The Private Equity Firm Empowering Enterprise Software Founders

Vista Equity Partners, one of the largest U.S. investment firms focused exclusively on enterprise software, stands out for its experience and commitment to creating value for founders.

One of the most powerful tools a private equity firm can provide is relationships, explains Robert F. Smith, founder, chairman, and CEO of Vista Equity Partners (Vista), whose firm and credit strategy, Vista Credit Partners (Vista Credit Partners), were named Inc. Founder-Friendly Investors for 2020. Smith, an engineer by background, founded Vista in 2000, left the portfolio this year after emerging as a category leader in LegalTech. Both partnerships created excellent outcomes for the founders and their teams, Smith notes.

A VALUE CREATION APPROACH THAT INCLUDES TALENT DEVELOPMENT

Vista has developed a systematic approach to driving scale. The firm’s Value Creation Team consists of more than 130 employees who partner with customers, according to a 2022 analysis by Vista. “If you think about it, for most businesses, the best use of their next dollar is to buy more software,” Smith explains.

CREATING EXCELLENT OUTCOMES FOR FOUNDERS AND TEAMS

During the past 23 years, Vista has evolved into one of the most active and experienced investors in the space. From offering flexible capital solutions, to providing “tried-and-true methods” for accelerating companies’ corporate-maturity, Vista creates significant value for founders, Smith explains.

Recent examples include the sale of founder-led Apprio, a technology spend- and value-management software provider acquired by IBM in June 2022 for $4.3 billion. Since investing in 2019, Vista helped Apprio expand its product set, grow organically and through acquisitions, and increase operational efficiency. Another founder-run business, Zapproved, contributed over $20 million a month from founders looking for advice on setting up charitable giving programs or increasing their positive impact on their communities. Companies also turn to Vista for support fostering diverse workforces and inclusive cultures. Vista believes a diverse leadership team leads to better investment decisions and enhanced creativity and innovation. The firm strives to lead by example, as well as provide hands-on support for companies looking to advance diversity, equity, and inclusion (DEI) initiatives. “Our ecosystem is holistic in the way it drives improvement and increases value,” Smith explains.

THE FLYWHEEL EFFECT DRIVES SUCCESS, INNOVATION, AND COMMUNITY IMPACT

Because of the positive experience founders have in the Vista ecosystem, they sometimes refer potential investment opportunities to the firm. More than 70 percent of investments made since 2019 have been founder influenced. Ninety percent of all founders are still involved with the company in some capacity. Businesses of all sizes are proactively reaching out to Vista, too, intrigued by the success of its portfolio companies, many of which have quadrupled revenue and tripled profitability by partnering with Vista.

“As more people say, “Wow, that system works,” it creates a flywheel effect of more deals and more opportunities,” Smith explains.

The success of Vista and its portfolio companies positively impacts communities, because most if not all Vista partners have a desire to improve the places their employees live and work. Smith, a lifelong philanthropist, fields at least a few calls a month from founders looking for advice on setting up charitable giving programs or increasing their positive impact on their communities. Companies also turn to Vista for support fostering diverse workforces and inclusive cultures. Vista believes a diverse leadership team leads to better investment decisions and enhanced creativity and innovation. The firm strives to lead by example, as well as provide hands-on support for companies looking to advance diversity, equity, and inclusion (DEI) initiatives. “Our ecosystem is holistic in the way it drives improvement and increases value,” Smith explains. “This includes helping founders think about the impact that they can make on the communities they care about.”