

# St. Petersburg Times

## Questions to John Hill

3 QUESTIONS Series [SOUTH PINELLAS Edition]

By Kris Hundley

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JOHN HILL Managing Partner, Hyde Park Capital, Tampa

Q. Hyde Park Capital raises capital for companies from either corporate investors or through mergers and acquisitions. How's business?

We principally focus on the institutional community, and they weren't very active in '02. They were more focused internally on their portfolio companies. In '03, they've realized they have to step up the rate of investment. These institutions get a management fee, and that's how they make their money, beyond a share of the return. They've got to put capital out.

So there's been a pickup in the first half of the year, but it hasn't been as strong as it might have been historically. Mergers and acquisitions are picking up with bigger companies. If it trickles down to the middle market, we'll see more activity.

But personally, I'm more skeptical on a rebound in the second half of the year. Particularly on the tech front, nobody's rushing in to do anything. Once investors start to see others stepping up and they begin to miss deals, it will happen. But there isn't that competitive dynamic yet.

Q. What companies are the hardest pressed for investors?

The sub-\$10-million company is the hardest to finance. Investors want to know the risk profile and how far away they'll be from a liquidity event. And the average market value today of a company going public is over \$400-million. In the 1990s, I took a lot of companies public that were worth \$150-million or less. Those kind of deals are not getting done.

Q. What does this mean for Florida companies seeking capital?

In Florida, there's very little early stage money, so I see that emerging company category as being very, very challenged. That's why we spend a lot of time talking to venture capital firms in Boston and New York, but it's very hard to get them to travel.

There's a lot of noise in Florida about emerging biotech as a category. The challenge isn't that we don't have good ideas, it's the capital side. There is capital for early-stage biotech, but it's in Boston and Minneapolis, not Florida.

When you look across the local landscape, you have to ask, "Who are the next emerging Tech Datas, Sykes, IMRGlobals?" In the long run, it's the best thing for communities to have successful companies that cycle that money back into the community.