

**Investment Recommendation**

SERS’ Investment Office Staff and SERS’ Private Equity Consultant, StepStone Group, recommend that the State Employees’ Retirement System Investment Committee, subject to further legal due diligence, interview Insight Venture Management, LLC (“Insight”, the “GP” or the “Firm”) at the June 8, 2021 Investment Committee Meeting to consider a potential investment of up to \$50 million in Insight Partners XII, L.P. (“Fund XII”, the “Fund” or the “Partnership”), pending the satisfactory completion of legal due diligence. Insight XII is targeting capital commitments of \$11.5 billion.

**Investment Rationale**

Staff identified Insight Partners XII as a strong candidate for SERS’ capital commitment as it offers:

- Additional exposure to a high-quality private investment manager that has generated strong net returns since inception in 1995;
- Exposure to a private investment manager that outperforms both private peers and public indices;
- Capital preservation as evidenced by a low loss ratio as of 12/31/2020, combined with continued focus on resilient, recurring revenue SaaS businesses;
- Exposure to high growth, disruptive software companies with significant contractual, recurring revenue in an industry that is forecasted by Gartner to grow significantly through 2030;
- A consistent, repeatable strategy led by a senior team that has invested successfully across economic cycles;
- Consistent with SERS’ Portfolio Objectives as outlined in the IPS and Strategic Plan.

**Investment Risks & Mitigants**

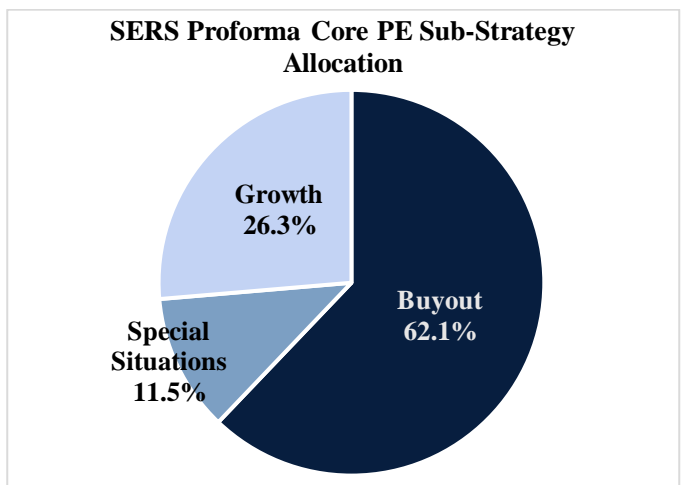
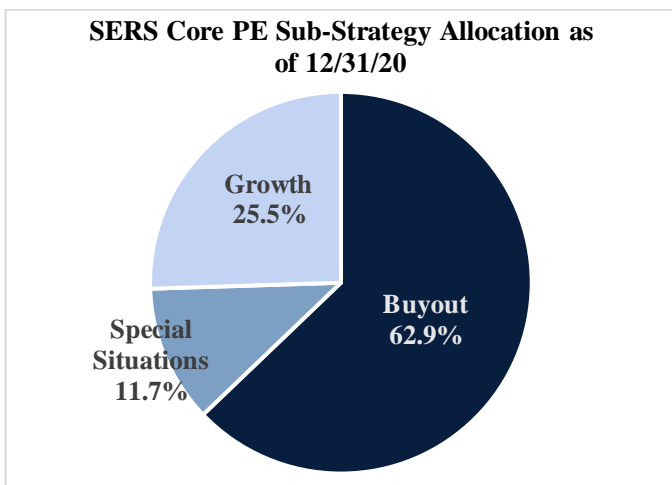
Staff identified the following potential risks of a commitment to Fund XII:

- Fund Size Growth and Team Capacity
- Software Market Valuations

**Portfolio Implications**

A commitment to Insight Partners XII would be considered a 2021 vintage allocation to a fund which is categorized in the Private Equity asset class and Growth Equity sub-asset class. As of December 31, 2020, SERS’ total exposure (market value plus unfunded commitments) to Growth Equity represented approximately 25.5% of the Core Private Equity portfolio. An allocation to Fund XII is consistent with the strategic initiatives of making fewer commitments to top-tier managers. SERS is targeting a commitment to Fund XII of up to \$50 million, which represents 8.7% of the 2021 strategic plan pacing budget for the Private Equity portfolio. A commitment level of \$50M also reflects a position size of appx. 1.2% within the Core Private Equity portfolio.

The following two charts show the Core Private Equity portfolio allocations by sub-strategy as of December 31, 2020 on the left, and a prospective view of the allocation post a commitment to Insight XII on the right.



## Sponsor Overview

Founded in 1995 and based in New York, Insight focuses primarily on investing in growth-stage software, software-enabled services, and internet businesses with an emphasis on recurring revenue. Since inception, Insight has raised 18 fund and co-investment vehicles with aggregate capital commitments of over \$30 billion.

The Firm employs over 240 people professionals today, including an 80-person portfolio operations team, Insight Onsite.

## Investment Strategy

Insight targets small- to mid-cap companies, primarily headquartered in North America or Europe, with established momentum and potential for significant revenue growth and profitability. The Firm seeks to operate as a management team's primary financial/strategic partner and is a flexible source of capital for these companies, with the ability to execute both significant minority interest and control investments.

The strategy includes four key elements that are core to success:

- Deep Domain Expertise in Software
- Advantages of a Scaled Platform
- Proprietary Deal Sourcing Engine
- Insight Onsite Team of Software Experts

## Management Team

**Jeffrey Horing**, *Managing Director, Team Leader and Co-Founder*. Mr. Horing co-founded Insight in 1995. From 1990 to 1994, he was a member of the technology investing group at E.M. Warburg, Pincus & Co., prior to which, he worked in the capital markets group at Goldman, Sachs & Co. Mr. Horing received an MBA from the M.I.T. Sloan School of Management and received dual undergraduate degrees from the University of Pennsylvania's Moore School of Engineering and the Wharton School, graduating with high honors and Phi Beta Kappa.

**Deven Parekh**, *Managing Director and Team Leader*. Mr. Parekh joined Insight in 2000. From 1992 to 1999 he was at Berenson Minella & Company, a New York-based merchant banking firm where he was a Principal and served on the firm's M&A committee. Prior to Berenson Minella, he was with The Blackstone Group, where he was involved in both M&A advisory and principal activities. Mr. Parekh is a Henry Crown Fellow of the Aspen Institute. Mr. Parekh received a BS in Economics from the Wharton School at the University of Pennsylvania.

**Jeffrey Lieberman**, *Managing Director and Team Leader*. Mr. Lieberman joined Insight in 1998. Prior to joining Insight, Mr. Lieberman was a management consultant at McKinsey & Company, where he focused on strategic and operating issues in the financial services, technology and consumer products industries. Mr. Lieberman received dual undergraduate degrees from the University of Pennsylvania's Moore School of Engineering and the Wharton School, where he graduated with honors.

**Michael Triplett**, *Managing Director and Team Leader*. Mr. Triplett joined Insight in 1998. From 1994 to 1997, Mr. Triplett was as an investment professional at Summit Partners, where he focused on sourcing investments in software companies. Prior to this, Mr. Triplett worked as a financial analyst at Morgan Stanley & Co. and at Midland Data Systems. Mr. Triplett graduated from Dartmouth College with a BA in Economics, cum laude.

**Richard Wells**, *Managing Director and Team Leader*. Mr. Wells joined Insight in 2005. Prior to joining Insight, Mr. Wells served as an investment team member at Technology Crossover Ventures, where his interests included software and online media and commerce. He worked in product management for enterprise data protection products at Veritas Software (now a subsidiary of Symantec), and in field sales for Paciolan Systems (now part of Ticketmaster). Previously, Mr. Wells worked as a management consultant with Mercer Management Consulting, where he advised global technology companies on their marketing and business strategies. Mr. Wells received a BS from the University of Pennsylvania (Phi Beta Kappa, summa cum laude) and an MBA from the Harvard Business School.

**Ryan Hinkle**, *Managing Director and Team Leader*. Mr. Hinkle joined Insight in 2003. Prior to joining Insight, Mr. Hinkle held roles in technology and application development with Morgan Stanley and developed real-time electricity trading applications with PPL, Inc. Mr. Hinkle holds a BS in Engineering from the School of Engineering and Applied Science of the University of Pennsylvania and a BS from the Wharton School, summa cum laude.