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Madison Dearborn Backs Intermedia.net

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Madison Dearborn Partners acquired cloud business applications provider Intermedia.net Inc. from Oak Hill Capital Partners.

Founded in 1995, Intermedia offers cloud-based services including email, voice, hosting for folders and file sharing, as well as security aspects for its products. The Mountain View, Calif., company generally serves small to midsize businesses with around 1,000 employees or less, according to Intermedia Chief Executive Michael Gold. He said its customers include Splunk Inc., TrueCar Inc. and Bankrate Inc. and that it has numerous partnerships with managed service providers.

The investment was the result of a long-term relationship with the company, according to Zaid Alsikafi, a managing director at Madison Dearborn. Mr. Alsikafi said Madison Dearborn first became aware of Intermedia in 2010, when it was owned by a private investor. The firm later took a look at the company during a sale process in 2011. He said the deal resulted from conversations this summer that took place after an auction process in 2015 that failed to find a buyer.

Mr. Alsikafi said Madison Dearborn plans to help Intermedia foster more relationships in its partnership community as well as pursue acquisitions in the space that could help the company in its lines of business, extend its product offerings or help it expand its geographic presence. At this time, Intermedia primarily does business in the U.S.

The size of the investment by Madison Dearborn wasn't disclosed. Mr. Alsikafi said the acquisition was supported by the firm's most recent fund, Madison Dearborn Capital Partners VII LP. The fund recently held a final close at \$4.4 billion.

SunTrust Robinson Humphrey and TD Securities led financing for the transaction, which is expected to close this calendar year.

Chicago-based Madison Dearborn typically invests in basic industries; business and government services; consumer; financial and transaction services; health-care; and telecommunications, and media and technology services.

Oak Hill acquired Intermedia in May 2011 for an undisclosed sum. Nokia Growth Partners in 2012 provided growth capital to Intermedia. At the time, the investment gave Nokia Growth a less than 10% stake in the company, WSJ Pro Private Equity previously reported, citing Phil Koen, then chairman and CEO of Intermedia.

Soon after Oak Hill's investment, Intermedia acquired Zlago LLC, which provides cloud computing services to the medical, legal and financial services industries. The company also purchased Telanetix Inc., a provider of cloud-based voice services in January 2013. In September of that year, it acquired SaaSID, which provides single point of control entry to cloud services and applications.

New York-based Oak Hill targets equity investments of \$100 million to \$300 million across the consumer, industrials, media and communications and services spaces. Most recently, the firm completed its acquisition of fiber optic bandwidth infrastructure services provider FirstLight Fiber.

Intermedia worked with Deutsche Bank AG and J.P. Morgan Chase & Co. as its financial advisers and Wilson Sonsini Goodrich & Rosati Professional Corp. as its legal counsel. Madison Dearborn worked with Evercore and SunTrust Robinson Humphrey for financial advice and Kirkland & Ellis LLP provided legal advice.