



Talent Matters

BY ANDREW LANE

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A View From The Top

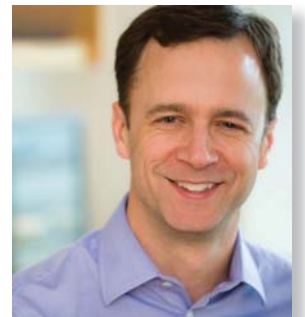
Bob Morse cultivates success at Oak Hill Capital Partners.

The benefit of interviewing exceptional people is that I get to borrow parts and pieces of those conversations and institutionalize them in future work. Interviewing Bob Morse of Oak Hill Capital Partners made me realize the multiplying effect of that benefit. Cases in point:

The trends I see are global, particularly growth in international emerging markets. There exists demand today for global management expertise. Not from a real estate and IT services perspective, but from growing market demand for truly integrated and cross-pollinated data center services. New business is building, and in the major markets like the U.S., the need for a mature data center infrastructure and services delivery platform is already clear.

I. Case in point: Increasing vocabulary. Each of the four people who read my column and recognize my efforts to wax prophetic and compress too many fancy words into each sentence will be particularly disappointed to learn my conversation with Bob Morse serves as inspiration for new vocabulary. Bob is a veritable smorgasbord of awesome vocabulary. Speaking from a global macroeconomic view, he asks how digital infrastructure will advance technologies that benefit the human condition. He speaks of ‘vectors’ and ‘transparency’ and ‘emerging economies.’ Bob’s perspective is a result of aggregated experience quite foreign to the majority. He’s built businesses in lands I have not yet

heard of. He contrasts the nuances of running businesses in multiple foreign countries. He was in tech before tech was cool, rode Dot1.0 through to the bitter bottom, and not only rode the Phoenix back up but scootched himself up on the neck, hopped the 2008 depression and, with the ViaWest acquisition, pioneered the second generation of private equity (PE) data center investment into Dot2.0.



Bob Morse

II. Case in point: Increasing respect for exceptional professional achievement. A quick chronological biography in what is still a relatively short career: After obtaining his undergraduate degree in civil engineering and operations research at Princeton in 1993, he joined Morgan Stanley as an analyst, which fed his systems parts and pieces appetite. After two years, he moved to a vice president role at GCC Investments for three years before starting on his MBA at Stanford University, perhaps not coincidentally in the heart of Silicon Valley, at the peak of the Internet boom.

In 2001, Bob joined Oak Hill Capital Partners, a 27-year-old PE firm with more than \$8 billion of committed capital. Five of the 42 employees at Oak Hill Capital focus the technology vertical on formative new technologies, which fundamentally facilitate the world’s communication infrastructure. Their data center infrastructure companies include SAVVIS (acquired in 2004), TelecityGroup (2005), and ViaWest (2010).

Bob speaks in vectors when describing the investment themes. Just try to say ‘vectors’ out loud without feeling empowered. For example, ViaWest represents a broader geographic vector and Intermedia represents a more vertical vector, up the stack. Bob’s vector strategy allows Oak Hill Capital to remain in closely aligned, ideally complementary, but most certainly non-competitive vectors.

Bob believes that Oak Hill Capital’s technology

vertical focus and collective parts and pieces mentality allowed them to “look a bit farther down the road and match things up.” While others were uncertain, Oak Hill Capital kickstarted reinvestment confidence in the data center space post the great 2008 recession with the acquisition of ViaWest while there was “lots of money sitting on the sidelines.” He’s driven by the value he can bring to help businesses succeed and build franchises of value that can be sustained until well after he’s gone.

This is a good place to interject that PE firms are often misunderstood. While the majority of mortal professionals endeavor for success working for or running one company, those in PE transcend this achievement and are in the business of running a few at a time.

PE firms recruit capital from public and private pension funds, university endowments, family offices, and other sources and put it to work growing established companies with a promise to deliver strong return on investment (ROI) for their investors. The commonly held timeframe from investment, growth, and transaction to a subsequent sale or IPO ‘event’ is approximately five years. One look at how long Oak Hill Capital has held some of its portfolio companies demonstrates its commitment to the companies’ enduring success and flies in the face of the transactional stereotype of PE firms looking for the quick dollar. Bob has been a director at ViaWest since 2010, a director at Intermedia since 2011, and a director with Oversee, Monsoon Commerce, and Aerion Corporation since 2004. He was a director at Telecity from 2005-2011.

III. Case in point: Reinforcement of a great question. After my most recent round of executive interviews, I’ve found great reception and great answers to my “three wishes” from the Data Center Genie question. Here are Bob’s three wishes for the data center market:

- The trends I see are global, particularly growth in international emerging markets. There exists demand today for global management expertise. Not from a real estate and IT services perspective, but from growing market demand for truly integrated and cross-pollinated data center services. New business is building, and in the major markets like the U.S., the need for a mature data center infrastructure and services delivery platform is already clear. As they continue to develop, the secondary markets will require the same tools. Obtaining a foothold now will help get these economies successfully ahead of the curve and secure an opportunity for long-term performance.
- Let’s resolve the confusion in the cloud space for the consumer. We need better definitions and delineations of the data center industry to establish a clear framework in which companies can compete responsibly. New terms and definitions are created daily, which is

to be commended but not to the extent that the consumer is being misled.

- Can the data center market evolve rapidly enough to evolving end customer needs? I believe it can, but we need to look at customer segmentation and figure out how to provide the most value in terms of offering facilitating resources targeted to the different component parts and pieces of an industry. For example, HIPAA compliance resources for health care hosting providers. The trend here mirrors traditional industry maturation, which is reflected in the continued offering of verticalized modules offered like ERP Software. ERP software started out on the manufacturing line and began to add functional modules of finance, logistics, human resources, sales CRM, administration, and even recruiting.

IV. Case in point: Increasing arsenal of interview questions. Steve Manos provided me with an answer that has become a question. I asked him why he continues to organize and sponsor networking events, even across employer platforms. He simply answered, “It feeds my soul.” So I’ve decided to ask this question of each new interview.

Bob’s answer wasn’t as ethereal, but I’m not sure he has much time for that given the magnitude of facts and figures going through his head, minute by minute, as evidenced by his answer, “Bringing multiple parts and pieces together and watching how talented people benefit from the livelihood these new initiatives provide them and vice versa. Getting the right minds and teams together at the right time to build a company of sustained value that also benefits the growth of an industry, is inspiring to me. Witnessing high quality teams who trust each other and work together toward a common and worthy goal is intrinsically gratifying.”

This is all consistent with how Bob grew up in New Hampshire. Dad was an engineer at Bell Labs and Mom was a teacher, so dinner table conversations were filled with learning how complex things in our world worked. He grew to be innately curious about how pieces of different systems evolve and what circumstances of forces bring them together. Morgan Stanley required analysis of the parts and pieces “in the weeds,” and during the remainder of his career he has backed out to see the field, then the pastures across the horizon. I have a feeling that Bob is going to keep on farming. Given the multitude of people who have benefitted from Bob’s success, you might consider grabbing a hoe and joining in. ■

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