

PE Hub

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PE DEALS

'Massive transformation' presents opportunities: OceanSound Partners' Benavides

'We are not terribly concerned about demand in the near term because the needed investment in infrastructure is driving record levels of demand for Gannett and many of our peers in the market,' Benavides says.

Upgrading infrastructure to add resilience against climate change and retrofitting it to be compatible with new technology create recurring revenue streams that can withstand a strained economy, OceanSound Partners managing partner Joe Benavides told PE Hub.

The New York-based PE firm earlier this week acquired Gannett Fleming, a Camp Hill, Pennsylvania-based infrastructure consulting company. Gannett's services include engineering, architecture, and construction and program management in sectors such as transportation, water and electrification. It was founded in 1915.

"The US is undergoing massive infrastructure transformation and the combined impacts of climate change, aging infrastructure, decades of underinvestment, electric vehicle demand, among other factors, are driving investments in infrastructure at an increasing rate," said Benavides about opportunities that OceanSound identified with Gannett.

The Gannett investment comes at a time when there are growing concerns about the state of the economy. However, Benavides told PE Hub that even though there are economic and geopolitical risks, there is high demand for Gannett's services that will likely offset them.



Joe Benavides, OceanSound Partners

"We are not terribly concerned about demand in the near term because the needed investment in infrastructure is driving record levels of demand for Gannett and many of our peers in the market," Benavides said. "We have a long view into revenue for the business since they have their largest-ever backlog and most infrastructure projects take years from planning to finish."

Recognized as one of the industry leaders, Gannett serves some of the premier infrastructure customers in the US, Benavides said. Some of this includes maintenance work.

The Infrastructure Investment and Jobs Act (2021) and the Inflation Reduction Act (2022), which are in part aiming to revamp the country's aging infrastructure, are also adding opportunities for Gannett, Benavides said.

In terms of transportation, the OceanSound managing partner said some of the opportunities lie in works such as retrofitting sensors, or in some cases retrofitting gas stations in line with the installation of charging systems, electricity delivery points and other infrastructure that supports electric vehicles.

The government is aggressively rolling up plans to increase the use of electric vehicles, driving demand for Gannett's services.

Aging infrastructure, frequently battered by severe weather in some parts of the country, is also part of Gannett's focus.

Turning to growth, Benavides said that Gannett has not been very acquisitive historically, but with OceanSound coming into the picture, the PE firm will be looking at some M&A.

Looking into the future, the OceanSound managing director said there are several ways to drive accelerated growth for Gannett. "We will invest in other technologies and attract and retain the best talent for the business," he said.