



Success Story: Novacap Coming Full Circle

“We go full circle with IntraLinks, from fundraising to M&A transactions, to managing our portfolio companies, to making add-on acquisitions, to divestiture. IntraLinks has become one of the core systems we use every day.”

– Charles Sylvestre
Legal Counsel
Novacap

Looking to triple its fund size in just five years, Canadian private equity firm Novacap needed to replace its homegrown document management system. What started as a way to streamline fundraising soon blossomed into an integrated, automated system, the equivalent of an Enterprise Resource Planning platform for the buyout company.

Charles Sylvestre anticipated the blizzard coming. As Novacap’s legal counsel, he assisted in organizing the fundraising for the Canadian private equity firm. Novacap had just launched fundraising efforts that would triple the assets under its management, to nearly US\$800 million. In all, 40 limited partners would invest, but only after reviewing mountains of due diligence information.

Early on in this fundraising effort, Novacap printed and bound reams of documents to ship to prospective investors – 10 full three-inch binders in some cases. But Sylvestre soon realized that sticking with a manual, paper-based process would overwhelm the firm this time, and fail to provide adequate security for confidential information. So he had the documents scanned and enlisted an IT consultant to create an FTP site to facilitate due diligence. The site took weeks to build. Loading documents, adding password protection to each one and tracking usage proved complex, with security limited to monitoring which organizations – not individuals – viewed the information. And managing the newly created FTP site provided little relief from the storm.

“Building a virtual dealroom was the right idea, but investors found the FTP site hard to use and it took an enormous amount of time to manage,” explains Sylvestre. “I could do it with five users, but with 50 or 100 it was inconceivable.”

After just two weeks of using the FTP site, a fed-up limited partner – from one of the most important firms in Canada – suggested that Novacap use IntraLinks® On-Demand Workspaces™. Familiar with IntraLinks from conducting buy-side due diligence, Sylvestre arranged a product demonstration for the chief financial officer and himself. It was the fastest approval of an IT purchase in Novacap’s history.

“Getting approval took me two days instead of the usual three to six months,” notes Sylvestre. “I convinced management there was no way I could manage our existing homegrown system and keep my day job as Novacap’s legal counsel.”

Sylvestre had come in out of the cold. In a matter of days, Novacap’s new IntraLinks dealroom was ready, with all documents posted and access rights set – a far cry from the three weeks spent readying the cumbersome FTP site. IntraLinks’ document-level security and individual permissioning ensured the highest level of security for Novacap’s valuable information.

“We moved from a homegrown ‘spaghetti’ FTP site to an institutional-grade fundraising platform,” says Sylvestre.

Providing Insight

IntraLinks improved investors’ experiences and significantly lessened the impact on Novacap’s staff. IntraLinks also helped Novacap target its fundraising efforts. The firm tracked investor interest by monitoring dealroom activity.


INTRALINKS®
The workspace is virtual. The trust is real.™

novacap

“We would pitch an investor one day and then use IntraLinks’ reporting tools to track who at the firm was looking at which documents,” explains Sylvestre. “A week later, we’d call back those whose actions showed they were interested, and we could anticipate their questions based on knowing what information they’d reviewed. IntraLinks helped us better serve investors’ needs and focus our time on those who were truly interested.”

Beyond Fundraising

Investors had such a positive experience using IntraLinks for fundraising that they suggested Novacap use IntraLinks to report on the funds. In addition to organizing the capital calls in the various main funds and the side funds, Novacap now posts current and past quarterly, semi-annual and annual reports, annual meeting material, investment memos and other pertinent information. Investors have immediate, secure access to the material from anywhere in the world.

In parallel with raising its new funds, Novacap completed the investment phase of its Novacap II fund and continued acquiring various companies for the vintage 2000 fund. Here too, IntraLinks has improved Novacap’s process. Sylvestre creates internal workspaces for each acquisition target to facilitate every phase of the deal. Novacap staff share preliminary information via the workspace. Once Novacap executes a letter of intent, the deal team posts all due diligence documents, research and analysis to the workspace. As deals progress through legal review, closing and post-closing, the IntraLinks repository ensures access to all related information in an efficient, logical workflow.

“IntraLinks enabled us to organize what were once parallel communications into a centralized repository that includes all the research from our finance team, lawyers, auditors, operations folks and other members

of the deal team,” says Sylvestre. “We can easily see the whole picture in one place rather than sifting through bits and pieces in emails and file folders.”

Novacap takes the notion one step further. When its portfolio companies acquire other targets, Novacap provides legal and other counsel during the deal. Again, Novacap creates workspaces to facilitate communication both inside and outside Novacap’s corporate network. Both Novacap and its portfolio company management can review the same information and post their analyses.

“We used to lose a lot of time trying to find information,” Sylvestre says. “With IntraLinks, we’re 20% to 30% more efficient – that’s a day or a day and a half each week – and we reduce the risk of overlooking documents.”

Managing Costs

Additionally, IntraLinks helps Novacap control expenditures of legal, tax, environmental and other outside experts. Sylvestre permissions them to review specific documents in Novacap’s workspaces, which keeps the experts focused on precise topics. This way, the firm pays only for professional advice rather than time spent searching for documents. Sylvestre also finds the approach much more secure than providing paper documents or emailing files.

“This way, I’m paying professionals for value-added work, not administrative tasks,” he says.

Target Acquired

When Novacap is looking to make an add-on acquisition, Sylvestre has targets upload documents into an IntraLinks workspace to facilitate Novacap’s due diligence. Using IntraLinks’ Workspace Builder tool, Sylvestre’s counterparts at the target companies easily drag and drop the required documents into a template constructed by Novacap.

“The companies love Workspace Builder because they don’t have to hassle with burning and shipping CDs,” says Sylvestre. “It’s much more efficient than emailing large PDFs, which sometimes bounce back because they’re too big.”

For Novacap, using Workspace Builder means slashing the waiting period between requesting due diligence information and receiving it. It also means significantly increased security and confidentiality.

Full Circle

After acquiring companies, Novacap has them use IntraLinks as a repository for monthly financial reports, all material contracts, financing documentation, board meeting material and other important records. This allows Novacap to keep abreast of key events in each portfolio company without micromanaging or requiring access to their corporate networks. IntraLinks has become the permanent records management system for Novacap, the companies it acquires and the ones they buy too.

“We’re using IntraLinks to organize our companies today so that we’re prepared to act when it’s time to sell,” Sylvestre says. “That’s the name of the game.”

Much like a manufacturer using software to track every aspect of the production process, Novacap uses IntraLinks throughout its process lifecycle.

“We go full circle with IntraLinks, from fundraising to M&A transactions, to financing, to managing our portfolio companies, to making add-on acquisitions, to divestiture,” explains Sylvestre. “Once we buy companies, we use IntraLinks as a permanent records management system for each one, and we’re going to use it to sell our portfolio companies. IntraLinks has become one of the core systems we use every day. It’s part of our standard work process.”

About Novacap

Novacap is one of Canada’s leading private equity firms. Since 1981, Novacap has provided active support, deep operational expertise and growth capital to help companies with strategic competitive advantages accelerate their growth and maximize their value. From the start, Novacap has invested in both technology companies and middle-market traditional industries. Novacap is the only firm to have won the Canadian Venture Capital and Private Equity Association’s “Deal of the Year Award” twice. In 2000, it won for its Venture Capital investment in InnoMediaLogic Inc. In 2005, it won in the Private Equity category for its investment in Santé Naturelle A.G. Ltd.

www.intralinks.com

1 866 INTRALINKS

New York + 1 212 342 7684

London + 44 (0) 20 7549 5200

Hong Kong + 852 3101 7022