

PE Spotlight: Bluepass Capital seeks to increase pace of investments in small- and mid-cap space – CEO

 Proprietary

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- First fund had final close of JPY 10.4bn in March 2021
- Aims to add value via management consulting knowhow

Bluepass Capital, a Tokyo-based private equity firm, is looking to increase its pace of investment in small- and mid-cap targets, CEO Takaki Umemura told *Mergermarket*.

Bluepass Capital is a wholly-owned subsidiary of Tokyo-based management consulting firm **Prored Partners** [TYO:7034]. The private equity firm was established in November 2020 and announced the final close of its first fund, Dolphin Fund 1, at JPY 10.4bn (USD 93.8m) in March 2021.

The limited partners for Dolphin Fund 1 include Mizuho Bank, Mizuho Securities, The Bank of Fukuoka, Kiraboshi Bank, The Bank of Yokohama, and other financial institutions, as announced.

Bluepass Capital targets private companies which generate EBITDA of JPY 300m - JPY 1bn, its sweet spot, Umemura said. Dolphin Fund 1 is a 10-year fund and the average equity ticket is likely to be around JPY 1bn. It aims to carry out 8-10 investments with the first fund, he added.

The fund is fielding suggestions regarding potential targets from advisors and bankers, he said.

Bluepass Capital is given full independence by its parent company on matters relating to fund operation and investment decisions, according to Umemura.

The private equity firm intends to explore a wide range of opportunities in various sectors except finance, real estate, energy companies, and biotechnology start-ups, he noted.

It pursues small- and mid-sized companies that have a strong probability to increase sales and achieve growth, he said. It is also eyeing companies that need to transform their businesses to adapt to changes in the market brought on by COVID-19. Generally, it prefers early-stage businesses who are seeking an investor to scale their businesses, rather than mature companies, according to Umemura.

“Management consulting is our core competency. We have a consulting background, unlike other private equity firms, most of which are backed by financial institutions,” Umemura said. “We have advantage on the depth and speed of understanding businesses models of target companies and the ability to structure efficient proposals to achieve growth. We provide hands-on support, working together with the 150 consultants from Prored Partners,” he added.

Prored Partners’ clients include private equity firms and provides management consulting services to more than 100 of their portfolio companies to help increase their corporate value post-acquisition, he said. Bluepass Capital can use Prored Partners’ consulting resources and its network of experts comprising more than 800 people, including former senior executives from blue-chip companies, to add value to companies, as well as deal sourcing and IPO preparation, he noted.

Bluepass Capital aims to foster “professional CEOs” through its investments by dispatching capable people to lead its portfolio companies, he said. It would like to contribute to enlarging the pool of such professional CEOs in Japan, according to Umemura. This pool in Japan is still small compared with other countries, he added.

Bluepass Capital’s first investment was in Tokyo-based system developer **CIM Technology** for an undisclosed sum, as announced. CIM is engaged in production management systems for dies manufacturers, as announced.

Key members

CEO Takaki Umemura

He launched Bluepass Capital in November 2020. Prior to Bluepass Capital, he was the director of Tokyo-based think-tank and consulting firm Knowledge Management Research Institute (KMRI). Before that, he joined Frontier Management in 2008 and was engaged in management restructuring, designing growth strategies, implementation of M&A strategy, and hands-on support for its clients. Prior to Frontier Management, he worked at EY and was engaged in auditing and supporting companies to conduct due diligence.

Senior Associate Kunihiro Ogaki

He joined Bluepass Capital in 2021. Prior to Bluepass Capital, he was at KPMG FAS’ corporate finance division from 2016 and was engaged in M&A advisory. He also worked at KPMG India in 2018. Before that, he worked at KPMG and was engaged in auditing, IPO support, and accounting advisory including due diligence, forensic due diligence, and others.

Senior Associate/Compliance Officer Shunichi Yoda

Yoda joined Bluepass Capital in 2021. He was previously at Anderson Mori & Tomotsune and engaged in a number of private equity deals involving LBO loans, larger M&A deals, succession, and cross-border deals, among others. Prior to that, he was engaged in M&A advisory at Nomura Securities. He also worked at the Ministry of Economy, Trade, and Industry's (METI) Business Environmental Department at the Small and Medium Enterprise Agency.

Associate Shuto Murayama

He joined Bluepass Capital in 2021. Prior to it, he was engaged in M&A advisory at Goldman Sachs and engaged in cross-border deals in retail, transportation, medtech, IT, and industrials. Before that, he worked at Nomura Securities and was engaged in M&A advisory for customers in electronics, precision machinery, automotive, machinery, retailing, healthcare, electric, transportation, construction, and financial sectors.

Associate Mizuki Kezuka

He joined Bluepass Capital in 2021. Prior to it, he was engaged in the aircraft leasing business of Marubeni. He had also been dispatched to iSigma Capital and was engaged in deal sourcing, execution, management support, and investor relations. He joined Marubeni in 2015. He holds a BA in Economics from Kyoto University.

by Ryuya Shiga in Tokyo