
PROPRIETARY

Enterprise Holdings: From post-war origins to building clout in today's auto-mobility race

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- Taylor family business buying car rental, mobility companies
 - Venture arm formed to invest in innovative technologies
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With a blockbuster buyout far in its rearview mirror and a deal-hungry CEO at the wheel, Enterprise Holdings' acquisition and investment activity has shifted into high gear.

Over the last seven years, St. Louis-based Enterprise has spent more than USD 2bn acquiring 15 car rental companies, nine car-share businesses and numerous franchises.

Most of the deal activity has come under the watch of Pamela Nicholson, who in 2013 became only the third CEO in Enterprise's history and the first one without the surname of Taylor, the Midwestern family who has owned and operated the company since it was founded in 1957.

The activity also marks Enterprise's return to M&A after it spent years methodically integrating the Alamo and National brands it purchased in an all-cash USD 3bn deal for Vanguard in 2007.

The deal flow is expected to continue as the company's three-person business development team scouts for acquisitions around the globe to build scale and position itself for the future.

In the driver's seat

With annual revenues topping USD 24bn and approximately two million cars and trucks worldwide, Enterprise is the largest car rental company in the world by both revenue and fleet.

The company competes with Hertz [NYSE:HRI], which notched USD 8.8bn in revenue last year, Avis Budget Group [NASDAQ:CAR], which similarly generated USD 8.8bn in revenue in 2017, and Germany-based Sixt [ETR:SIX2], which recorded USD 2.7bn in revenue last year.

Given its market-leading position, Enterprise regularly receives inbound approaches from companies looking for a buyer, said Bob Wetzel, vice president of corporate development.

The company reviews targets on an ongoing basis, he said, and looks to buy car rental businesses with hundreds of vehicles in their fleets, as well as ones that are much larger.

Enterprise prefers to buy car rental businesses that put customer service first, have management teams with high integrity, and have branches in strategic locations, according to Wetzel. The business channels that acquisition targets operate in are also significant, he added, as Enterprise wants to deepen the strong partnerships it has established with insurers.

There are no geographic boundaries as to where Enterprise sources car rental acquisition targets, said Wetzel. Enterprise's corporate owned businesses are located in Canada, France, Germany, Ireland, Spain, the UK, and the US, which are all core markets for the company.

In Brazil and China, Enterprise is invested in the second largest car rental businesses in those emerging markets: Locamerica [LCAM3.SA] and Ehi Car Services [NYSE:EHIC], respectively. Enterprise owns a 10.8% stake in Locamerica and it owns nearly 19% of Ehi Car Services.

Enterprise is growing its global footprint through a franchisee model as well. It has franchisees in more than 90 countries and is well-represented in the Americas, Western Europe and the Middle East. Wetzel said Enterprise is focusing most of its franchise efforts to build its brand in Asia Pacific, where it plans to partner with operators, fleet managers and dealer networks.

Competitive advantage

Enterprise was founded 61 years ago by Navy fighter pilot Jack Taylor, who named it after the aircraft carrier he served on in World War II. A former Cadillac salesman, Taylor operated the company until 1991 when his son, Andrew, succeeded him as CEO. Andrew Taylor, now 70, was replaced by Nicholson, 58, in 2013 when he stepped down to become executive chairman.

Eventually, the torch could be passed to Andrew Taylor's daughter, Christine, 42, who was named the company's COO in 2016 – the same year her grandfather, Jack, died at the age of 94.

In an interview last month on the sidelines of the Global Business Travel Association conference in San Diego, she told this news service that the third generation of the family is ready and able to provide strategic leadership for the company for the long term. The family has no intention to sell the company, she said, and someday her children could end up running Enterprise.

Being family-owned is a competitive advantage, Taylor noted, because it shields the company from short-term financial pressures. This has allowed it to make acquisitions at its own pace, she said, and invest in cutting-edge technologies and newfangled markets, like mobility.

The road ahead

Enterprise laid a foundation for car-sharing services in 2005 by offering hourly rentals.

It ramped up that effort in 2011 when it bought PhillyCarShare. In 2012, it bought Mint Cars On-Demand in New York and Boston; and, in 2013, it purchased IGO Carsharing in Chicago as well as college and university ride-sharing startup Zimride, which was started by the founders of Lyft. The following year, Enterprise acquired OccasionalCar in Denver, AutoShare in Toronto, and Burnt Tree, a London-based renter of commercial vehicles. In 2015, Enterprise acquired car sharing tech firm Metavera Solutions and, in 2016, it bought vanpooling firm vRide.

The company continues to scout for deals in segments of the mobility space to satisfy customers who are seeking a wider range of services, Taylor said. Mobility companies and those with related technologies that Enterprise cannot build from scratch are of interest, she said.

In addition to acquisitions, Enterprise has been actively investing in emerging companies with technologies, business models and service offerings that support customer needs and demands.

The firm made its first venture investment in 2013 when it bought a stake in driver-assistance systems maker Mobileye, prior to the Israeli-based company going public and before Intel [NASDAQ:INTC] bought it last year for USD 15.3bn, which represented a 34% premium over its share price.

It was a timely investment that provided Enterprise with an inside view into the technologies that are paving the way for the burgeoning autonomous vehicle market, Wetzel noted.

In 2016, Enterprise formalized its corporate venture capital program with a wholly owned entity it created: Clayton Venture Partners. The investment arm looks for deals in mobility, customer experiences, autonomous technologies, fleet management and the connected car, Wetzel said.

Clayton Venture Partners invests directly off of Enterprise's balance sheet to ensure every bet it makes is vigorously reviewed for strategic fit. Clayton Venture Partners invests in post-revenue companies that have proven business models, the executive explained. The entity typically contributes to Series A capital growth rounds and later stage investment rounds, Wetzel said.

In all, Enterprise has made seven direct investments: MobileEye; Sunnyvale, California-based LiDAR provider Quanergy; St. Louis-based edge computing platform Coolfire Solutions; San Francisco-based managed travel solutions provider Deem; Boston-based intermodal routing startup Mobi; Seattle-based mobility-as-a-service company Migo; and “a well-known Silicon Valley transportation company” that Wetzel said he was not at liberty to name.

Enterprise has also invested in a fund controlled by Ann Arbor, Michigan-based RPM Ventures. The fund invests in seed and early stage investment rounds for B2B enterprise solution providers, with an emphasis in financial, insurance and automotive technology.

Since 2013, Enterprise has made capital commitments of more than USD 165m, Wetzel said.

by Troy Hooper in Los Angeles

Grade: Confirmed

BIDDERS

[Enterprise Holdings Inc.](#)

Competitors

Avis Budget Group, Inc.

The Hertz Corporation

Sixt SE

OTHERS

[Intel Corporation](#)

[Migo Software, Inc.](#)

[RPM Ventures](#)

[Deem, Inc.](#)

[eHi Car Services Limited](#)

[Companhia de Locacao das Americas](#)

[Mobileye N.V.](#)

[Quanergy Systems, Inc.](#)

TARGET

[Enterprise Holdings Inc.](#)

Countries

USA

States

Missouri (MO)

Sectors

Computer software

Computer:

Semiconductors

Consumer: Retail

Financial Services

Internet / ecommerce

Services (other)

Transportation

Sub-Sectors

Airports

Application software products

Business support services

Electronic components

Rental and leasing

Semiconductors

Vehicles

e-retailing

VENDORS

**Taylor family (Enterprise
Rent-A-Car)**

Topics

Acquisition Finance
Bolt on/Oppportunistic
Cross Border
Family Owned/Closely
Held
Joint
Ventures/Partnerships
Private equity related

Intelligence ID:
2698620

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