

QUICK TAKES

ROSHAN GUMMATTIRA // Managing Director, GulfStar Group



BIO //

Roshan Gummattira is managing director of Houston-based investment bank GulfStar Group, which he joined in July 2014 to focus on the technology sector. Previously, he was vice president in the technology investment banking group at JMP Securities in San Francisco. He also spent six years as a software engineer at the semiconductor company Texas Instruments.

As the technology sector heats up, one Houston-based investment bank is attuned to the opportunity and actively working to increase its focus within the industry.

As proof of its commitment, middle-market investment bank GulfStar Group last year added Roshan Gummattira, a member of ACG Houston, to lead the firm's technology practice.

"We've done technology deals in the past as they've been referred into the firm," says Gummattira, a managing director at GulfStar. "So I really joined to help expand and more proactively lead our technology efforts."

A Texas Instruments software engineer turned investment banker, Gummattira advised technology companies, including enterprise software firms, at JMP Securities, where he worked with both private and public companies and advised on mergers and acquisitions, capital raises and IPOs prior to joining GulfStar. Gummattira notes his current firm has done technology work in the past at a pace of two or three deals each year, including in the areas of software, IT services, hardware, Internet and technology-enabled businesses. However, until recently GulfStar didn't have someone focused exclusively on the sector.

GulfStar advises businesses in the middle market with values between \$25 million and \$350 million. The majority of its work is with founder-owned and -operated businesses. Often the acquisitions and recapitalizations GulfStar helps facilitate are clients' first transactions with an outside party. According to Gummattira, the experience guiding founders and entrepreneurs is part of what sets his firm apart from other investment banks.

Illustrating this expertise is a recent deal involving GulfStar's client CDB Software, which provides data management solutions and mainframe utilities. CDB was founder-owned with several generations of family involved in the business. As the firm looked for a partner to take its offerings to the next level, it worked with GulfStar, which ultimately connected CDB with its buyer, BMC Software. The deal closed in January.

Given its Houston location, GulfStar's business has in large part centered on the energy sector, alongside industrial and manufacturing, business services, consumer and specialty distribution. It provides

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M&A advisory—primarily on the sell side, but some buy side as well—and assists with capital raising.

Looking at the technology sector as a whole, Gummattira emphasizes that software is the subsector seeing the most activity.

“Delivering computing infrastructure and software applications over the Internet has been a predominant area of investment and acquisition activity over the last decade,” he says.

He names security, data and analytics, software as a service and business-to-consumer as specific areas within software and tech experiencing high levels of investment and acquisitions.

Within the software subsector, Gummattira sees a growing trend in applications targeted for specific vertical end markets—for example, construction or mortgage finance. He notes that it’s more effective to create specialized solutions for a specific industry today due to lower costs of developing new software and marketing it digitally. As more data and analytics are used across industries, he sees software designed for a particular vertical market—as opposed to a horizontal solution, like customer relationship management software used across various industries—as a way to manage more complex information.

“Whereas maybe 20 years ago someone would have taken a general-purpose software application and then customized it for a particular end-market application, now it’s more viable for companies to build software that’s specific to certain markets,” Gummattira observes.

GulfStar is celebrating its 25th anniversary this year. Looking to the future, Gummattira hopes to see even more activity and a continued expansion of services.

“We’ll hopefully keep expanding the capability set here, and keep helping companies in the middle market achieve what they’re looking for, and achieve the next step in the evolution of their businesses,” he says. //

—KMM