

# PE Hub

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## PE DEALS

# OceanSound's Benavides: 'Increased scale is table stakes in the changing infrastructure consulting market'

OceanSound recently bought TranSystems from Sentinel and merged the engineering firm with Gannett Fleming.

**G**overnment funding from the Bipartisan Infrastructure Law of 2021, which allocates \$1.2 trillion in government spending on transportation and infrastructure through 2026, is fueling new transportation and roadway projects. Private equity firms are seizing the trend to invest in transportation infrastructure.

Earlier in August, OceanSound Partners, a New York-based private equity firm that invests in technology and infrastructure-enabled service companies, announced it completed the acquisition of TranSystems from Sentinel Capital Partners and merged the engineering company with its existing portfolio company, Gannett Fleming.

Gannett Fleming, founded in Camp Hill, Pennsylvania, in 1915, provides engineering, architecture and construction and program management services across the transportation, water and electric markets. OceanSound invested in the company in 2023.

The combination of the two engineering companies creates a national construction company with 5,000 employees and \$1.3 billion of revenue. Noteworthy projects Gannett Fleming has completed include the PHX Sky Train Stage 2 in Phoenix, while TranSystems completed a bridge crossing over the Mississippi River on a bridge project in St Louis.



Joe Benavides, OceanSound Partners

For insights on the deal and the trends affecting the infrastructure market, PE Hub turned to Joe Benavides, managing partner and co-founder of OceanSound.

Here are some of the insights Benavides shared:

### **What does combining Gannett Fleming and TranSystems achieve?**

When we invested in Gannett Fleming, we intended to capitalize on its reputation within the infrastructure services market and transform it into a more scaled and differentiated business positioned at the forefront of industry growth and innovation.

Strategically, this merger makes the combined business (1) more geographically complete, with greater presence across all major US metropolitan markets; (2) it expands our portfolio of capabilities and qualifications within the transportation end market; and (3) creates a stronger platform to cross-sell other core infrastructure services in water, environmental, power and facilities engineering where Gannett Fleming has rapidly growing practices.

### **What prompted the merger?**

We developed a value creation roadmap with Gannett Fleming management at the outset of our investment, and strategic M&A was a significant part of the plan. The plan focused on acquiring strategic assets that expand the company's presence in the transportation, water, environmental, power and facilities end markets throughout the US and Canada.

Our focused strategy has allowed us to move with speed and certainty while positioning ourselves as the buyer of choice in an increasingly competitive market that has seen rapid consolidation. Each of these transactions was an opportunity that contributed to our strategic vision to build a platform able to solve some of our most urgent challenges as climate change accelerates, and we bear the fruit of decades of underinvestment in critical infrastructure.

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## **Are more add-ons expected for Gannett Fleming?**

The company's increased scale provides a strong foundation for additional acquisitions. We will continue to look for accretive and complementary businesses that are a strong cultural fit and will further augment the existing geographic footprint and portfolio of capabilities across the transportation, water, environmental, power and facilities end markets.

We believe that increased scale is table stakes in the changing infrastructure consulting market to better compete for new clients and invest in differentiating

technologies, and the companies that fall behind will be unable to "pick their partner."

Private equity support is enabling this transformation. The market in the future will not be as generous as it has in the past to smaller and newer firms. The stakes continue to increase, and clients demand solutions that only larger firms with more robust capabilities can deliver. There is a game of musical chairs playing out in this market, and many legacy shareholder-owned companies will miss out if they wait too long to make transformative strategic decisions.

## **What's the future for Gannett Fleming?**

We are focused on executing against our long-term value creation roadmap as we build an industry-leading platform with an established legacy of providing meaningful value to its clients. Our exit strategy remains flexible as we continue to grow the organization.

To read a 2023 interview with Joe Benavides on Gannett Fleming, [click here](#).