

## **Private Equity Value Creation: Digital Transformations**

### **Luke Johnson, Sentinel Capital Partners:**

We're very comfortable and we have a lot of knowhow and domain around the transition to digital. Today, it's not even a question of if there's a digital story or a digital platform. There really needs to be.

### **The best private equity firms can help portfolio companies win customers online**

#### **Herb Engert, EY:**

I would break it down into the different various business functions. So, when I talk about customer experience—how do your customers experience your organization? Is there technology? Digital is just leveraging the use of technology and how you actually experience an organization. And that's probably where people are spending more money right now—really on that customer experience.

### **PE firms also can help companies embrace the potential of cloud-based information systems**

#### **David Spaight, Arsenal Capital Partners:**

We're right in the midst of an ERP implementation at one of our portfolio companies and we've actually done it at five other companies—putting in these types of systems. The planning is probably the most critical component. You're training the people, the system's doing what you want it to do and, as you pass those toll gates, continuing to move towards completion itself. I think companies miss that going in; they think they know what they're going to do. They begin the implementation aspect of it, they get about halfway through and they start realizing that the system won't do what they thought it would do. It's just a tool. So, you have to really understand how your processes are going to work, what kind of data and information you're looking for, then engineer it appropriately so that you deliver on that front.

**Johnson:** Through our operating partner model—again, these are individuals who had a lot of expertise around functional disciplines inside organizations. We have a network through that operating partner model of CMO's and CTO's and CIO's who really can be brought to bear and help a business owner or a

management team being carved out of a large corporation to think about how to implement a digital platform.

**Engert:** The organizations that I see accelerating to build out these operating functions—to build the expertise in whether it be technology or cyber or robotics—I think they're going to be the ones that will win in the future. The game has changed. It really is not a buy and hold, it's a buy and transform. Unless you're getting the transform right, you really can't compete in the future.