Igneo Infrastructure Partners

Using hands-on strategies to succeed in the middle market

We recently sat down with co-heads of North America at Igneo Infrastructure Partners ***John Ma*** *and* ***Michael Ryder*** *to discuss how their hands-on management style results in success in the middle market. Following is an excerpt of that conversation.*

Can you tell me about your investment strategy?

John Ma: First and foremost, we look for good businesses with good assets that embody good infrastructure characteristics. We focus on traditional infrastructure sectors where the overall sector dynamics include high barriers to entry and stable cash flows tied to long-term contracts. But just as importantly, we focus on the management team. We are a hands-on manager, so partnering with the right management team is essential. Having a good partnering relationship with the management team is a key to being successful in the middle market.

Why is a hands-on approach particularly effective in the middle market?

Michael Ryder: When you focus on the middle market, particularly the lower middle market, you find that being able to take a hands-on approach gives you multiple levers to pull that drive value creation. Small adjustments in strategy can drive oversized performance results. We are often buying businesses from founders or family offices. These companies are often just a little less mature in their lifecycle. That means we can drive value by helping to professionalize and mature those businesses over time.

How do you do that?

Ryder: There are lots of different ways in which we can help drive value. In focusing on the middle market, we usually start by finding a great management team within a particular sector and then work together to identify and acquire the right business.

In the middle market, the smaller scale means that the existing management is often less sophisticated compared to those running multibillion-dollar companies.

Sometimes we find situations where the existing management team is highly competent, and we are willing to partner and support them. In this case, we might put in better governance practices or supply capital to enter new markets or to grow in certain areas. We might implement a more mature capital structure, taking advantage of and using leverage appropriately to support the business as it grows.

Are there other levers you use?

Ryder: When we acquire a business, one of the first things we do is establish not only a 100-day plan, but a value-creation plan for the next three to five years. In many cases, that planning process we undertake with the management team might be the first time such a structured approach has been taken in the company. They've operated and executed on annual budgets, and sometimes they've been making capital decisions just on a reactive basis. They've may never have taken a step back and asked: Strategically, where do we want this business to be in five years or in seven years? What markets do we want to be in? What products do we want to have in those markets? What customers do we want to focus on? How do we want to go about executing? We take a much more deliberate approach to setting goals in partnership with our management, aligning incentives with senior executives in the company, and then empowering those senior executives to execute on the strategy and drive value over time. Bringing in that level of professionalization and planning, and then backing it up with capital, is a key part of how we are able to drive value creation in these companies.

Ma: There is also the important fundamental lever of just improving operations. With middle-market businesses, basic investments in enterprise planning, IT systems and processes that can help with budgeting, pricing and cost management can really improve performance and strategy of a business. Infrastructure is composed of capital-intensive businesses, and often we've acquired and managed businesses where the prior owners were capital constrained and unable to make good-returning and sensible long-term investments in the business. It takes a lot of hands-on work and collaboration. Depending on the situation and the team, we might be speaking to management multiple times during the week, really going through how it's going in terms of executing against the plan for the business.

How do you find experienced management teams?

Ma: Our investment team has a broad network, so we often connect with a management team that is already known to us. When vetting a team, whether known to us or not, we take a close look at its track record. We prioritize partnering with seasoned executives who bring deep industry expertise and a proven track record. Beyond experience, alignment with our management teams is essential to reinforce and promote our collaborative approach.

A key focus is on designing incentive structures that ensure management teams share our investment objectives for the business. This alignment fosters long-term success and mutual commitment.

Our evaluation process is thorough. We dedicate significant time to engaging with prospective teams and have independent assessments carried out. We leverage our senior advisers – comprising highly experienced industry professionals – to provide insights, challenge assumptions, and ensure we ask the right questions during due diligence.

Are there specific sectors within the middle market that you find particularly attractive?

Ryder: We're traditional infrastructure investors. We don't try to stretch the definitions too much. Our clients have entrusted us with their capital, often on behalf of pensioners and retirees, to invest in traditional infrastructure businesses. We have four industry sectors that we focus on. First, energy and energy transition; second, digital; third, waste and water; and, fourth, transportation and logistics. Igneo has been investing in infrastructure for more than 30 years, and nearly all of the investments that we've done during the past decade or so fit into one of those buckets. We have internal expertise in each of those sectors, and we leverage a network of executives and other industry-focused people in the North American market that help us identify investment opportunities. Then we acquire, manage and oversee those opportunities.

How does your platform approach to investing work?

Ryder: One of our strategic approaches is to acquire an initial investment in a sector and then use that as a platform to grow. For example, we might buy a digital platform that has a handful of existing data centers and then buy additional data centers to expand that platform. In the transport sector, we own Patriot Rail, a business we initially bought with a portfolio of around a dozen short-line railroads across North America. Since then, we've made a series of strategic acquisitions, including the major purchase of Pioneer Lines. These moves have expanded the platform to more than 30 rail lines, demonstrating our commitment to an inorganic growth strategy that scales businesses and creates long-term value.

We also look to grow these businesses organically. In the renewable sector, it can be by developing, constructing and commissioning new wind generation or battery storage or solar generation assets. That is something that we've done with a few of our assets as well, where we buy an initial platform of operating assets, and then we organically grow that platform with incremental capital investment.

Do you have any other examples of how your middle-market hands-on strategy is working?

Ma: One of our more recent acquisitions has been for an aviation infrastructure-related platform business called Infinity Aviation, where we have partnered with an experienced executive from the fixed-based operator (FBO) sector. Our first acquisition was a facility serving private non-commercial aviation, providing hangers and fueling services to aircraft in Nashua, N.H., which serves the Greater Boston market. In that instance, the business was well-run, in a good location and included a good set of assets. The private owners had owned this business over a long period of time but were not in a position to invest additional capital. However, we have the resources to really invest in the business. We have a longer-term strategic plan around how we grow the business. A big part of that growth will be to add additional locations in attractive but underserved markets generally outside the largest primary facilities near big cities that are already out of capacity. The FBO sector is highly fragmented — there are lots of other private owners in good locations running good businesses. We think there is a really compelling opportunity to acquire some of those assets.

Ryder: We made an investment about three years ago in a business called US Signal, which is an enterprise-focused data center and fiber business based in Grand Rapids, Michigan. We bought that business from a founder who had owned the business for a couple of decades. It had a network of enterprise fiber assets, as well as eight data centers all around the Midwest. It was a solid, well-run business that provided a real opportunity for us to take it to the next level by providing the capital it needed to grow.

Since our acquisition, we have doubled the size of the business and tripled the total capacity that we have in the data center space. We have 16 — soon to be 17 — data centers today. We're not quite national, but we've broadened beyond just the Midwest. In addition to the data center business, we are building additional fiber and servicing a broad range of fiber customers.

When we first acquired US Signal, we brought in two industry experts to sit on the board alongside us and lend their expertise to both governance and strategy development. In that first six months, we spent a lot of time defining how we'd like to grow the business, what markets and customers we'd target, which subsectors we would allocate capital to. Then we partnered with the management team to execute on the plan over the past three years.

We hear a lot about the hyperscale data center space. We're not focused there. Our investments are smaller enterprise-focused edge data centers that are serving the basic IT needs of companies. We don't need an AI wave of change to generate demand for the computer services and the fiber services that we satisfy today. We have a strong customer base and a great company with an excellent management team, which we're proud to be partners with.

How would you sum up what is needed to succeed in the lower middle market?

Ma: Success in the middle market is a combination of partnering with strong, capable management teams; maintaining disciplined acquisition criteria and asset management; and having capital for growth through platform expansion, as well as acquisition of additional locations. Using this formula, we have been able to grow our portfolio and provide favorable returns for our investors for more than 30 years.

CONTRIBUTORS

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CORPORATE OVERVIEW

Igneo Infrastructure Partners is an autonomous investment team in the First Sentier Group. It invests in high-quality, mature, mid-market infrastructure companies in renewables, digital infrastructure, waste management, water utilities and transportation/logistics sectors in the United Kingdom, Europe, North America, Australia and New Zealand. Operating since 1994, the team works closely with portfolio companies to create long-term sustainable value through innovation and proactive asset management. Igneo manages US$22.9 billion worth of assets (as at Sept. 30, 2025) on behalf of more than 200 investors around the world.

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