

CASE STUDY IVALUA

Ardian Growth, partner of choice for the French unicorn Ivalua



As early as 2011, the Ardian Growth team, renowned for specializing in technology, identified Ivalua's potential. It therefore adopted a long-term strategy towards the company. In less than ten years, Ivalua has become a French unicorn with international reach. But its story, like that of its founders and their partnership with Ardian Growth, is far from over.

KEY FIGURES

- > 2011: 7 M€ of revenue
- > 2019: 100 M\$ of revenue
- > 600 employees in 2019, compared with 350 in 2018

For over 20 years, Ardian Growth has targeted software companies in niche markets, offering quality products and high growth potential. This strategy has proved its worth, enabling us to identify and partner with more than 120 companies, some of which have gone on to become sector leaders. The remarkable scale of Ivalua's success shows the ambition we nurture for every company we invest in.

In 2011, this developer of procurement management software for large companies had substantial competitive advantages and, in particular, not just growth but hypergrowth potential. Its number one asset was its extremely well developed and modular software solution, designed

for large-scale deployments. The company was operating in a buoyant sector and, with the right strategy, could benefit from significant market pull.

We knew we were making the right decision to invest in Ivalua when we met its two founders, David Khuat-Duy and Daniel Amzallag. They were an impressive pair with complementary characteristics, demonstrating technical expertise, detailed knowledge of their company and its market, and huge growth ambitions.

Our joint challenge: managing hypergrowth

In 2011, we acquired a minority stake, with the intention of rolling out a hypergrowth strategy alongside the management team.

Ivalua had simultaneously to manage both a change in its business model, with a shift from selling licenses to a SaaS (Software as a Service) sales model, and its international expansion to the U.S. – where Ivalua now generates half its revenue. For the company, this strategy required major transformations that we were able to support by calling on over 20 years' experience working with growth companies.

Un partenaire de confiance dans la transformation

Grâce à notre réseau, nous proposons aux dirigeants d'Ivalua de faire rentrer au board de la société le dirigeant de Planisware, autre société de software que nous accompagnons et qui a connu une accélération forte aux Etats-Unis. Le courant est tout de suite passé entre les deux fondateurs et Pierre Demonsant a pu partager son savoir faire et son expérience, ce qui a permis à Ivalua de gagner un temps considérable dans sa stratégie de développement.

Nous travaillons en parallèle sur la transition de modèle de revenu pour passer l'offre en SaaS, élément indispensable à la conquête du marché américain. Elle s'effectue en douceur, malgré des impacts majeurs sur le modèle de distribution et la génération de cash pour l'entreprise.

Enfin nous entamons une stratégie de communication forte notamment avec le Gartner, dont Ardian Growth est l'un des seuls fonds français abonné, afin de comprendre comment positionner la société en que Leader de leur Magic Quadrant, étape indispensable à toute croissance américaine.

Daniel Amzallag est parti le premier aux Etats Unis. Il est difficile de briser le plafond de verre en remportant un tout premier contrat, mais après avoir décroché une place de finaliste dans plus d'une centaine d'appels d'offres, Ivalua signe enfin avec Whirpool Monde. Les affaires s'accroissent rapidement, d'autant plus qu'Ivalua profite d'un bon time to market avec une consolidation entre acteurs sur le marché américain.

Le départ, à son tour, du CEO d'Ivalua pour les États-Unis marque une nouvelle étape dans l'histoire de la société. Grace à la relation de confiance qui a été nouée depuis plusieurs années entre le dirigeant et Ardian Growth, nous jouons un rôle actif de relais dans la structuration du



David Khuat-Duy, Founder and CEO of Ivalua

A partner of trust in the transformation

Leveraging our network, we suggested that Ivalua management appoint the CEO of Planisware - another software firm that we support and that has grown quickly in the U.S. - to join the board. This was an immediate hit with the two founders and Pierre Demonsant was able to share his know-how and experience, saving Ivalua valuable time in its growth strategy.

We worked in parallel on transitioning the revenue model to a SaaS-based offer, which is essential to winning over the U.S. market. This went smoothly, despite major impacts on the distribution model and the company's cash generation. Finally, we launched a high-profile communications strategy with Gartner - Ardian Growth is one of its few French fund subscribers - to understand how to position the company as a Leader in Gartner's Magic Quadrant, a vital step in achieving traction in the U.S.

Daniel Amzallag was first to move to the U.S. winning the first contract is tough, but after being a finalist in around 100 calls to tender, Ivalua eventually signed with Whirlpool. Business quickly took off, especially as Ivalua has a short time-to-market compared with the large players in the U.S. market. The departure of Ivalua's CEO, David Khuat-Duy, for the U.S. marked a new chapter in the company's history. Thanks to the trusting relationship forged over several years between Ivalua's founders and Ardian Growth, we took an active role in developing the team in France and particularly in recruiting a new head of France-EMEA.

A sought-after unicorn

In 2016, with revenue of \$30M 50% annual growth, Ivalua attracted U.S. funds. KKR invested \$70M to acquire a minority stake, something which it rarely does. We managed this deal

without the involvement of banks, alongside the founders. Our presence provides the right balance alongside this U.S. player, which set up a U.S.-style governance structure.

Ivalua grew so quickly that plans for the entry of a cross-over fund, specializing in pre-IPO investments, were on the table from 2019. Tiger Investment Capital and Ardian Growth therefore invested \$60 million in the company at a valuation of \$1BN. The company has features that are virtually unique for a French unicorn: the founders retain a majority stake, the company is profitable and there is high growth potential. So there are many reasons – not to mention our strong relationship with to the team – for us to stay on board and accompany Ivalua in the next stages of its incredible journey.

“Laurent and Geoffroy de La Grandière are members of our Supervisory Committee and have guided us through the various phases of our growth and any difficulties we have encountered. They also used their network to appoint Pierre Demonsant, CEO and founder of Planisware, a project management software developer, to the Ivalua Board of Directors. He has extensive experience and really supported us throughout the process. Laurent also helped us to face certain challenges, particularly from a human perspective; he has a strong intuition which made all the difference in these key moments. It is essential to understand the strength and weaknesses of the management team and know when to add new competencies.” **Laurent Foata, Head of Ardian Growth.**

“We share a common DNA with the founders of Ivalua: an entrepreneurial culture, an understanding of technological challenges and an ambitious vision for the company. Not to mention our French and European culture, which brings the necessary complementarity to the U.S. investors.” **Geoffroy de la Grandiere, Director, Ardian Growth**

“Ivalua is the new French unicorn. We have been supporting Ivalua since 2011, at the start of their plans to conquer the U.S. market. I am extremely grateful to Ivalua’s founders for their long-term trust, and congratulate the team for this tremendous journey in which they remain the majority shareholder. We are extremely proud to be part of this venture to boost their growth and strengthen their position as one of the global leaders in the Spend Management market.” **David Khuat-Duy, Founder and CEO of Ivalua**