

LAW WEEK

COLORADO

Deal Helps Long-Term Client Find Exit

By **Tony Flesor**
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LAST MONTH, Holland & Hart attorneys helped achieve a big exit for a business that had been a client since its inception more than a decade ago.

The Holland & Hart attorneys completed a transaction for a confidential amount in which a majority stake of information security company Accuvant was acquired by a fund controlled by investment firm giant Blackstone.

Holland & Hart partner Chris Balch led a team that included partners Sam Edwards, Adam Cohen, Elizabeth Nedrow, Matthew Cavarra, Mark Wiletsky and Ester Maillaro, of counsel Jay Gurmankin, and associates Matt Senko and Kevin Selzer. Balch had worked with Accuvant since the company was opened in 2002, and the company has been a client of Holland & Hart since then.

“The beauty of representing a company like Accuvant is taking them from cradle to a significant exit like this,” Balch said. “You take pride in seeing a company with four founders in 2002 to over \$600 million in revenue and exiting to a premier company like Blackstone.”

Accuvant is an information security company that provides services to businesses, governments and educational institutions. The company helps developing security strategies, identifying and remediating threats and risks and deploying technology to protect organizations from malicious cyber attacks.

Balch said the company has a global customer base of approximately 1,000 companies, and it provides day-to-day cyber security monitoring and incident response. He said the information security industry is hot right now and Accuvant is well positioned to expand going forward with the investment from Blackstone.

“Their trajectory in the last two years



CHRIS BALCH

has been extremely high,” Balch said. “Coming out of the Great Recession, Accuvant’s platform has proven to be a spike.”

Accuvant’s growth included the spin-off of another company, ControlPath, in 2006, which was later acquired by Trustwave Holdings. In 2008, Accuvant also went through a recapitalization with Sverica International, and also acquired cyber security company Ciphent in 2010. The string of business moves culminated in the deal that went through last month.

The deal was a team effort, Balch said. It was important to move quickly and efficiently because of the caliber of the deal, and everyone involved was a critical component of the team.

“You’re only as good as the subject matter expertise you can bring to the transaction,” Balch said.

Balch said he has represented the company since its infancy in 2002. Since then, Holland & Hart’s involvement with Accuvant has grown with the company. Balch said the law firm has gone from doing

general corporate work in the early days of the company to providing intellectual property, tax and employment services.

This deal has been a year in the works. Balch said Holland & Hart advises companies to always be positioning themselves for sale. The benefit of representing Accuvant since its inception was that the law firm was able to provide advice with the lens of how things looked to a buyer and that every aspect of the business stays clean so it is ready for a potential sale.

“The beauty of having a company like Accuvant and working with them for so long is to help them along the way and nurture them so when sophisticated buyers come along, we’ve helped them identify and navigate the waters so the company is in a good state for sale,” Balch said.

Balch said he sees a roughly 50/50 split between new companies and referrals to existing companies that might not have had the right legal services. In other cases where Holland & Hart takes on existing companies as clients, there is often clean up

that must happen before the company is in shape for a sale.

Balch said Blackstone had been a client of Accuvant, which allowed the investment firm to get experience firsthand of what Accuvant does. He said the transaction was Blackstone’s largest investment in the cyber security arena.

Balch said he has worked with several other companies from cradle to exit.

“We really pride ourselves (at Holland & Hart) in playing in emerging growth space and startup space so we can wrap our arms around these companies at inception and work with them and take them to an exit,” he said.

Following the transaction, Accuvant is expected to expand with future investment from Blackstone. Balch said Blackstone has the power to enable Accuvant to take the next step and he expects the company to grow and dominate in the cyber security space.

As for Holland & Hart’s involvement, Balch said he believes the law firm will continue to work with the company, but judging by Blackstone’s involvement with its counsel, there will likely be transactions that they handle as well.

In addition to the success the transaction brings to Accuvant, Balch said he is personally excited about the significance the transaction has for the Rocky Mountain region. As a Denver-based company, Accuvant might be a testament to the startup community in Denver and the surrounding area.

“These kinds of transactions — Blackstone showing an interest and putting real dollars in our backyard — it’s good press,” Balch said. “It shows the rest of the legal market and the rest of the country that we’ve got a strong entrepreneurial ecosystem here and I think it will foster future investments and growth.” •

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