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“ The big theme for 2023 is the continued resilience of software ”

In the current economic and geopolitical environment, many LPs are prioritizing backing GPs with strong track records in compelling sectors. The most compelling sectors, in our view, are the ones that can thrive no matter the macroeconomic conditions, and there's perhaps no better example than software.

The big theme we are expecting for 2023 is the continued resilience of software – both as a business model and in terms of corporate spending and priorities.

In the year ahead, we predict that companies will increasingly adopt workplace automation tools as they realize they can use technology in tough macroeconomic environments to streamline their businesses. Historically, when we've seen big shocks to the market, corporate buyers refocus their

priorities to digital adoption. We are already seeing this occur in our portfolio and expect to see an acceleration of digital adoption across the broader market. When we are seeing retention rates of over 100% at these software companies, it really speaks to the strength of the business model during inflationary periods. Software is mission critical, which is why these companies have pricing power even in periods of uncertainty and volatility.

We expect this theme to continue to drive deal activity, particularly in the public markets. As public companies transition their focus from 'growth at all costs' to profitable growth, there is a significant opportunity for private equity buyers. Technology stocks took a large hit in 2022 and the public markets are not valuing these companies the same way that we do. Even during times of deceleration and

drops in share price, we can see the immense value these innovative companies have to offer and the accompanying growth potential. As private companies work alongside a private equity firm, they can make operational improvements and focus on becoming even better companies – without having to myopically focus on quarterly earnings. The challenge of finding willing sellers at a reasonable premium remains, however, but we predict more companies and boards will be willing to engage in the year ahead.

We see incredible opportunities in 2023 and remain bullish on enterprise software. We have seen first-hand how software can not only survive in challenging times but thrive, and we look forward to seeing continued investment in this dynamic sector.