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## President's Letter

In the run-up to the June 13 elections, we have witnessed a salvo of last-minute governmental initiatives aimed at strengthening entrepreneurship in Belgium and at facilitating the access to sources of capital or credit for small & medium-sized enterprises (SME). All these initiatives share the same traits: (I) they are well-intentioned, (II) their timing is late, (III) they are not interconnected and (IV) almost only address the tail end of the problem, namely the problem for SMEs to attract equity investments and obtain loans.

The Belgian policy makers will need to understand that the venture capital & private equity pipeline is a complex supply chain involving multiple types of players: (I) the institutional funders, both local and foreign, (II) the venture capital and private equity funds themselves and (III) the SMEs, and that the shortage of capital witnessed at the SME-end of this pipeline is only the result of multiple upstream issues in this chain.

At the level of the Belgian institutional funders, for instance, there is a structural shortage of funds allocatable to the venture capital & private equity asset class. At the level of the funds themselves, there are the problems of fragmentation and subcritical fund size. At the level of the SME itself, finally, there appear to be few if any local investors willing to pick up the sometimes hefty capital investments required to transform precious local intellectual capital into economic value on an international scale.

BVA.news is the Belgian Venturing Association's newsletter; it appears three times a year.

Your suggestions, remarks and questions are more than welcome: please email them to [info@bva.be](mailto:info@bva.be)

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Both the federal and regional governments will need to develop a long-term view on the entire venture capital & private equity chain. Given the latter's inherent cyclical nature, policy makers will need to devise a long-term strategy that both strengthens the entire venture capital & private equity supply chain and helps to reduce the sector's sensitivity to cyclical downturns like the one we are going through now. This is where the real role for the government lies.

What, then, could the government do, that would fit within such a long-term strategy?

For starters, the capital available to local venture capital & private equity funds from local institutional funders will need to increase by a factor 3 to 4 over the coming years, to even remotely reach the European average. This will require a major clean-up of the current legislation of the Private Privak, the introduction of a local variant of a Prudent Man Rule to incite institutional investors to allocate a bigger slice of their assets to local venture capital funds, and the creation of a state-funded fund of fund that makes matching co-investments in local venture capital funds and can help to dampen the negative effects of any cyclical downturn.

Next, at the level of the funds, whether these are captive or independent, the policy makers should recognize and institutionalize the valuable role played by venture capital and private equity operators.

Available and new tax incentives and a new transparent VAT status will need to be available to all sector players. And, in order to make Belgium an attractive geography for foreign investments, the regulatory fiscal and legal framework for doing business will need to be simplified, administrative inefficiencies removed and a lot of promotion made abroad.

And finally, at the level of the entrepreneurs and their companies, a long-term strategy should aim to strengthen the intellectual capital of our future start-up companies by an increase in annual public spending on research (as a % of GDP) and incentives both to industry and to the country's universities and research centres to spin-off valuable chunks of intellectual property for the benefit of value and job creation. Equally, the mechanism of VAT co-contractor available to general contractors in the construction industry could be made available to young SMEs until these are profitable, allowing them to manage their scarce cash resources more efficiently, and this possibly on a European scale.

These are some of the topics that the BVA has raised as part of its input to the Federal Government's Working Group on SMEs. Now that the dust has settled on the formation of the regional cabinets, we can all go back to work on the issues highlighted above.

Lieven Jaspaert

## BVA – Agenda 2004

- 05/09/04: Annual Casual Day (see below)
- 08/09/04: BM + PM (10.00 @ De Warande)
- October: Workshop on IAS
- 10/11/04: BM (10.00 @ Tiberghien)
- 18-19 November: BVA Academy (see below)
- 08/12/04: BM + PM (10.00 @ De Warande)
- December: Workshop on Competition Law

## Casual Day – 5 September 2004

This year, our members are invited to spend a culture filled day in Limburg. We will start around 11 am with a guided visit of Alden Biesen: the Water Castle, the permanent exhibition of the Teutonic history of Alden Biesen, the church, the French and English gardens etc. After a light lunch, we will go to Tongeren, where we will get a guided tour of the Neanderthal and the permanent exhibition in the Gallo-Roman museum. After a drink in the Tongeren town hall (kindly offered by the mayor), we will go to the castle of Rullingen for dinner, which should be finished around 9 pm at the latest. The fee per adult is 45 euro, per child 30 euro. If you would like to register now, please complete the form below and fax it back to the BVA office. If you would like to wait for the official invitation, we will soon be sending that out with registration forms, exact time frame etc, so keep an eye on your inbox during the next few days.



## REGISTRATION FORM BVA CASUAL DAY

Name:

.....

Employee of BVA member company:

.....

Would like to register for the BVA casual day on 5 September.

No. of adults: ..... x 45 = .....

No. of children: ..... x 30 = .....

TOTAL .....

We will send you a confirmation with invoice for the company after receipt of your registration.

Please send this form back to  
Hilde Vandermeulen at the BVA Office  
Fax: +32 (0)2 761 25 40 or +32 (0)3 297 10 21



## BVA Academy – 18-19 November 2004

This year, the BVA will be organising the second BVA Academy with the following program:

### 18 November

- 08.30: Welcome and Introduction
- 09.00: The Belgian Private Equity market  
later stage – early stage
- 09.30: Doing a private equity deal: overview and interaction of different disciplines
- 10.30: Coffee break
- 10.45: Analysis and evaluation business plan / key issues due diligence process  
Testimony of Private Equity players
- 11.45: Management Assessment
- 12.30: Lunch
- 14.00: Split up in two different groups:  
later stage – early stage

### LATER STAGE GROUP

- 14.00: Valuation + Acquisition Finance
- 14.45: Deal Structuring
- 15.30: Coffee break
- 15.45: Legal, financial and fiscal considerations
- 17.15: Case study
- 18.15: End of day 1 – wrap up – drinks
- 19.00: Networking dinner

### EARLY STAGE GROUP

- 14.00: Valuation
- 14.45: IP rights
- 15.30: Coffee break
- 15.45: Legal, financial and fiscal considerations
- 17.15: Case study
- 18.15: End of day 1 – wrap up – drinks
- 19.00: Networking dinner

### 19 November

- 07.00 - 08.30: check out
- 08.30: Managing towards full potential
- 10.45: Coffee break/check out
- 11.00: Entrepreneurial Testimony by  
Early Stage / Later Stage entrepreneur
- 12.15: Lunch
- 13.30: Exit master plan
- 15.00: Coffee break
- 15.15: Corporate Governance
- 16.15: End of program –  
wrap-up speech BVA president
- 17.00: Attendants leave for home

The BVA Academy will take place at  
Auberge du Pêcheur  
Pontstraat 41  
9830 Sint-Martens-Latem

## News from our members

### CREAFUND II CVA participates in PURNA PHARMACEUTICALS NV

On December 30th, 2003, CREAMFUND II CVA has invested, together with other financial partners, 2.4 mio. EUR in PURNA PHARMACEUTICALS NV located in Puurs (Belgium).

PURNA is an independent pharmaceutical company specialised in the manufacturing, from raw material to end-product, of non-sterile medicines, food supplements and cosmetics, namely of semi-solid preparations (ointments, creams, pastes and gels), of liquid forms (solutions, emulsions, suspensions, aerosols) and of dry powders, under G.M.P. conditions (Good Manufacturing Practice).

**Contact:** Creafund Management NV  
Dirk Haerinck  
Tel: + 32 (0)9 272 62 00  
Fax: + 32 (0)9 272 62 09

The target audience for the Academy is every person wanting to acquire a basic knowledge of the Venture Capital and Private Equity investment, value creation and divestment processes and best practices, such as junior investment managers, lawyers, auditors, students, etc.

*For this as well, we will shortly be sending out the official invitations; make sure you register on time, since only 20 people will be able to attend!*

#### New BVA Members

We are happy to welcome the law firm **White & Case** as a new Associate Member to the BVA.

Contact: Stefan Odeurs  
Tel: +32 (0)2 209 82 05

#### EVCA

During the EVCA Annual Meeting in Berlin, on June 3, 2004, **Prof. Dr. Herman Daems** (GIMV) was elected Chairman for 2004/2005.

**Floris Vansina** (KBC Investco) was elected as a member of the Executive Committee and Treasurer in succession of Piet Serrure (Origo Management/Finco).

We wish them both a very successful tenure in office.

### Microtherm acquired by investment consortium

On 12 February 2004, all the shares of the Microtherm Group, comprising Microtherm International and its subsidiaries ('Microtherm'), were purchased by Mbidco LTD, a UK holding company controlled by a consortium of private equity companies led by KBC Investco. Apart from KBC Investco, GIMV, Sofindev II and Microtherm's management also have a participating interest in Mbidco.

Microtherm is a worldwide organization with sales, engineering, and manufacturing facilities throughout Europe, Asia and North America. Its main facilities are located in Sint-Niklaas (Belgium) and Upton (UK). The Group, whose consolidated sales amounted to roughly 25 million EUR in 2003, has a total workforce of approximately 200 people.

Microtherm was founded in 1970 and quickly established itself as an engineering solutions provider and market leader in the specialized market of microporous high-temperature insulation.

**Contact:** KBC Investco  
Floris Vansina  
Tel: + 32 (0)2 429 51 74



#### Origo Management

Consultants to the Venture Capital Industry

- Strategy and organisation
- Due diligence
- Investment management
- Fund raising
- Board representation

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# The technology imperative

By Lionel Florentin

During the Private Equity International 2004 CFO's Conference, attendees selected "Operational Value Add" as being the second most important factor in "return generating". The first was "Buying and selling well".

Implementing a software solution to manage fund activities is now more than ever a "must" for every player in the Private Equity Industry. Selecting the right solution to gain a competitive advantage (or at least avoid the disadvantage), improve the control environment, drive efficiency gains and enhance the relationship with increasingly demanding Investors, has now become a key success factor in a fund's strategy.

## Selecting the right Solution

Three major options exist:

- **Develop an in-house solution.** Even if this solution looks more convenient to larger institutions, it could quickly become a black hole - a constant drain on resources and budgets. Issues to be addressed are support, keeping up with Industry Standards and Guidelines and dependency on (a) staff member(s).
- **Implement best of breed functional solutions.** Function related solutions could be selected for each aspect of daily activities such as Contact Management, Process Management, Portfolio Management, Reporting tool...etc. Whilst each function is then well catered for, integration becomes a major issue and so this solution should be considered as being halfway between in-house development and integrated applications.
- **Implement a complete, integrated solution from expert providers.** This solution usually covers activities from Front to Back Office with the flexibility coming from the modularity of functions. Some of the clear advantages of such a solution are the single platform to implement and maintain, the single entry point for data that is shared real-time around the company, the full control of processes with specific rights and configuration and the business wide activity monitoring tools. There can be a risk of being reliant on one supplier for a core system, although if the provider can prove the continuity of his business through an established customer base, this risk can be mitigated.

## Selecting the Right Product

Every software solution has its specific fields of strengths as well as weaknesses. The crucial arbitrage a fund will make in choosing a solution will be based on its specific requirements. Determining those is a crucial step in the software acquisition process. Some of the recurring ones are discussed below:

- **Flexibility:** the software solution should adapt to existing practices occurring in a company (and not the opposite) and even enhance these practices to lead the company toward industry's best practices. The modularity of solutions is one answer to flexibility but does not necessarily insure that the technology used to develop the solution is capable of handling core adaptations to the company's processes.
- **Scalability:** in a fast moving industry, it appears crucial to use a solution that can easily adapt to economic environment flows. Optimally, one system should be capable of "anticipating" a fund's expansion, be it geographical or financial. An open end solution (including APIs) based on web technology is becoming more and more standard.
- **Straight Through Processing:** derived from capital market, STP has become a non negotiable process ensuring that data is "flowing" correctly within the company. It reduces input time whilst ensuring control and compliance are optimised.
- **Complete and Powerful Report Editor:** In private equity, it has become clear that top class reporting plays a very important role in decision making and developing the relationship with investors. Today, the quality of reporting is a key criterion for LPs in choosing between the many new funds available. The best of breed providers now offer comprehensive reporting with the ability to tailor reporting to specific needs. Reporting should be just a click away and not tedious days of data compiling.
- **Best Practices oriented tool:** As best practices in private equity evolve and industry associations develop standards, fund administration requirements change. Some system providers make these requirements core features and devote a great deal of effort to keeping up with every changing demand from the private equity market.

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19 March 2004

## **Quest for Growth invests £ 1,000,000 (1,480,000 EUR) in Plethora Solutions, a U.K. based pharmaceutical company focused on Urology**

On March 18, 2004 QUEST FOR GROWTH invested £1,000,000 (1,480,000 EUR) in Plethora Solutions limited, a company created by Merlin Biosciences.

Following the investment in Futura Medical and Cyclacel, this is Quest for Growth's third investment in an unquoted company this fiscal year. QfG continues to look for new high quality pre-IPO private equity investments.

Plethora Solutions is focused on exploiting the clinical benefits of novel combinations of established pharmaceuticals and the development of delivery systems and devices for the diagnosis, treatment and management of urological disorders. Urology is the specialty of dealing with diseases, in both adults and children, of the male and female urinary tract and the male reproductive organs and is one of the fastest growing sectors of the pharmaceutical market. It is estimated that over 11 million people in the USA alone suffer from a severe urological disorder, and it is expected that this figure will continue to increase.

Plethora Solutions focuses on creating and protecting intellectual property by extending the use of established licensed drugs and developing products that have reached at least Phase I clinical trials for application within the field of urology. The Company adds value to these products by discovering and developing new urological applications and by taking them through Phase II proof of concept trials. Once this stage is achieved PSL seeks to out-license or partner its products for Phase III studies, regulatory approval and marketing.

**Contact:** Quest Management NV  
René Avonts  
Tel: +32 (0)16 28 41 28

26 March 2004

## **Karel Steup; new principal with Waterland Private Equity Investments B.V.**

Mr. Karel Steup has joined Waterland Private Equity Investments B.V. in Bussum, the Netherlands, as principal. He has extensive experience in guiding

companies to growth and profitability both as investor, non-executive director and (turn around) manager with a large number of mid market companies.

His back ground comprises start-ups (Holland Flowers Export BV – export of fresh cut flowers and Vacu Products BV – producer of Vacu-Vin and Rapid-Ice), re-starts (B&L Systems BV – Laboratory analysis Equipment) and expansion via buy-and-build (ViHome Groep BV – mobility aids, Temperature Data Systems – cold chain management and Macek Technika BV – injection moulding).

In the process Mr. Steup realized many investments, acquisitions and divestments often in cooperation with private equity firms.

Mr. Karel Steup graduated as master of business administration from Erasmus University in Rotterdam.

**Contact:** Waterland Private Equity  
Mr. Rob Thielen  
Tel: +31 (0)35 694 16 80

## **Ackermans & van Haaren and CFE buy 3% stake from GIMV in DEME**

Ackermans & van Haaren and CFE have bought from GIMV its 3% stake in DEME thereby increasing their interest in DEME by 1.5%. Both shareholders now each control 50% of DEME. Ackermans & Van Haaren and CFE are each paying 4.8 million euros for the additional 1.5% interest.

**Contact:** GIMV  
Mr. Frank De Leenheer  
Tel: +32 (0)3 290 22 90

1 April 2004

## **Waterland announces final closing private equity fund on WPEF II**

Waterland Private Equity Investments ("Waterland") has held a final closing on Waterland Private Equity Fund II ("WPEF II") with commitments of € 170 million from various Danish, Swiss, US, UK, Belgium and Dutch investors. Amongst them are prominent investors as ATP Private Equity Partners I K/S, JP Morgan Fleming Asset Management, Delta Lloyd Private Equity B.V. and Horsley Bridge International.

WPEF II, launched during 2003 with a target capitalisation of € 150 million, will be a continuation of the team's targeted strategy of taking controlling

ownership positions in medium sized companies in Rheinland, comprising the Netherlands, Belgium and North Rhein-Westphalia. Waterland focuses on investing in high quality companies in fragmented growth markets in order to finance organic and acquisitive growth. It will execute buy and build strategies in markets driven by trends in Outsourcing, the Ageing population and Leisure

The team has already finalized their first investments for the new fund; Harting Bank, a company active in mobility aids for the care sector and Fa-med, active in debtor management and administrative outsourcing for health care providers.

**Contact:** Waterland Private Equity  
Mr. Rob Thielen  
Tel: +31 (0)35 694 16 80

13 April 2004

## Mercator Insurances appoints Origo Management as manager private equity

As part of a reorganisation of its activities, **Mercator Insurances** has decided to appoint an external company as manager of its private equity and venture capital portfolio. **Origo Management** has been appointed as the external manager. Mercator Insurances will remain the owner of the portfolio. Origo Management's mission only involves its management.

Origo Management is a specialized consultant providing services to the private equity sector. The Origo Management team consists of experienced investment managers. Piet Serrure and Peter Van den Brande are its Managing Partners. Dimitri Van Rattighe, investment manager with Mercator Insurances, will stay involved with the management of the portfolio, and shall be working out of the Origo Management offices.

**Contact:** Origo Management  
Mr. Piet Serrure  
Tel: +32 (0)3 870 54 00

## Platina gives Locatel a fresh start

On Thursday 6 May, the Appeal Court of Versailles upheld the decision of the Commercial Tribunal of Nanterre, dated 3 February, which designated private equity fund **Platina Limited Partnership** ("**Platina**") as the acquirer of the business assets and activities of Locatel S.A., the French leader in audiovisual equipment and in-room entertainment for the hospitality and healthcare markets ("**Locatel**").

For nearly two years, **Platina** had kept a close eye on the business, which fits perfectly with the fund's strategy and has the potential to develop internationally. With a solid financial backing and a motivated team, **Locatel Europe S.A.S.**, a newly formed entity, has the means to become a major player across Europe. To achieve this, **Platina** intends to increase the service component, enrich the entertainment content and innovate on the healthcare IT front.

Established in June 2002, with a capital of € 45m, **Platina** focuses on the business services sector as well as on traditional industries that undergo major changes as a result of new technologies. The fund targets equity investments ranging from € 5m to € 10m and is mostly active in the United Kingdom and France.

**Contact:** Platina Finance Ltd.  
Mr. Karim-Frederick Dhanani  
Tel: +44 (0)20 74 67 31 90

14 May 2004

## GIMV and LRM launch public bid for Scana Noliko

Secondary Buy-Out with a transaction value of over 78 million euros

Scana Noliko International (SNI) is the overall holding company, which owns Scana Noliko, Limburg's leading producer of bottled and canned vegetables and fruits, pasta and sauces.

Together with Scana Noliko's management, GIMV and LRM have set up a new company, Scana Noliko Holding (SNH). SNH has acquired the SNI shares previously held by Nesbic for an amount of 17.3 million euros. Following this acquisition and the ensuing change of control, the public takeover bid procedure was initiated with the Banking, Financing and Assurance Commission (CBFA). The remaining shareholders in SNI can choose to either sell or exchange their shares in the company. The global transaction value amounts to over 78 million euros.

**Contact:** LRM  
Mr. Guido Quanten  
Tel: +32 (0)11 24 68 01

**Contact:** GIMV  
Mr. Frank De Leenheer  
Tel: +32 (0)3 290 22 90

1 June 2004

## Origo Management expands team

Mrs. Jo Maertens has joined Origo Management as an Investment Manager.

Jo previously worked as a financial advisor for Buchmann Optical Holding, a Belgian industrial holding, internationally active in the edging business, where she was in charge of the internal group reporting and communication.

Jo gained experience in the venture capital sector with Pythagoras, a Belgian venture capital company, where she was responsible for the financial follow-up of the holdings of the Pythagoras funds and the analysis of new investments.

Before that she was an investment manager at Gevaert and Cobepa, both Belgian financial holding companies. Jo holds a Master Degree in Germanic Languages and a Graduate Degree in Business Economics from the University of Leuven. She is also a Certified Financial Analyst.

**Contact:** Origo Management  
Mrs. Jo Maertens  
Tel: +32 (0)3 870 54 06

10 June 2004

## CSOB and KBC Investco close a unique financing transaction

for the privatisation of Sokolovská uhelná in total amount of CZK 5.2 billion CSOB and KBC Investco closed one of the largest transactions in the area of structured finance in Central Europe. This is a key characteristic of a financing provided to Sokolovská tezební, a.s., in total amount of CZK 5.2 billion, arranged in a combination of a term facility provided by CSOB and a mezzanine (i.e. subordinated) facility provided by KBC Investco. Purpose of the financing is to fund the purchase of Sokolovská uhelná, a.s. shares from the state and from other minority shareholders. Inclusion of the mezzanine facility is the key unique feature of the transaction. The capital strength of KBC/CSOB Group, the quality of the privatisation project and the customised structuring have enabled the banks to finance the privatisation of Sokolovska uhelna by using solely the KBC/CSOB Group sources. At a later stage, transfers to other lenders, who may require certain timing comfort, could be considered.

**Contact:** KBC Investco  
Mr. Floris Vansina  
Tel: +32 (0)2 429 51 74

## GIMV invests USD 2 million in US biotech company ChemoCentryx

Antwerp, 17 June 2004 – GIMV is investing USD 2 million in US biotech company ChemoCentryx. GIMV's investment is part of a larger USD 33 million financing round, with both Alta Partners and GIMV as new investors. ChemoCentryx will use the capital injection for further clinical development of novel, innovative medicines that target Crohn's disease, rheumatoid arthritis, multiple sclerosis and other disorders. During the first 5 months of 2004 GIMV's Life Sciences business unit posted capital gains totalling EUR 6.5 million on the sale of its participations in listed companies as Aclara Biosciences, Crucell and Exelixis.

**Contact:** GIMV  
Mr. Frank De Leenheer  
Tel: +32 (0)3 290 22 90

## GIMV sells its stake in BMT to the Seynaeve family

Antwerp, 30 June 2004 – GIMV announces that it has signed a sales agreement with the Seynaeve family, through the holding SMH NV controlled by the latter. The Seynaeve family will buy 95.089 BMT shares, i.e. a 12,5% stake in BMT, which are now owned by GIMV, for a price of 125 euro per share. This sale is subject to the approval of the anti-trust authorities.

**Contact:** GIMV  
Mr. Frank De Leenheer  
Tel: +32 (0)3 290 22 90

## GIMV sells its stake in Macrae Food Group to Young's Bluecrest

Antwerp, 1 July 2004 – GIMV announces that it has sold its 34% stake in Macrae Food Group (MFG) to Young's Bluecrest. Together with Pan European Food Fund, GIMV is since 2000 the controlling shareholder of MFG. Through its direct investment and indirect investment (via the Pan European Food Fund) together, GIMV had a participation of 34% in MFG.

**Contact:** GIMV  
Mr. Frank De Leenheer  
Tel: +32 (0)3 290 22 90

## GIMV invests in first round of 3mensio Medical Imaging

Antwerp, 13 July 2004 – GIMV recently participated alongside Prime Technology Ventures and management in the first round of funding totaling 1.2 million euro at 3mensio Medical Imaging. Based in the Netherlands, 3mensio is dedicated to the development of next generation 3D visualization software for the medical imaging market. Founded in August 2003, 3mensio focuses on exploiting the capabilities offered by so-called Graphics Processing Units (GPUs) adding a new level of functionality and performance for advanced 3D medical imaging.

**Contact:** GIMV  
Mr. Frank De Leenheer  
Tel: +32 (0)3 290 22 90

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## The technology imperative

By Lionel Florentin

### Aiming for an Adapted Implementation Project

Common sense would agree with the fact that no “plug and play” software solution could apply to the Private Equity Industry. Even if CFOs and Partners tend to increasingly follow industry guidelines and standards, a big part of their added value in their business is their uniqueness in administrating and managing their fund, their “Personal Touch”.

The right implementation project is a combination of standardised practises and custom configuration. It is important to integrate not only basic requirements expressed by the fund employees but also the cultural differences and the intelligence within the fund (and usually poorly exploited).

An adapted implementation project would also make sure that all actors within the fund are included in the project in order to make sure that the user acceptance is maximised. This is fundamental. Creating the awareness of an implementation to all future users is crucial for the success of the project, and this should be part of the project (often forgotten by many providers).

It derives from this that the implementation project plays a big part in the success of software solution acquisition. It must not always be this part of the contract that is downsized when negotiating the pricing of a software acquisition. A performing software solution can always be upgraded with new modules/functions as the fund expands/grows, but the fundamental layer on which this software solution is sitting (i.e. the implementation project) is usually set there once and for all (or could be modified but at additional high expenses).

Using performing and adapted information technology has become an imperative for the Private Equity sector to remain in the Return Race.

*Lionel Florentin is the Sales Manager Northern Europe of eFront Financials Solutions, a European provider of software for the Private Equity Industry.*