engine Technologies
OEP Areas: Digital Acceleration
Velina Butti
Vice President, Portfolio Efficiency
OEP Areas: Margin Expansion, Carve-Outs & Integration

Michaela Merlin-Jones
Senior Associate, Vendor Optimization
OEP Areas: Margin Expansion

Laef Olson
Operating Advisor, Tech Practice
OEP Areas: Technology & Operations
Joined Apax 2017. Based in US.

Nick Iozzo
Operating Advisor, Product Development
OEP Areas: Technology & Operations
Joined Apax 2013. Based in US.

Ellen de Kreij
Operating Advisor, ESG
OEP Areas: ESG
Joined Apax 2002. Based in NL.

Julie Canfield
Operating Advisor, Program Delivery
OEP Areas: Technology & Operations, Carve-Outs & Integration
Joined Apax 2019. Based in US.

Maisie Sather
Operating Advisor, Human Capital
OEP Areas: Human Capital

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Operating Advisor, Cloud Specialist
OEP Areas: Technology & Operations
Joined Apax 2019. Based in US.

Maisie Sather
Operating Advisor, Human Capital
OEP Areas: Human Capital

Nick Iozzo
Operating Advisor, Product Development
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Joined Apax 2013. Based in US.

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