

Est. 1935  
Investment Dealers' Digest

**IDD**

The insider's guide to  
investment banking and capital markets

# Deal of the Year Awards

**MID-MARKET BANKER OF THE YEAR**

BY ALEKSANDRS ROZENS

## An Advisory Comeback

This Wall Street veteran has found a fertile M&A market  
in his old technology stomping grounds

**F**rank Quattrone, a dealmaker specializing in technology companies, had already made a name for himself at **Credit Suisse**, **Deutsche Bank** and **Morgan Stanley** when he opened his own merchant banking boutique just over three years ago in San Francisco — not far from many of its Silicon Valley clients.

The 55-year-old founder said he named his business **Qatalyst Group**, a play on his own last name, because he wanted it to “be viewed as a positive catalyst for change.”

Qatalyst is 100% employee-funded and owned. Quattrone — who helped take more than 175 companies to the public markets during his career — said his firm works with a wide range of technology companies, from start-ups to global businesses.

However, it focuses “only on advice, and not on research or securities sales and trading, so we can be very effective at advising the very best emerging companies on how best to build and achieve value and can be their independent adviser on financings.”

His firm has no “plans at this time to enter the research, sales and trading business.”

Qatalyst provides merger and acquisition advice and other corporate finance expertise. Last year, it advised **3PAR** on its sale to **Hewlett-Packard**, **Kace** on its



Bloomberg News

sale to **Dell** and **QuinStreet** on its initial public offering. Also it guided **Palm** on its sale to Hewlett-Packard for \$1.4 billion and **Netezza** on its sale to **IBM** for \$1.9 billion.

This month, Qatalyst is serving as a financial adviser to **Atheros Communications**, which is selling itself to **Qualcomm** for \$3.6 billion.

**Quattrone: “I realized that I missed advising great technology companies, both emerging and established.”**

The tech banking veteran and his team were busy soon after their firm opened for business in January 2008. They were in on **Data Domain's** sale to **EMC** for \$2.4 billion, and Quattrone was advising **Google** when it came out against **Microsoft's** failed bid for **Yahoo**.

Last year, Qatalyst ranked 34th in the U.S. M&A league tables, according to **Dealogic**; it advised on four deals worth \$7.9 billion.

The previous year, it advised on just one deal and ranked 53rd.

"Adding **George Boutros** and **Jason DiLullo** was a highlight" of 2010 "and added significantly to our capacity and success," said Quattrone. "We also focused on the right industry themes and on which companies would be most likely targets of the very largest technology leaders." Boutros and DiLullo are now senior partners at Qatalyst; they worked with Quattrone at Credit Suisse.

There is nothing atypical about a Wall Street dealmaker hanging out his own shingle, especially in response to the

credit crisis, but in this case, Quattrone was returning to his industry roots.

And Qatalyst's opening marked a comeback for a dealmaker some observers had written off after a prolonged battle with regulators early in the decade that ended up with charges against him being dropped.

When asked why he stuck to investment banking and struck out on his own, Quattrone said in an e-mail: "After quite a bit of soul-searching and exploring alternatives such as private equity, I realized that I missed advising great technology companies, both emerging and established."

As he sees it, "the technology industry was undergoing the most significant change in the past 30 years, and ... a boutique focused on providing advice to the sector would succeed if we could assemble an outstanding team of advisers with deep domain knowledge, transaction experience and CEO/board relationships."

Like other dealmakers who have

started their own firms in the last three years, Quattrone saw promise in the advice-only model. "With the large banks experiencing so much turmoil from the credit crisis, we felt our chances were pretty good."

He said Qatalyst has a global mindset and has already opened a London office.

Quattrone said he plans to "add selectively to the team" of 30 professionals, and his firm is already working with Asian tech businesses and likely will have an office in the region.

When asked how the tech sector has changed since the late 1990s, Quattrone said the "social networking sector is experiencing rapid growth and generating significant enthusiasm among investors" today. "The business models of the leading companies are quite robust — very strong revenue growth and early and significant profitability."

In addition, he said, "the proliferation of broadband and smart mobile devices globally is just beginning to enable the Web to reach its potential." **ID**