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EXCLUSIVE DEALS

EQT Scoops Up Supply-Chain Risk Software Maker Avetta

The deal is said to value the U.S. provider of risk-management software at more than \$3 billion

By Maria Armental and Dominic Chopping

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Bulk carrier Zografia prepares to undergo repairs at the Suez Shipyard in Ismailia, Egypt, after a Houthi missile attack damaged the vessel in January while it sailed in the southern Red Sea. PHOTO: SUEZ CANAL AUTHORITY OFFICE/HAND/SHUTTERSTOCK

European buyout shop [EQT AB](#) is buying risk-management software provider Avetta from private-equity firm Welsh, Carson, Anderson, & Stowe.

The transaction values supply chain-focused Avetta at more than \$3 billion, including debt, according to several people familiar with the matter. The deal, which comes at a time when [two of the world's crucial trade corridors have been roiled](#) by disruptions, also marks an exit for Avetta investors Norwest Venture Partners and TCV, which backed the U.S. company with venture and growth investments at different times.



Arvinth Kumar is an EQT AB partner. PHOTO: EQT AB

“Supply-chain issues are pronounced,” said EQT Partner Arvinth Kumar, citing disruptions that have included long delays that hit customers particularly hard during the Covid-19 pandemic.

“There’s a lot of everyday examples,” said Kumar, who co-heads technology investments as part of the firm’s private-equity advisory

team. “Companies need a lot more visibility and automation” when it comes to managing their supply chains, he said.

Stockholm-listed EQT, which is investing through its [10th main buyout fund](#), clinched the deal after a sales process that drew “broad interest” from private equity and other investors, according to Christopher Hooper, a Welsh Carson general partner. With the Avetta transaction, EQT’s €22 billion, or roughly \$23.64 billion, vehicle is expected to be as much as 40% invested, the firm said.

Avetta’s software helps customers manage and mitigate risk, including health and safety, sustainability, and financial and cybersecurity risks, working with both clients and their suppliers. The company operates from 12 offices worldwide, serving more than 500 clients and their 130,000 contractors, according to EQT.



Christopher Hooper is a Welsh, Carson, Anderson, & Stowe general partner. PHOTO: JOHN ABBOTT

The company initially focused on clients in “dirty and dangerous” industries like oil and gas, construction, mining and telecommunications, as Jon Kossow, a Norwest managing partner, put it when Welsh Carson invested in the company.

Since then, the software provider’s customer base has diversified

significantly as managing supply-chain risk evolved from primarily focusing on

safety, said Welsh Carson's Hooper, who led the firm's initial investment in Avetta as well as the sale process for the company.

Norwest [first invested \\$35 million](#) in Avetta, then called PICS Auditing, in 2012. Welsh Carson [acquired a majority stake](#) in 2018 through a roughly \$500 million deal, investing alongside minority backer TCV.

Welsh Carson brought in new managers and helped Avetta expand, including through acquisitions such as a 2019 deal to add peer company Browz.

“So now was the right time” to sell, Hooper said. “The company's been hitting its stride very nicely for a number of years, and we felt like, where it is now, it would really benefit from a firm like EQT.”

The European firm's reach can help Avetta's global expansion, he said.

EQT sees plenty of growth drivers for the business, Kumar said. The company still generates most of its revenue in the U.S. and is just beginning to capitalize on artificial intelligence technology, having set up a generative AI risk assistance system.

“There's a lot more to be done in terms of automation and optimization of supplier onboarding and auditing and risk assessment,” Kumar said.

Further, the risk-management industry focusing on supply chains remains based on paper and manually composed spreadsheets, he said. “So there's a lot of growth to be had.”

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