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WINNER – SMALL CAP, AMERICAS  
SERENT CAPITAL – OPTIMAL BLUE

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WINNER – SMALL CAP

# Serent Capital: Optimal Blue

When Serent Capital acquired Optimal Blue in late 2012, Larry Huff, co-chief executive of the company, made it clear that working with a capital partner had always been in the plans for the mortgage technology company, which was founded in 2002.

“We have a long-term view, and given our current growth trajectory and strong position in the market, this was the opportune time to partner with a firm that brings many additional resources to Optimal Blue,” Huff said at the time in a statement announcing the acquisition.

Just under four years later, Serent not only delivered on its promise of helping the company through its next phase of growth by supporting management in enhancing value to customers, extending market reach and broadening Optimal Blue’s products and services range, Serent also secured strong returns for its investors.

“The partnership with the Optimal Blue has been highly successful,” said Kevin Frick, a co-founder and partner at Serent. “We are very fortunate to have partnered with Larry, Ivan [Darius, Optimal Blue co-founder and co-chief executive], and the entire Optimal Blue team. The company’s performance speaks for itself.”

Developing new products was a priority, with Serent assisting the Plano, Texas-based company in creating data and analytics and compliance services.



This allowed Optimal Blue to diversify its revenue base from its core, proprietary product eligibility and pricing engine.

“This product diversification, along with the sales process re-engineering, allowed Optimal Blue to grow organic revenue by 25 percent each year during Serent’s investment period,” Darius noted.

Growth was also achieved through consolidation and product acquisitions conducted by Serent and Optimal Blue’s business development team, ultimately leading to the acquisition of LoanSifter in December 2013.

To bolster existing products, Serent worked with management to redesign and grow the sales team. This included improving sales training for new reps, introducing a more efficient system for processing sales

and recruiting a senior executive to lead the sales organisation.

“Improvements in sales process and sale team structure drove a nearly 2.0x increase in existing product lines, while the development of new product offerings created a more stable revenue base,” said judge Michael McKenna, a managing director at Alvarez & Marsal.

Serent’s team also worked closely in supporting the development of its executive team, adding a human resources function to support Optimal Blue through organisational change, a chief financial officer to augment the controller, leaders for two new business units, a new chief commercial officer, and establishing a board of directors with two external independent directors.

When Serent sold the company to Chicago-based GTCR and mortgage technology executive Scott Happ in June, it realised an 8x cash multiple and an impressive 81 percent gross internal rate of return.

“Serent clearly helped Optimal Blue improve markedly in a short period of time,” said Steven Kaplan, a professor of entrepreneurship and finance at University of Chicago Booth and a judge in the Operational Excellence Awards.

“The company more than doubled organic revenue through better sales processes, better pricing and new products. And, it is impressive that they sold the company at such a high value to another private equity firm, GTCR, which itself has a strong track record.” ■

**Optimal Blue:**  
mortgage  
technology  
firm yielded  
impressive returns  
for investors

**8x**  
Cash multiple

**81%**  
Gross internal  
rate of return

**25%**  
Revenue  
growth a year