

Dealmaker of the Week: Steven Browne of Morgan Lewis

Posted by Jennifer Henderson

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THE DEALMAKER

Steven Browne, 51, a member of the management team at Morgan, Lewis & Bockius and a corporate and business transactions partner at the firm. Browne, who is based in Boston, was managing partner at Bingham McCutchen until the firm was absorbed into Morgan Lewis earlier this year.

THE CLIENT

Raytheon Co., a major U.S. defense contractor based in Waltham, Massachusetts.

THE DEAL

Raytheon has agreed to acquire Austin-based cybersecurity company Websense for \$1.9 billion. Websense will subsequently be combined with the acquirer's cybersecurity business, Raytheon Cyber Products. Vista Equity Partners, the private equity owner of Websense, will retain a nearly 20 percent stake in the new entity through a joint venture with Raytheon.

THE DETAILS

Browne says that Raytheon's acquisition of Websense involves numerous components that create a complex M&A transaction in the technology space.

Besides Raytheon's outright purchase of Websense, the subsequent joint venture with Vista creates another layer of complexity in structuring the deal, Browne says. Raytheon is incorporating its existing cybersecurity business into the joint venture, he adds, with Raytheon's purchase price including a \$600 million loan to the new entity and Vista investing more than \$300 million.

Noting that this is the most significant matter he has worked on since Morgan Lewis agreed to take on 226



Gittings Photography

Steven Browne

Bingham McCutchen partners in November, Browne calls the current transaction "an amazingly complicated deal to do right out of the box—it was hard, but fun."

Browne, who prior to Bingham McCutchen's demise worked at now-defunct Boston firm Testa, Hurwitz & Thibeault, specializes in technology M&A deals. Cybersecurity, an increasingly important field for large law firms and their corporate clients because of threats from foreign government and hackers, is an industry where Browne hopes to expand his portfolio after completing the Raytheon-Websense transaction.

Along with Browne, the Boston-based Morgan Lewis team advising Raytheon was led by corporate and business transactions partners Michael Conza and Laurie Cerveney, tax partner Donald-Bruce Abrams, transactional finance partner Ian Wenniger, antitrust partner Thane Scott and employee benefits partner Amy Pocino Kelly. All except Kelly, who works out

of Morgan Lewis' hometown of Philadelphia, were previously at Bingham McCutchen.

Morgan Lewis associates working on the matter include Christina Bailey, Gitte Blanchet, Iciar Garcia, Cindy Kung, Yelina Kvurt, Stefan Lefebvre, Erin Morley, Jason Rodriguez and Jason Velinder. The group also once worked at Bingham McCutchen, where Blanchet, Garcia, Kvurt and Rodriguez were counsel.

Steptoe & Johnson is serving as export control and international regulatory counsel to Raytheon, with a Washington, D.C.-based team led by partners Edward Krauland, of counsel Alexandra Baj and associates Peter Jeydel and Anthony Rapa. Raytheon's board of directors also turned to Wilson Sonsini Goodrich & Rosati for general corporate counsel on its acquisition of Websense. Larry Sonsini, chairman of the firm and a longtime Silicon Valley dealmaker, and M&A partner Brian Keyes in Seattle both worked on the matter. Raytheon hired Frank Jimenez as its new general counsel in January.

Kirkland & Ellis took the lead for Websense and Vista with a team led by corporate partners Daniel Wolf and Joshua Zachariah, who are based in New York and San Francisco, respectively. The deal team also included associate Matthew Goulding.

Vista is a longtime Kirkland client. Last year the private equity firm hired David Breach, the founding partner of the firm's San Francisco office and a member of its executive committee, as its chief administrative officer.

THE BACKSTORY

Browne says his relationship with Raytheon predates his new digs at Morgan Lewis, noting that the company was a "long-standing Bingham client." Lately work for the defense contractor has been outside the M&A arena, so Browne says he was keen on "looking for opportunities" in the transactional space for Raytheon.

Other notable technology deals that Browne has handled include advising Citrix Systems on its \$320 million buy of Netscaler in 2005 and Citrix on its \$470

million acquisition of XenSource in 2007, as well as transactions for Oracle Corp. and other clients.

Browne was named Bingham McCutchen's managing partner in September 2013 and eight months later ascended to the firm's top leadership role as it battled mounting financial hardships and partner defections that left it forced to either downsize or find a merger partner. Morgan Lewis emerged as Bingham McCutchen's white knight, creating a combined firm with nearly 2,000 lawyers, as detailed in a feature story by *The American Lawyer* in January.

Browne says his experience since Jan. 1 has been extremely positive, with the combination of Morgan Lewis and Bingham creating a legal services powerhouse, where lawyers from both legacy firms advised Raytheon on its acquisition of Websense. Browne says it's also been exciting to set aside his administrative duties and get back to doing deals.

"Running a law firm is distracting," Browne adds, noting that he had to leave a large portion of his deal work last year in the hands of other partners while he led Bingham McCutchen. "I never stopped practicing, but it is nice to be truly focused on this."

THE CLOSING

Browne says it's rare for a private equity firm to remain invested in a portfolio company following a sale—as Vista has elected to do with Websense—something viewed as an added validation for his client.

"It's usually about getting money out and moving to the next," says Browne, adding that most of the various complicating factors in the current transaction have come together.

The deal, announced April 20, is expected to close in the second quarter of this year, and Browne sees more opportunities for Morgan Lewis going forward on behalf of a legacy Bingham McCutchen client.

"[We hope to take] this kind of transaction and ... leverage into more interesting and exciting things," he says.