

Q&A

*An execution-minded management team and deep stakeholder network are critical to success in digital infrastructure, says GCM Grosvenor's **Ravi Parekh***

Q When investing in digital infrastructure assets, how much importance do you give to the company management team?

A Unlike assets such as availability-based public-private partnerships, return generation for digital infrastructure investments tends to rely heavily on execution (eg, contracting and build-out of data centres, new market penetration by fibre businesses, lease-up of mobile towers, etc). Therefore, finding the right management team with appropriate experience specific to the business and the local geography is critical to the success of the investment.

It is also then important to structure an investment with sufficient management team incentives and alignment, so they grow and succeed along with the investors in the business.

Q How do you identify a successful management team in the digital infrastructure space?

A Two of the key areas we focus on are the execution track records – first within the specific subsector (towers vs data centres vs fibre, etc) and second for the specific geography. It's important to note that appropriate experience also includes a quality network of relationships with key counterparties such as mobile carriers, corporates and local governments.

Finally, we believe that a good track record needs to be supplemented with



an actionable strategic vision for the assets in question. For example, we look more favourably on a strategy involving scaling the business into new geographies or adjacencies rather than a strategy simply dependent on taking share from current competitors.

Q Are you seeing much competition for highly skilled talent in the digital infrastructure industry? What are the key challenges here?

A The digital infrastructure industry is no different from other high-growth industries where the competition for talent is intense and top-tier professionals are in high demand. The key opportunity here is to identify star performers early in their careers who are hungry for leadership positions and are ambitious to grow. This requires deep knowledge of the industry and a

strong network. Here again, the local networks of management teams can be useful. Once identified, it is important to provide the appropriate incentives to these 'future leaders' and align them for the long term with the growth and success of the business.

Q At the Infrastructure Investor Global Summit in Berlin in March, cybersecurity was a common topic of conversation. To what extent is the increased cyber-threat influencing the competition for top talent in the digital infrastructure space, and how might this evolve in the future?

A We believe that cybersecurity is of critical importance across industries, and that the required talent is distinct from management of digital infrastructure assets. Given the potential exposure that digital infrastructure assets have to cyber-threats, it's essential to secure dedicated cybersecurity resources with the right combination of technical design talent and cybersecurity system maintenance.

These professionals must also have expertise in stakeholder management, such as working with local governments on ongoing compliance and on specific threats. We believe competition for cybersecurity talent will continue to increase as businesses invest more in this space. ■

Ravi Parekh is managing director of Infrastructure Investments at asset manager GCM Grosvenor