

Can a Big Law Private Equity Practice Play Matchmaker?

By Roy Strom

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Sometimes the most impactful business decisions are born of the simplest observations.

Like the fact that a law firm represents a lot of private equity funds looking for companies to buy, while also representing a lot of companies looking to be sold. If only the firm knew what dots to connect.

That's the puzzle that Holland & Knight's private equity practice leader David Barkus was trying to solve when he hired Keith Ferry, a former private equity lawyer, last year to be director of business development at the Am Law 100 firm, which saw its gross revenue hit nearly \$848.2 million in 2017.

Plenty, if not most, private equity lawyers have introduced clients to companies worth acquiring. "Sourcing" deals for private equity clients is one of the most tried and true ways of getting new business in the competitive, but ultra-profitable, practice. Private equity firms will usually hire a lawyer to handle a deal that the lawyer sourced.

Still, playing matchmaker is far from easy: Just ask investment bankers.

But within the past year, Holland & Knight's Ferry has developed a database that the firm claims has led to 400 introductions between its private equity and corporate clients. Some of those introductions came through a program that Holland & Knight has branded HK Deal Flow, and which have led to deals closing or parties signing letters of intent, meaning a deal is



Keith Ferry.



David Barkus.

forthcoming.

It is a welcome development for private equity firms that are itching to spend record levels of capital. The first six months of 2018 saw a record level of private equity deals, valued globally at \$271 billion by Mergermarket, which tracks transactions.

"I think law firms can be a great source of deal opportunities," Ferry said. "And if you can do it in an organized, structured, institutional way like we're doing, it brings tremendous value to potential clients and allows for conversations you might not ordinarily get."

Ferry's database now includes 150 capital providers, such as private equity firms, family offices, banks and other lenders. Getting into the database is free of charge, and there's no fee or other quid pro quo required to be matched with a company. To know

what type of deals the investors want, Ferry interviews them: What industries are they focused on? What sized companies are they looking to buy?

More frequently, Ferry is looking for companies that are looking to be sold so he can match them with capital providers. He relies mostly on Holland & Knight lawyers to connect him with clients who are looking to raise capital, debt or sell their businesses. Ferry interviews the sell-side targets as well, asking for information on their revenue, EBITDA, industry and preference for buyer.

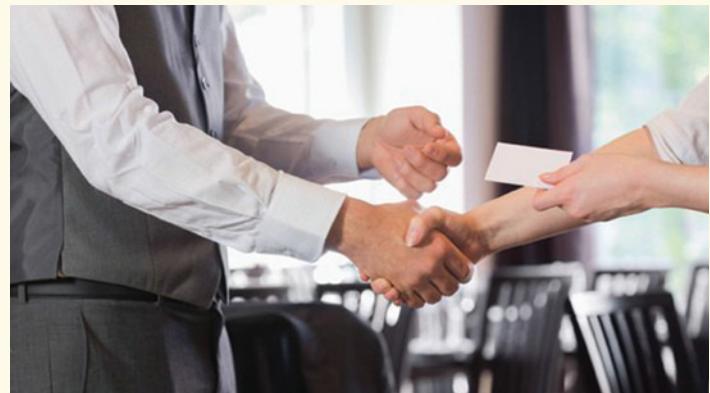
Ferry, who earlier in his career was a private equity associate at Ropes & Gray, was hired last year from conservative commentator Glenn Beck's media company TheBlaze Inc., where he was senior vice president of digital and business development. Ferry said his background in digital technology has helped him build a program that matches the sell-side and buy-side dots.

Through 11 months, HK Deal Flow has processed 300 companies looking for a transaction and made 400 introductions to capital providers on their behalf, Ferry said.

For private equity practice leader Barkus, a Miami-based rainmaker who joined Holland & Knight two years ago in a high-profile lateral move from Greenberg Traurig, playing matchmaker has been a longtime approach to business development. On the day his daughter was born, Barkus said he left the hospital room (after the birth ended and his wife was OK) to make a phone call and close a deal he sourced.

But the new approach has systematized what used to be an ad hoc attempt to play matchmaker.

"The way I look at it is I can hire 10 or 20 more lawyers in the private equity practice, and it's not going to change one bit how a private equity fund looks at us," Barkus said. "So, instead of having 50 lawyers,



you have 70 lawyers. So what? But nobody else has this sort of formal, deal sourcing platform that we've created. And it will only get better over time as more and more lawyers adopt it and participate."

Barkus said the platform has already played a role in recruiting new lawyers who have been intrigued by the added benefit of helping their clients find deals. The program itself is already considering expansion. Barkus said he wants to put people in roles similar to Ferry's across the country to source more deals regionally. A small idea looks set to quickly bloom.

"It's really injecting a business perspective into growing and supporting a private equity practice above and beyond great legal services and competitive fees," Ferry said. "It's a competitive world out there."

Holland & Knight has also been busy this year closing its own deals. In August, the firm absorbed Tampa-based tax boutique Sharp Partners, a little more than a month after bolting on Houston-based private client firm Ostrom Morris.

Based in Chicago, Roy Strom has been reporting on the legal world since 2011. He covers law firms with a focus on how the Big Law business model is changing. He writes a weekly column for Law.com called "The Law Firm Disrupted," covering changes in the legal services market. He can be reached at rstrom@alm.com. On Twitter: @RoyWStrom