



# Shaping the future of private equity— together

Private Equity at KPMG



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# Private equity at KPMG

As private equity has matured, a new era has begun to unfold. The opportunities presented in the industry are more diverse than ever and afford an opening for private equity firms to become even better at what they do.

Technology provides the ability to make smarter and faster decisions, generating even better financial outcomes. Simultaneously, the understanding of the industries' greater role as corporate citizens has provided a clearer sense of responsibility to all stakeholders. The combination of these two factors can be uniquely powerful. To benefit from these opportunities, as well as navigate the challenges, private equity firms need to be agile, and need the right people, technology, strategy, and response to regulatory and market demands.

In this complex environment, the KPMG Private Equity practice is ready to help our clients make the decisions they need to be successful. We understand that resolutions made today will shape not only our clients' business and industry but also the world. In the enormity of it all, we will be there with our clients to help make choices and activate them.

From responsible investing, emerging market growth, innovative technology solutions, and changing customer demands, KPMG has the insights, passion, and experience to help you make the right determinations for your business. Our global organization of private equity professionals will be there every step of the way advising you, working with you, and demonstrating our steadfast commitment to the industry.

**Glenn Mincey**  
*Global and U.S. Private Equity Leader*

# Addressing mission-critical issues

## Portfolio company value creation

In addition to our value creation and performance improvement services spanning the investment lifecycle, KPMG has developed a rapid diagnostic process to help private equity funds and their portfolio companies identify potential opportunities to optimize tax functions, working capital positions, and operations.

Our holistic assessment of a portfolio company's financial statements and other data combines tested KPMG tools and customized support from senior KPMG subject matter professionals. The assessment explores a variety of financial, value-added topics to help target potential near-term cash savings, EBITDA, or performance improvements and realize myriad other benefits. Our specialists can also guide you through the execution of select value creation opportunities identified through the diagnostic exercise.

## ESG solutions

ESG is a top priority for PE firms, with PE limited partners pushing funds to step up efforts to address environmental, social, and governance (ESG) issues. There is also a growing belief that companies with strong ESG scores will command a premium.

Thus, ESG has become a factor in how funds evaluate assets and manage portfolio companies. Like other managers, PE executives are developing ESG skills so they can turn ESG from a compliance burden to an opportunity to create value.

Increasingly, PE funds are addressing ESG earlier in the investment lifecycle:

- Pre-deal: Incorporating ESG principles into deal evaluation and due diligence
- Tenure: Incorporating ESG into value creation plans
- Exit: Using ESG to enhance the exit story and achieve higher multiples

PE firms that develop strong ESG-management capabilities and embed ESG into every phase of the investment cycle—and into the strategies of portfolio companies—can earn an ESG premium. KPMG offers a wide range of ESG services to assist organizations in creating value through their ESG initiatives.

## Leveraging leading technologies

By taking bold actions and a business-centric approach to deploying technology, organizations will be well positioned to lead today and grow tomorrow. To derive maximum value from their digital agenda, however, we believe companies must focus not on technology for technology's sake, but on how technology fueled by advanced data and analytics can be leveraged efficiently to:

- Accelerate deal speed and digital initiatives
- Drive down costs
- Ignite innovation
- Foster the agility to compete successfully
- Deliver more personalized customer experiences

At KPMG, we help prepare businesses to thrive in the digital world. From strategy to rapid tech enablement to cultural change, our multidisciplinary teams take a holistic view of how processes, platforms, and behaviors across the front, middle, and back offices need to evolve—and offer clear methodologies for executing that transformation.

Leveraging our robust data and analytics and powerful digital acceleration capabilities, KPMG professionals focus on solving complex business issues across all the key drivers of organizational value, including growth, risk, and performance.

## Workforce and culture

With organizations adopting digital agendas and employee expectations shifting, talent management strategies must modernize. New workforce dynamics such as skills on demand, alternative employment models, multigenerational collaboration, and integrating human and intelligent automation are reinventing the workplace. The ability to be agile is key to future performance and competitiveness.

Backed by deep experience across all industries, KPMG helps organizations develop a talent strategy that embraces new technologies and new ways of working to build a better employee experience. We know how to leverage people analytics and the latest digital technology to develop a culture of innovation that supports effective leadership, upskilling, inclusion, high performance, career mobility, and talent acquisition.

## Complex transactions

Complexity is not new in mergers and acquisitions:

- Large deals
- Cross-border deals
- Carve outs

Now, however, deals can be several orders of magnitude more complex. Firms are acquiring assets at valuations that will require extraordinary synergies. They are doing deals that will transform businesses. They are facing new demands from investors to make deals that help improve their performance on ESG metrics. And fresh challenges in the business environment—supply-chain constraints and labor shortages, for example—present additional complexities for deal makers. This raises the stakes for any deal and makes the execution challenge more complex.

Amidst this complex deal environment, private equity firms are using more sophisticated methods to acquire the right assets and sell at high premium. They are under increased pressure to create more portfolio value in shorter time frames—requiring a strategic focus across each phase of the portfolio lifecycle.

At KPMG, we guide our clients through complexities and help them address these challenges with transactional and performance improvement support. Performance improvement support leads to opportunities for revenue growth, operational efficiency, and organizational resilience. On the transactional side, we support portfolio strategy, due diligence, and deal execution that help with Day 1 readiness and operating model development and execution.



# Your bridge to KPMG services

## The way we deliver our private equity services sets us apart in the industry.

Our distinctive private equity model pairs each client with a designated KPMG lead who serves as a single point of contact at KPMG. Working holistically with a core team of professionals, your lead partner functions as the critical bridge connecting you to our broad array of experience and services to help address your specific needs at any point in the investment lifecycle. What this means is that we deliver what you need, when you need it, on time, effectively, and seamlessly.

## Key features of the KPMG private equity model:

- Primary contact is functionally agnostic, leveraging the full firm with a client-first lens across the fund and its portfolio companies
- Industry-specific, data-backed proficiency throughout every engagement at every phase of the lifecycle
- Continually serving our private equity clients at the highest level, building deep, lasting relationships and becoming a student of the client



# Services to support the private equity lifecycle

**KPMG supports our private equity clients in realizing maximum value in their portfolios, supporting the whole investment lifecycle from ideation to exit. Our private equity team will work with your fund and operating partners to help you realize your portfolio ambition to buy, sell, finance, and drive performance.**

# Deal Advisory and Strategy

## Our approach – getting from “innovation to results”

Our approach is based on identifying and implementing a prioritized set of growth platforms that will enable clients to achieve their growth ambitions. This distinctive approach, underpinned by the 9 Levers of Value, is designed to bring benefits for clients by:

- Connecting related opportunities, driving internal collaboration and efficiency
- Building up insight and enabling scaled investment over time, as one opportunity leads to another
- Providing multiple routes to achieve targets and mitigating risk of setbacks with diversified portfolios of opportunities (i.e., if one idea falters, the platform remains strong)
- Providing a realistic plan accounting for the required talent and skill sets, digital capabilities and infrastructure, time horizons, and appetite for risk
- Enabling sustained growth by institutionalizing growth as a capability in the company’s DNA
- Setting up ongoing management of new growth opportunities as a portfolio of investments with specific metrics to maintain momentum and progress.

As sector convergence sets industries and organizations on a collision course, both opportunities and threats present themselves in the shape of new markets, propositions, channels, technologies, and behaviors. When organizations from different industries meet each other in the market for the first time, and when disruptive new entrants are added to the mix, the environment becomes more competitive and less predictable, shortening the relevance and life span of many business models.

To survive and thrive, organizations need to be more forward-looking and agile, with greater control and visibility over strategic actions. They need to execute their strategy with an operational model that accelerates momentum, locks down value, and de-risks decisions and actions—and can change course at a moment’s notice.

## KPMG Elevate

KPMG Elevate assists clients with defining and delivering rapid EBITDA improvement using a data-driven approach to identifying, quantifying, and implementing opportunities.

Our approach incorporates two steps. First, we perform a bottom-up assessment using sophisticated data and analytics to understand your business, identify problem areas, and evaluate identified improvement opportunities. Next, we work closely with you to implement measurable improvements to capture the identified value. During this second step, you can benefit from working with a firm that knows how to get things done, from strategy through implementation.

## Innovation Lab at KPMG Ignition

Through our Innovation Labs in the U.S. and KPMG International firms, we provide insights on signals of change from an outside-in perspective so you can understand and plan for what’s coming around the corner.

Working with organizational leaders in an immersive process, we apply design thinking for business model innovation to drive from signals to action. Our diverse team brings strong capabilities in design thinking, trends research, customer insights, technology innovation, and investment analyses to help our clients address key business challenges and opportunities.



# Advisory

## Helping you tackle critical issues your business faces today.

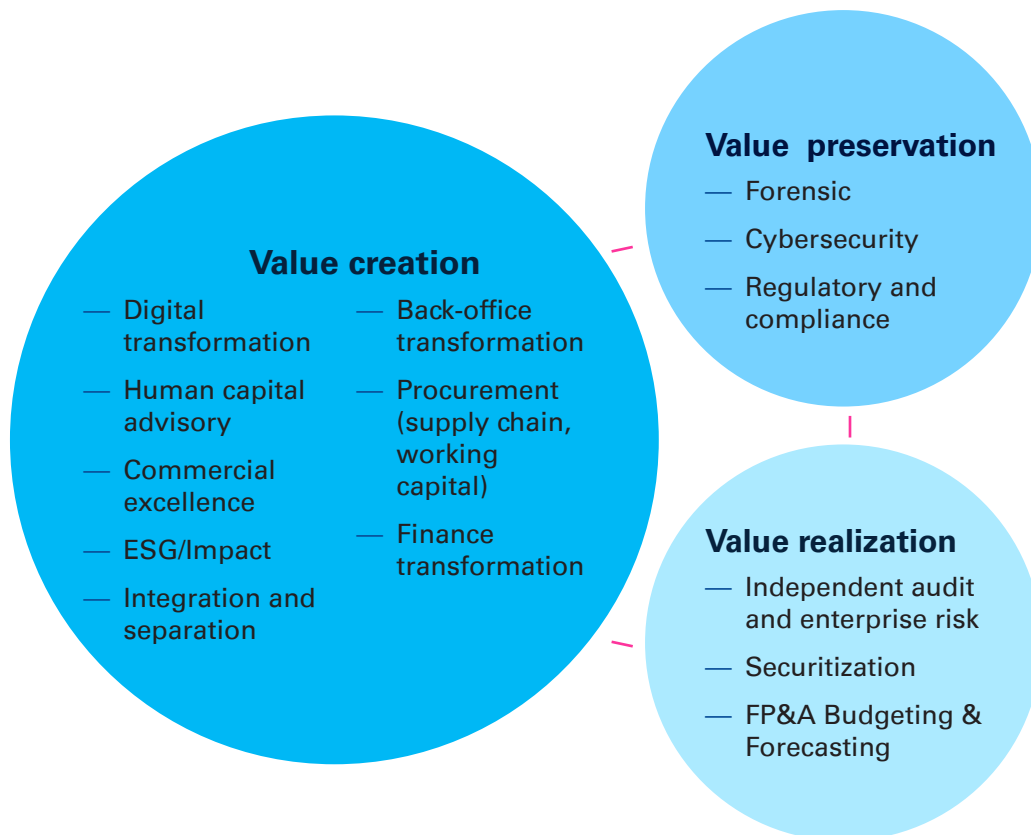
To meet the challenges of today and remain competitive, businesses must drastically transform the way they operate.

KPMG Advisory professionals draw on diverse capabilities and industry knowledge from our entire firm to develop approaches that meet your needs and objectives.

- Dramatic disruption
- Accelerating technology advancements
- Morphing business models
- Aggressive competition
- Changing customer needs and wants

## Advisory services

KPMG has developed a range of advisory services tailored to private equity funds and their portfolio companies. Our services focus on three critical focus areas within the PE lifecycle: Value creation, value preservation, and value realization.



# Tax

At KPMG, our Tax professionals are committed to bringing fresh approaches, deep insights, and our best methodologies to our private equity clients, whether at the fund or portfolio company level, and helping them maximize value for their stakeholders.

What's more, we've made major investments in intelligent automation, artificial intelligence, and other innovative technology that allow us to drive the most efficient and effective tax (and other) outcomes for our private equity clients. Our technology-first, holistic approach to tax is designed to help reduce costs, improve quality, and unlock value. In fact, we've been recognized by top independent organizations for our industry-leading software solutions.

In addition, in conjunction with the KPMG Washington National Tax group, our tax partners are closely attuned to helping our clients adroitly respond to new regulations as they arise.

## Key tax services for our private equity clients include

- accounting methods & credit elections
- mergers & acquisitions
- complex transactions
- state and local taxes
- business tax services
- technology and intelligent automation resources
- middle office support
- restructuring troubled companies.

## Partnership Transaction Group

The Partnership Transaction Group (PTG) consists of merger and acquisitions (M&A) Tax professionals experienced with partnership tax consulting and tax reporting requirements. Our service offerings include tax due diligence, tax structuring, and quantitative modeling around transactions including:

- Buy-side and sell-side M&A transactions of partnership targets
- Partnership mergers, divisions, recapitalizations, and restructurings
- Umbrella Partnership C Corporation (UPC) offerings
- Special Purpose Acquisition Company (SPAC) transactions
- Traditional Master Limited Partnership (MLP) and Synthetic MLP Yield-Based (YieldCo) offerings
- Numerical analysis of tax equity partnership economics and hypothetical liquidation at book value (HLBV)

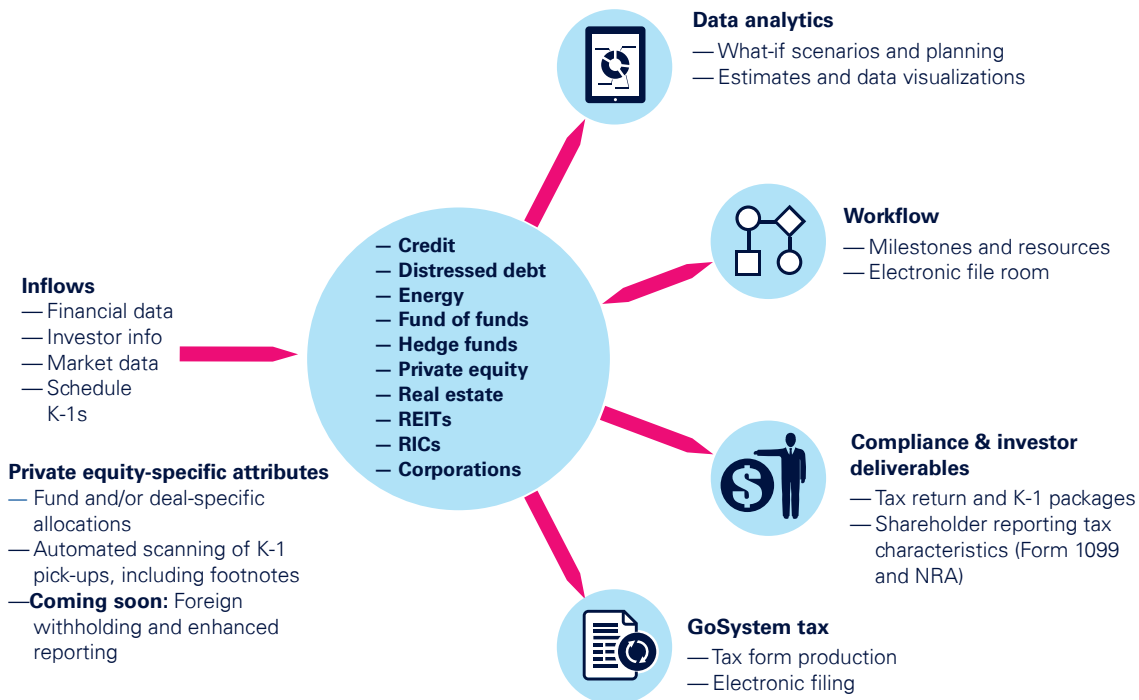
PTG also teams with KPMG PE teams to review and remediate deficiencies in historic partnership allocations.



# KPMG Asset Management Platform

The KPMG Asset Management Platform brings leading technology to the full breadth of asset management businesses and asset classes (PE, hedge, all RICs [mutual funds, business development companies, exchange traded funds, etc.], real estate, and others). Our platform is driven by a central data warehouse that is integrated with

all of the modules, which provides an integrated end-to-end experience that significantly reduces risk, leverages automation for efficiency, and provides a one-stop shop for insights and analytics. The KPMG technology development process is focused on continuous improvement by incorporating user input through our Advisory Board.



# Audit

KPMG strives to deliver a quality audit that is risk-based, industry-specific, and tailored to an organization's particular operational structure and size. To each engagement, we bring a consistent global service methodology designed to meet the high-quality expectations of ourselves, our clients, and the markets we serve. A KPMG audit is supported by the application of proprietary technology and—most importantly—led by experienced professionals who combine technical acumen, proactive working style, and a strong dedication to audit quality.

- Our data and analytics (D&A) capabilities are transforming how we perform an audit. Using D&A enhances audit quality and may also result in a more robust understanding of an organization and its operational concerns, control environment, and financial performance.
- We know our clients value a timely and interactive approach to issue resolution, and our team has experience in doing just that. We build our approach on the premise of

frequent communication with key members of management, keeping leadership fully informed before, during, and after the audit. Our audit approach focuses on the key issues and risks facing our clients' business and industry to deliver an efficient audit and provide key insights.

- Our primary goal is to deliver an independent audit of the highest quality, while providing clients with an excellent client experience where fresh thinking is a priority. Our approach is inclusive and proactive—it accepts that management can and should consult with the external auditor when making significant conclusions on technical accounting matters. To that end, we have designed a leading delivery model to provide client service. We have dedicated staff who specialize in auditing PE portfolio companies. This specialization allows the entire team to provide insight on the leading practices in the PE space. It also means that staff have seen and successfully dealt with common accounting and audit issues that may arise.



# KPMG Clara/Audit Technology

KPMG Clara is our smart audit platform, which features automation capabilities that utilize emerging technology in the audit to deliver a better audit experience by facilitating more seamless and transparent interactions between you and your engagement team. This secure platform offers a

centralized portal that serves as a single source for the exchange of important information. By using KPMG Clara automation to drive a risk-based, data-driven quality audit, you get increased visibility and efficiency with reduced disruption to simplify your day-to-day audit.

## Collaboration in the audit

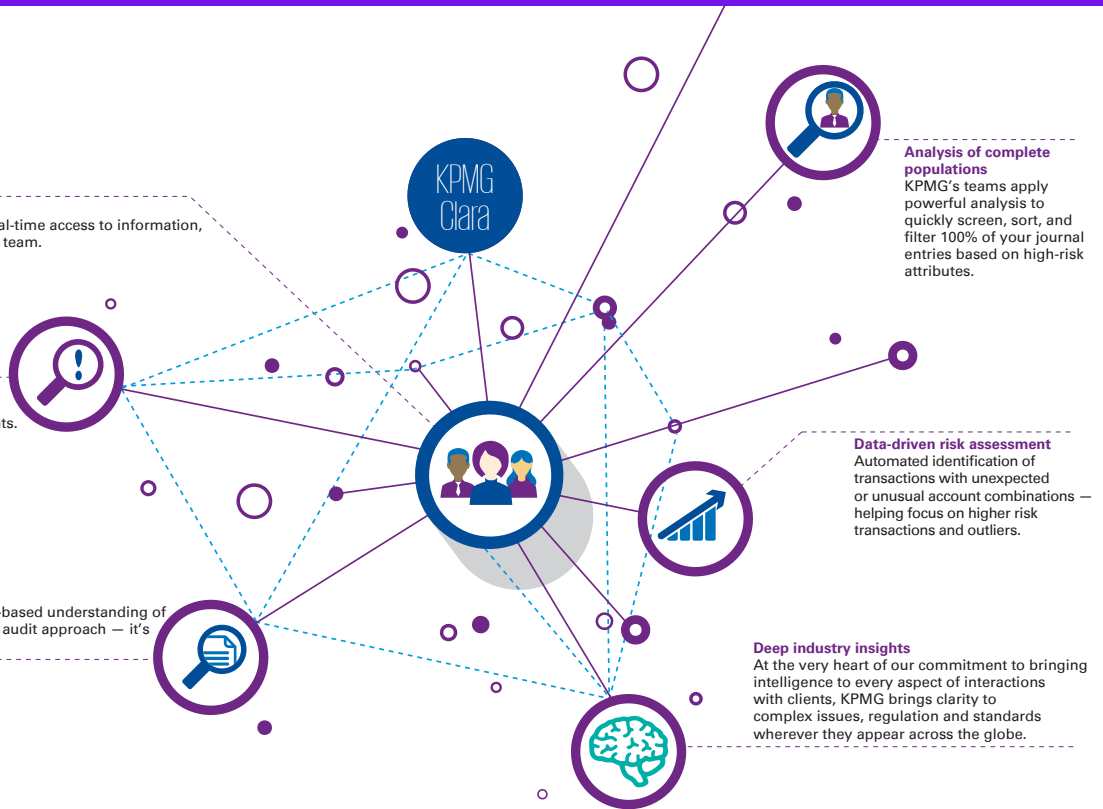
Your KPMG Audit home page gives you real-time access to information, insights, and alerts from your engagement team.

## Issue identification

Stay up-to-date on audit progress, risks, and findings — before issues become events.

## A fresh perspective

Our technology provides teams with a risk-based understanding of significant accounts to help them build the audit approach — it's fundamental to our audit.



# About KPMG

KPMG is one of the world's leading professional services firms and the fastest-growing Big Four firm in the United States. Our global organization of firms has more than 236,000 professionals serving clients in 145 countries and territories, providing innovative business methodologies and audit, tax, and advisory services to many of the world's largest and most prestigious organizations.

Our Private Equity practice is a fully integrated, cross-functional team of 1,500 professionals, including 250 partners, focused on serving private equity firms and their portfolio companies. Our experienced professionals understand the dynamic nature of the private equity marketplace—domestically and in investment centers around the world—and its enormous growth potential. And we understand the issues that private equity firms face on local, national, and global levels.

Our professionals bring passion and a fresh approach to the issues that challenge our private equity clients through their entire lifecycle, from structuring funds to realizing value.

## Select clients we work with

Apollo

Ares Capital

Audax

Bain Capital

CD&R

Centerbridge Partners

Cerberus Capital Management

Clearlake Capital Group

Cornell Capital

Corsair Capital

Fortress Investment Group

General Atlantic

Hellman & Friedman

Insight

KKR

Leonard Green & Partners

Oak Hill Capital

Oaktree Capital Group

Olympus Partners

Patient Square Capital

Riverstone Holdings

Stone Point Capital

Thomas H. Lee

Thompson Street Capital

TPG Global

Vista Equity

Welsh, Carson, Anderson & Stowe

# Why clients choose KPMG

## Industry-driven structure and experience

KPMG is organized along the same industry lines as our private equity clients; we were the first of the Big Four to do so. This structure affords us rapid access to “of-the-moment” industry experience and an in-depth understanding of the industries in which our clients are investing.

## Inclusive culture

Our commitment to fostering a diverse and inclusive culture is at the center of our core values and operating philosophy. We have long believed that creating a work environment where women and under-represented people can thrive, and implementing initiatives that support, advance, and retain them, is a smart and strategic business approach. We are at the forefront of this global initiative and are proud to be looked upon as a leader in this space.

## Leading data science

KPMG has cracked the code on extracting insights and value from PE firms through data. Making this work required the right mix of technical skill, industry alignment, tools, data sources, and business experience. KPMG has built, tested, and refined our analytics methodology and capabilities across thousands of client projects. Our professionals have delivered significant insight and impact for PE firms in both the pre- and post-deal contexts.

## Innovative approach

Innovation is at the core of our approach to client opportunities and challenges. We prioritize and align innovation cross-functionally and listen intently during innovation exchanges with our clients. We then put our people, processes, and tools to work to support these ideas.

## Relationship-guided practice

KPMG strives to know our clients on a level that extends beyond the typical client-service provider relationship. We are passionately committed to learning all about your business and market and strive to proactively deliver opportunities and methodologies to you. We strive to understand the root cause of operational and other issues, not just the symptoms. Your challenges are our challenges; our network is your network.

# Contact us

Contact us and see how you can benefit from our experience, global bench strength, technological innovation, and customized client care. You can go to our [Private Equity Web page](#) for more information about our services and to read our latest thought leadership publications. Or call one of the private equity specialists below, talk with them about your situation, and learn how we can help:



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