

# The Deal Pipeline

## Datatel, OpenLink software companies change PE hands

by Christine Idzelis

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**Thoma Bravo LLC** is selling education software company **Datatel Inc.** to **Hellman & Friedman LLC** for \$570 million, quadrupling its original money after roughly 4-1/2 years.

The deal is one of two secondary buyouts in the software sector announced Monday that are being partially financed with credit, a positive sign for the badly bruised leveraged buyouts market.

Boston's TA Associates said it was exiting OpenLink Financial, a provider of commodity trading software, through a sale to Washington's **Carlyle Group**.

H&F and co-investor JMI Equity have agreed to pay \$570 million for Datatel, according to a source, allowing Thoma **Bravo** to reap 4 times its initial investment.

Fairfax, Va.-based Datatel provides software to higher education institutions to help with such areas as student recruitment and processing financial aid requests.

Thoma Bravo, formerly **Thoma Cressey Bravo**, teamed with **Trident Capital** to purchase Datatel in 2005. The sponsor invested with Thomas Cressey Bravo's seventh fund, a \$554 million vehicle that was raised before the founding partners split up. (Last year, **Bryan Cressey** formed his own healthcare-oriented investment firm, Cressey & Co., while **Carl Thoma** and **Orlando Bravo** now manage software-focused Thoma Bravo.)

Datatel was the seventh fund's biggest single investment, said Bravo. Two of the fund's limited partners, **HarbourVest Partners LLC** and **J.P. Morgan Asset Management**, co-invested in the deal.

Under private equity ownership, the company's earnings roughly doubled based solely on organic growth, he said.

In 2004, the year before its buyout, Datatel generated \$95 million of revenue. Ebitda during that time could not be ascertained.

"We first got to know Datatel in 2003," said H&F director Anupam Mishra. H&F approached the company in earnest last year.

The firm's investment is predicated on organic growth that should arise from selling products that help attract and retain students, he added, though it would also consider making add-on acquisitions.

Mishra said that H&F was able to line up debt financing commitments but declined to disclose details.

"The debt markets have improved considerably," said Bravo. "Deals are actually happening."

However, banks remain highly selective and deals tend to be financed with at least 50% equity, sources say.

For legal advice, Thoma Bravo relied on **Kirkland & Ellis LLP's** **Gerald Nowak**.

Separately, TA has reached a deal to sell OpenLink to Carlyle for undisclosed terms.

Carlyle is investing equity from its \$13.7 billion buyout fund, while **Bank of America Securities** and Credit Suisse

Securities are providing acquisition financing.

TA had acquired a majority stake in OpenLink, a Uniondale, N.Y.-based provider of trading and risk management software to Wall Street firms, banks and utilities, in a \$100 million leveraged recapitalization in 2006.

The sale to Carlyle will produce a "very successful" return, said TA's Kurt Jagers, who declined to elaborate.

For counsel, the sponsor relied on **Goodwin Procter LLP**'s John LeClaire, Stuart Rosenthal and Howard Cubell.

Carlyle tapped **Alston & Bird LLP** and Credit Suisse, while OpenLink Financial took advice from **Morrison & Foerster LLP** and **BofA Merrill Lynch**.