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## 5 questions with Carl Thoma

Carl Thoma, managing director of Thoma Bravo, chats about the industry in the wake of a recent fund close

Mid-market private equity firm [Thoma Bravo](#) last week announced it closed a \$822.5 million ninth fund. The fund, which the firm said was oversubscribed, focuses on buyouts in the software, business and financial services and education industries. “We are pleased to have exceeded our fund-raising goal despite a challenging environment,” **Carl Thoma**, one of the firm’s four managing directors, said in a statement.

*PE Week* Senior Writer **Alexander Haislip** wanted to hear more about the firm and what Thoma thought about current market conditions, so he caught up with Thoma for five questions.

**Q: How is the downturn affecting your firm?**

**A:** We’re seeing more opportunities now than we saw six months ago. From the buy side the opportunities are better than what we’ve seen. Public valuations have gotten so low there are going to be a lot of opportunities to take private. Stocks that were \$15 are now \$5 but their earnings are still going up. Consumer space is the one that everyone is trying to decide if you jump into that space yet or not, since earnings there are really coming down.

**Q: So it’s business as usual?**

**A:** In this environment, you hate to use the term ‘business as usual,’ but we’re going to continue working very close with our portfolio companies and continue to be pragmatic. Tuck-in valuations for companies have really come down a lot. When you tuck them into another company and you eliminate duplicate overhead.

**Q: Is bank lending a problem?**

**A:** We’re hoping that eventually banks will have to go back to lending instead of holding treasuries with no yield. Hopefully by late in the first quarter they will be back in the market lending. We’re doing some tuck-in acquisitions with 100% equity because the debt isn’t available, but with prices so low you don’t need as much leverage.

**Q: Lots of buyout shops are getting calls from their limited partners asking them not to invest. Have you gotten calls from any of the LPs in your previous funds?**

**A:** We, like a lot of firms are careful to give people six weeks notice instead of the traditional 10-day notice. We don't have many LPs that have big exposure to private equity. We're fortunate that as best we can tell we don't have any LPs that are trying to liquidate their private equity holdings.

**Q: What do you see for 2009?**

**A:** We've got to get two or three deals done during the first half of 2009. You can't sit out the whole cycle. You waited during 2008 for sellers to realize prices came down. I think we are getting close to the bottom. Whenever it is, this year is going to be a particularly interesting time to invest for mid-market buyers.