

# BUYOUTS BEAT

## FIVE QUESTIONS WITH



**PETE WILSON,**  
Partner,  
3i

**Pete Wilson** is a partner and head of the U.K. private equity team at **3i Group**, based in London. Wilson told *Buyouts* in a recent interview how the global private equity firm uses an international approach in everything it does.

### 1 Can you elaborate on 3i's international focus?

Our international angle is probably about three things: first, it's our local capabilities on the ground in different geographies; second, it is our ambition to grow companies internationally; and third, our track record of investing in different countries for 35 years.

We are a team of 60 people spread across five key geographies and we have local people with local relationships sourcing deals and working with portfolio companies on the ground. We have five key investing geographies: U.K., France, Germany, Benelux and the U.S. We also have a small presence in Mum-

bai and Singapore, but that's to help portfolio companies access Asia, rather than make new investments.

### 2 Tell me about some companies you helped grow by leveraging your local resources.

Since 2010, we have helped our portfolio companies expand into 35 new geographies through 260 bolt-on acquisitions.

For instance, we helped U.K.-based **Aspen Pumps**, a provider of mini-pumps for air conditioning and refrigeration systems, to expand in France and Germany.

The management team didn't have any experience of acquiring businesses in French and German markets. They also didn't have the language skills to communicate with local companies. We brought our local 3i team members from France and Germany to help. My French colleague from Paris met the Aspen management team at the airport, brought them to meet new business prospects, led the meetings and translated it. Same thing we did in Germany and we got both acquisitions done. I don't think that would be possible without this local network and on-the-ground support.

We also helped a discount retailer **Action**, based in Benelux, to expand into France, growing from no stores in the country at the end of 2012 to 420 at the end of 2018. We spent time assisting the management team in assessing the French market, understanding how consumers will likely react to the proposition and helping the team think about the location of

the stores and local challenges in the market.

In the U.S., we helped **Cirtec Medical**, a provider of outsourced medical devices, to expand into Germany. We invested in Cirtec in July 2017. But before we even completed that deal, our German team identified **Vascotube Gmbh**, a provider of high-quality tubing for the medical industry. That's a business in Germany of essentially the same size as Cirtec. Cirtec did not know of Vascotube, although it was very complementary. Our German team had already developed a relationship with Vascotube and let our U.S. team know of it. So Cirtec came over to Germany to meet Vascotube's management and they thought it was super interesting.

It was a transformational bolt-on acquisition we did in six months. We completed Vascotube's add-on in December 2017 and at that time it doubled the size of Cirtec's business.

### 3 How does the team incorporate an international strategy in its work?

Most of our people have worked in different geographies, sometimes spending up to six months in that country. More than 80 percent of our investment team speaks a foreign language.

And our culture is encouraging cross-working with different global teams. **Andrew Olinick**, partner and co-head of North America private equity at 3i, was over here twice in the past two weeks, and I am heading to the U.S. in a few weeks also.

### 4 What helps you win processes in the U.S. and in Europe?

Auction processes in the U.K. are different than processes in the U.S. So, having that local understanding is helpful in winning those processes. For example, in the U.S. you don't have vendor due diligence, while in the U.K. we have that. It's very difficult to just send someone out and expect that they will have a chance of success.

Having local resources that are embedded in the culture and deal-making environment helps too. The deal we did with Vascotube through Cirtec is a good example. If the U.S. company had just approached the German guys, they would be slightly intimidated, or, possibly, would not even engage in these discussions. But because this inquiry came from a local German team, people who spoke the language and understood the culture, the management team was very engaged. The deal was basically done off-market.

### 5 What software sub-sectors are you looking at for opportunities?

Our strategy for investing in software technologies is focused on end markets that we know and understand. Testing, inspection and certification market is one example of it. We've invested very heavily in this market in the last 10 years and we see an opportunity to invest in this digital market going forward. Similar markets would include travel, which is also becoming more digital and data driven, as well as governance, risk and compliance.

*Edited for clarity by Milana Vinn*