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Orlando Bravo discovered his edge early.

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PROFILE ORLANDO BRAVO

In 1985, at age 15, he traveled from his home in Mayagüez, Puerto Rico, a small town on the island's western coast, to Bradenton, Florida, to enroll in the legendary tennis guru Nick Bollettieri's grueling academy.

Bravo would wake at dawn, head to class at St. Stephen's Episcopal School, then return to Bollettieri's tennis courts at noon. He spent hours warring against peers like Andre Agassi and Jim Courier under the broiling sun. At sundown, after an hour to shower and eat, he would study, then retire to a sweaty, two-bedroom condominium in which players bunked four to a room like army barracks. Then he would do it all over again, six days a week, for a full year. "It was the tennis version of *Lord of the Flies*," says his former roommate Courier.

The brutally competitive environment helped Bravo climb to a top-40 ranking in the U.S. as a junior. Then he peaked. "It was quite humbling," recalls Bravo, who's still fit from his weekly tennis games. "It was a different level of hard work altogether. It became clear I could operate at these super-high levels of pain."

That grit and perseverance eventually propelled him to the top echelons of the private equity world. Few outside of finance have heard of the 49-year-old Bravo, but he is the driving force behind Wall Street's hottest firm, Thoma Bravo.

In February, the French business school HEC Paris, in conjunction with Dow Jones, named Thoma Bravo the best-performing buyout investor in the world after studying 898 funds raised between 2005 and 2014. That's even better than the returns from the software buyout firm Vista Equity Partners, its closest rival, run by Robert F. Smith, the African American billionaire who recently made headlines by paying off the college debt of Morehouse College's entire graduating class. Since the beginning of 2015, Bravo has sold or listed 25 investments worth a total of $20 billion. His secret? He invests only in well-established software companies, especially those with clearly discernible moats.

"The economics of software were just so powerful. It was like no other industry I had ever researched," says Bravo, seated in his office in San Francisco's Transamerica Pyramid. He wears a tailored purple dress shirt and enunciates his words with a slight Puerto Rican accent. "It was just very obvious."

Bravo's firm has done 230 software deals worth over $68 billion since 2003 and presently oversees a portfolio of 38 software companies that generate some $12 billion in annual revenue and employ 40,000 people. Based on his stake in the firm and his cash in its funds, Bravo has a $3 billion fortune. Not only does that make him the first Puerto Rican-born billionaire, it's enough for Bravo to debut at 287th place on this year's Forbes 400 ranking of the richest Americans.

Like a good tennis player who's worked relentlessly on his ground strokes, Bravo has made private equity investing look simple. There are no complicated tricks. He figured out nearly two decades ago that software and private equity were an incredible combination. Since then, Bravo has never invested elsewhere, instead honing his strategy and technique deal after deal. He hunts for companies with novel software products, like Veracode, a Burlington, Massachusetts-based maker of security features for coders, or Pleasanton, California-based Ellie Mae, the default system among online mortgage lenders, which the firm picked up for $3.7 billion in April. His investments typically have at least $150 million in sales from repeat customers and are in markets that are too specialized to draw the interest of giants like Microsoft and Google. Bravo looks to triple their size with better operations, and by the time he strikes, he's already mapped out an acquisition or turnaround strategy.

The pool of potential deals is growing. On public markets, there are now more than 75 subscription software companies, worth nearly $1 trillion, that Bravo can target, versus fewer than 20, worth less than $100 billion, a decade ago. Investors around the world clamor to get into his firm's funds, and lenders have checkbooks ready to fi-

nance his next big deal. "The opportunities today are the biggest I've ever seen," Bravo says. "Right now we are in a huge, exploding and changing industry."

Orlando Bravo's isn't a rags-to-riches story. He was born into a privileged life in Puerto Rico in the Spanish colonial city of Mayagüez, which for decades was the port for tuna fishing vessels supplying the local Starkist, Neptune and Bumble Bee canneries.

Starting in 1945, his grandfather Orlando Bravo, and later his father, Orlando Bravo Sr., ran Bravo Shipping, which acted as an agent for the massive tuna-fishing factory ships entering the port in Mayagüez. It was a lucrative business. His parents moved him and his younger brother Alejandro to what's now a gated community in the hills of Mayagüez, where the brothers attended private schools and tooled about on the family's 16-foot motorboat.

After taking up tennis at age 8, practicing on the courts of a local university and a Hilton hotel, Bravo and his family began making the two-and-a-half-hour drive from their home to San Juan on weekends to allow him to train against better competition. "What I loved about tennis was the opportunity," he recalls. "I'm from Mayagüez, and I'm going to come to the big city and I'm going to make it," he says. "Let's go! The underdog!"

He quickly became one of Puerto Rico's top players, which landed him at Bollettieri's academy and then on Brown University's tennis team. "I was so scared I wouldn't make it through," Bravo says of the Ivy League, so he took most classes pass/fail as a college freshman. But he quickly found his footing and graduated Phi Beta Kappa in 1992 with degrees in economics and political science. That helped him get a prestigious job as an analyst in Morgan Stanley's mergers and acquisitions department. There he paid his dues, clocking 100-hour weeks under the renowned dealmaker Joseph Perella.

Bravo's Spanish fluency put him in front of clients as other analysts slaved away in data rooms. Working on Venezuelan billionaire Gustavo Cisneros' 1993 acquisition of Puerto Rican supermarket chain Pueblo Xtra International opened his eyes to the world of buyouts. But mostly he says he learned he didn't want to be a banker.

Bravo eventually headed west to Stanford University. He'd already been accepted into its law school, but he also wanted to attend the business school. He called insistently and eventually got accepted to pursue both. He worked during a summer at Seaver Kent, a Menlo Park, California-based joint venture with David Bonderman's Texas Pacific Group that specialized in middle market deals. Upon graduation in 1998, Bravo wasn't offered a position there or at TPG, and he spent months cold-calling for a job. After about a hundred calls, Bravo's résumé caught the eye of Carl Thoma, a founding partner of the Chicago-based private equity firm Golder, Thoma, Cressey, Rauner (now known as GTCR), and they hit it off. "The biggest mistake Texas Pacific made was... that they didn't make him a job offer," says Thoma, 71.

One of the pioneers of the private equity industry in the 1970s, Thoma is a tall and mild-mannered Oklahoman whose parents were ranchers. Thoma and his partners practiced a friendlier version of the buyouts popularized by Michael Milken, preferring to buy small businesses and expand them using acquisitions. When Bravo came aboard in 1998, Thoma and partner Bryan Cressey had just split from Stanley Golder and Bruce Rauner, who later went on to become governor of Illinois, creating Thoma Cressey. Thoma sent Bravo to San Francisco to hunt for investments and eventually expand the firm's Bay Area presence.

Bravo's first few deals, struck before he turned 30, were disasters. He backed two website design startups, NerveWire and Eclipse Networks, just as the dot-com bubble popped. "I learned I didn't want to invest in risky things ever again," Bravo says. "It was too painful to live through." Thoma Cressey was also struggling elsewhere, with underperforming investments in oil and gas and telecommunications. It was among the worst performers in the private equity industry at the time.

But the failure led to an epiphany that soon made Bravo and his partners billions. He realized his mistake was in backing startup entrepreneurs, an inherently risky move, when for the same money he could buy established companies selling niche software to loyal customers. With Thoma's blessing, Bravo pivoted and became an expert on these arcane firms. Coming out of the dot-com bust, the market was littered with foundering companies that had gone public during the bubble and had few interested buyers. Bravo got to work. His first big move, in 2002, was to buy Prophet 21, a Yardley, Pennsylvania-based software provider to distributors in the healthcare and manufacturing sectors that was trading at a mere one times sales.

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Rather than clean house, Bravo kept the company's CEO, Chuck Boyle, and worked beside him to boost profits, mainly by rolling up competitors. When Boyle wanted to buy a company called Faspac, Bravo flew to San Diego to work out of the Faspac owner's garage for five days, analyzing reams of contracts to see if the deal would work. "Orlando would help not only at the highest level with strategy but also when we got grunt work done," Boyle recalls. After seven acquisitions, Bravo sold the business.

Software quickly became Bravo's sole focus, and Thoma Cressey began to thrive. By 2005, Bravo and Thoma had recruited three employees, Scott Crabill, Holden Spaht and Seth Boro, to focus on software applications, cybersecurity and Web infrastructure. All remain with the firm today as managing partners.

Mission Driven

Days after Hurricane Maria hit his native Puerto Rico, Orlando Bravo loads up a plane in Ft. Lauderdale with hundreds of pounds of supplies, including hydration pills, IV tubes and diapers.

Bravo's big opportunity came during the financial crisis when Thoma put Bravo's name on the door and split with his partner Bryan Cressey, a healthcare investor, creating Thoma Bravo. From that moment on, the firm invested only in software, with Bravo leading the way.

A string of billion-dollar buyouts followed—Sunnyvale, California-based network security firm Blue Coat, financial software outfit Digital Insight of Westlake Village, California, and Herndon, Virginia's Deltek, which sells project management software. "Every time we picked up our heads to peek at a deal that wasn't software, the software deal looked a lot better to us," he brags.

It's late May, and Orlando Bravo's 20th-floor offices overlooking the San Francisco Bay are filled with dozens of tech executives from its portfolio companies. Folks from Houston's Quorum Software, which makes technology systems for oil and gas companies, mingle with cybersecurity experts from Redwood Shores, California's Imperva. They juggle their rollerboard suitcases and thick financial books as Thoma Bravo partners map out corporate strategies on dry-erase whiteboards. Those on break hammer away at keyboards in small workrooms or demolish chicken sandwiches in a no-frills kitchenette.

This is one of Thoma Bravo's monthly boot camps for new acquisitions, grueling daylong sessions that are critical to its success. Partners regularly buzz into Bravo's spartan glass-walled offices, while in the background the drilling and hammering of construction workers making room for 13 new associates disturbs the peace.

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After two decades studying software, Bravo recognizes clear patterns. For instance, when a company pioneers a product, its sales explode and then inevitably slow as competitors emerge. Often a CEO will use this cue to stray into new markets or overspend to gin up sales. Bravo calls this "chasing too many rabbits." To fix it, he and his ten partners work alongside 22 current and former software executives who serve as consultants. They begin tracking the profit-and-loss statements for each product line and pore over contracts in search of bad deals or underpriced products. Critically, by the time a Thoma Bravo acquisition check clears, existing management has agreed that this rigorous approach will help. Bravo calls it "making peace with the past."

There are also layoffs. Those can total as much as 10% of the workforce, for which Bravo doesn't apologize. "In order to realign the business and set it up for big-time growth, you first need to take a step back before you take a step forward. It's like boxing," he says. "These are unbelievable assets with great innovators, and they are usually undermanaged."

Mark Bishof, the former CEO of Flexera Software, an application management company outside of Chicago that Bravo bought in 2008 for $200 million and sold three years later, has a succinct description for this wild success. "He just kind of cuts all of the bullsh*t," Bishof says. "It's refreshing." Flexera's profits rose 70% during Bravo's ownership, largely thanks to four major acquisitions. "Orlando's like the general in the foxhole with his sergeant. You know he's knee-deep in there with you," Bishof gushes.

Under Thoma Bravo's watch, companies on average saw cash flow surge as margins hit 35%, as of 2018, nearly triple those of the average public software company at that time. "It's like training for the Olympics. . . . You have a finite goal to make it [in year four], and you make it very, very clear," Bravo says. Today's roaring market adds potency to the playbook. Lenders are now gorging on software debt, and stock market multiples for these businesses are surging.

A recent example is Detroit's Compuware, a decades-old pioneer of software applications to manage mainframe computer systems. In 2013, this Nasdaq-listed giant was all but left for dead and up for sale. There was minimal interest, other than from Bravo and partner Seth Boro, who were keen on Dynatrace, software that helped companies move databases to the cloud, which Compuware had acquired in 2011. Thoma Bravo used $675 million in cash and raised $1.8 billion in debt to buy Compuware and then split off Dynatrace as a separate company. The pair began to move Dynatrace from selling database licenses, once the bulk of its business, to cloud subscription services, now 70% of sales. This past August, Dynatrace went public. "I learned more about building an efficient software company over the last four and a half years than in the first 30 years of my career," says Dynatrace CEO John Van Siclen.

But thanks in part to the success of his firm, he now faces more competition. Heavyweights like Blackstone and KKR are increasingly sussing out software deals, not to mention his longtime rival Vista Equity. And he's not immune to mistakes. Bravo's $3.6 billion 2015 acquisition of San Francisco-based digital network tracker Riverbed Technology is currently struggling because of slowing sales and too much debt. He isn't worried. "There are bigger and better companies to fix than there were ten years ago," Bravo says.

His biggest challenge these days is likely back home in Puerto Rico where it all began. Bravo announced in May that he is contributing $100 million to his Bravo Family Foundation that will be used to promote entrepreneurship and economic development on the island.

This new foundation was birthed by Hurricane Maria, which devastated the island two years ago. Bravo was in Japan raising cash for yet another massive fund and frantically calling San Juan trying to locate his parents, who were living in the capital. They were fine, but the island wasn't.

Five days later, he flew his Gulfstream jet with 1,000 pounds of supplies—water, granola bars, meal kits, satellite telephones, diapers, intravenous tubes and hydration pills—to Aguadilla, near Mayagüez. When an airport worker opened the door of his plane, Bravo says, the look of fear on his face was unforgettable. "All you could say was 'I'm sorry for what happened to you.'"

He returned two weeks later in a larger plane with 7,000 pounds of supplies. Then he came in a massive DC-10 cargo plane before ultimately chartering two container ships carrying 600,000 pounds. "It was just like cold-calling for deals," Bravo says of rounding up all the donations. He personally put in $3 million in just the first 30 days, and committed $10 million altogether.

When the Federal Emergency Management Agency became fully operative there, the island's richest native turned his attention to Puerto Rico's future. Though 44% of Puerto Ricans live below the poverty line, Bravo believes in the potential to foster entrepreneurship, citing that a tenth of the population has tried to build a business.

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Armed with his money, his foundation is looking to back Puerto Rican technology entrepreneurs, even ferrying them to Thoma Bravo's offices for training. Bravo admits to being tired of the debate over Puerto Rico's statehood and holds his tongue when asked about President Trump's performance during Maria. "My passion, which is the same as with companies, is to move beyond the strategic, long-term pontification, and into the operational and tactical moves that make you move forward today," he says. "Economies go down, companies miss their numbers, trade stops, product issues happen and people quit. [The question is] do you have a creative approach to problem solving?" Bravo says. "Some people are stuck . . . and some people love putting the pieces together. I just feel like every operational problem can be solved. There's always a solution." F