

## AGENDA

How David Roux became the 'tech guru' of buyouts

# Silver Lake Strikes Gold

By Brett Cole

David Roux, the buyout king of Silicon Valley, wants to make one thing clear: "Large-scale technology investing is always two parts insight and one part terror."

Roux, 48, ought to know. Silver Lake Partners, the Menlo Park, California-based private equity firm he co-founded in 1999, has just pulled off the biggest buyout that techdom has ever seen: the \$11.4 billion takeover of software maker SunGard Data Systems Inc.

The deal has vaulted Silver Lake into the buyout big leagues. SunGard was the largest leveraged buyout since Kohlberg Kravis Roberts & Co. nabbed RJR Nabisco Inc. in 1989 for \$31 billion, the LBO depicted in Bryan Burrough and John Helyar's *Barbarians at the Gate* (Harpercollins, 1990).

Not only that, Roux persuaded some of the deepest pockets in the buyout industry—including Blackstone Group LP and KKR—to go in on his SunGard purchase. As Roux was clinching the transaction in

August, Silver Lake and KKR were already teaming up on another megadeal: A \$2.66 billion proposed purchase of Agilent Technologies Inc.'s semiconductor unit. That would be the second-biggest tech

professor of investment banking at Harvard Business School.

So far, Silver Lake's tech bets have paid off. After Silver Lake raised \$2.2 billion for its first private equity fund, Roux's team and four other firms sank \$874 million into Seagate Technology Inc., which makes computer disk drives. The five firms have since pocketed \$3.7 billion by selling Seagate stock, and they're still sitting on \$2.1 billion of shares. The same group later invested \$95 million in software maker Crystal Decisions Inc. and reaped a 10-fold return. The California Public Employees' Retirement System pumped \$64 million into Silver Lake's first fund, and its investment is now worth \$106 million—a 66 percent return.

Roux says the 1990s Nasdaq Stock Market bust holds a valuable lesson for 21st-century tech investors: "The market has a tendency to misprice the newest technology and undervalue the tried and true." Buyout mavens everywhere will be watching his next move.

### Silver Lake's bets SunGard tops the list of David Roux's buyouts.

August 2005  
\$11.4 billion

**SUNGARD**

Pending  
2.7 billion

**Agilent**

November 2000  
2.1 billion

**Seagate**

May 2004  
2.0 billion

**UGS**

Some logotypes are shortened. Source: Bloomberg

buyout of all time, after SunGard.

Roux and his partners—Jim Davidson, 46; Glenn Hutchins, 49; and Roger McNamee, 49—have become the men to see about tech buyouts. "They have positioned themselves with the SunGard deal as the technology gurus," says Josh Lerner, a