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Newsletter

Advent Pushes Ahead With Pure Play Private Equity Model

by Swetha Gopinath
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Pure play
At a time when many alternative investment firms are looking to offer investors a range of strategies beyond LBOs, Advent is choosing to remain focused on its traditional model of taking controlling stakes in companies. I sat down with managing partners James Brocklebank and John Maldonado to talk about that decision. Here are some highlights from our chat.
–Swetha Gopinath

Tell us about your M&A strategy and where you're looking for deals?
JB: We continue to focus on two deal archetypes–transformation and acceleration. We typically avoid what we call the arithmetic deal, where we see a more limited opportunity to drive value. The sectors we spend the most time on are data and information services, industrial software, luxury, beauty, and food in consumer, payments, cybersecurity, pharma, chemicals, and aerospace and defense. We have realized over $7 billion this year. We've also invested over $6 billion this year.

Are you tempted to follow peers and grow beyond pure PE?
JB: We want private equity to be the central focus of what we do. Private equity is where our strength is, and we want to stay focused on that and continue to be privately owned. We're not in an AUM gathering game. We're here to be aligned with our investors and that is becoming increasingly distinct in the market.

Where might you expand then?
JM: We have finite resources. And when we think about building our business, we're building it in ways that we think will amplify what we do today. So we talk about other flavors of private equity, like more regional funds. We could over time do sector funds. We could do different sized funds–some of our peers have bifurcated funds based on deal size. That is the type of expansion that we can naturally pursue.

John Maldonado and James Brocklebank *Source: Advent*

You recently opened a Sydney office. What's the thinking behind your APAC expansion?
JB: If you think about the global share of GDP growth, it's very clear we need to have increasing exposure to Asia Pacific over time. We are also keen to open an office in Japan. Japan is a market that is now more open to controlled buyouts with operational value creation potential and that was definitely not the case 10-15 years ago. We don't do minority deals, so we definitely see a right to win in Japan.

Where do you stand on the hype around AI?
JB: We see huge opportunities for AI within our portfolio. On Evri, for example, which we recently exited, we created an app that all the delivery drivers have on their phone. They could not record a delivery if they hadn't taken a photograph of the parcel in the right place and with the geo location, and it was only if they had done all that through the app that they could they could get paid for each delivery. So customer service massively improved because of the digitalization that we did. We have another company where the AI looks at the pattern of buyer behavior of one customer and suggests suitable purchases to other customers of a similar profile. We are using AI a lot and we want to really lean into this.

JM: Intel picked us as a partner for seeking out very specific AI use cases within our portfolio after having evaluated quite a few PE firms, so that speaks to the breadth of our approach.

What's your outlook for dealmaking in 2025?
JM: I think you're going to see more willing sellers if the IPO market is in fact open and there are a number of IPOs lining up to test it. The wheels of M&A are also going to start to turn in a way we haven't seen for the last two years. We have a business friendly administration in the US, so that's all positive and we see additional opportunity coming up for exits and new investments.