

## The Company - MDI Novare



MDI Novare is an information technology (IT) company that provides custom application development, infrastructure, data analytics and IT security solutions to Philippine companies and the public sector. MDI Novare works with clients to incorporate cloud computing, application program interfaces (APIs), big data, artificial intelligence and automation into their operations.

**WEBSITE**  
[novare.com.ph](http://novare.com.ph)

**FOUNDER**  
Myla Villanueva

**SECTOR**  
Information Technology

**LOCATION**  
Philippines

## The Investor - Navegar



Founded in 2012, Navegar is a Manila-based private equity firm that makes growth-stage investments in companies operating primarily in the Philippines' consumer and business services sectors. The firm, which has raised two funds as of September 2024, typically deploys between USD20m and USD30m per investment.

**WEBSITE**  
[navegar.com.ph](http://navegar.com.ph)

**FUND NAME**  
Navegar II

**FUND SIZE**  
USD197M

**TOTAL AUM**  
USD317M



### DATE(S) OF INVESTMENT

**MARCH 2021**

### AMOUNT

**USD20M**

### EFFECTIVE OWNERSHIP STAKE

**21%**

### Synopsis:

Philippines-focused private equity firm Navegar had long identified network systems integrator MDI as a potential local IT champion. For over thirty years, MDI had digitalized operations for many blue-chip companies and government entities within the Philippines. Once MDI found itself competing against global corporations, founder Myla Villanueva began looking for a partner that could help her scale. Navegar invested in MDI in March 2021. The Navegar team was particularly interested in partnering with Villanueva, who had successfully built MDI at a time when female entrepreneurship in Southeast Asia was exceedingly rare. Navegar has worked closely with Villanueva to grow the business and explore new acquisitions, all while ensuring MDI's employees receive high-quality training and best-in-class benefits with a focus on providing women equal access to opportunities in the workplace.

## When Women Lead: Navegar's Partnership with MDI

Myla Villanueva was an economics student at California's Santa Clara University, in the heart of Silicon Valley, when hundreds of thousands of Filipinos took to the streets of Manila to protest the twenty-year dictatorship of President Ferdinand Marcos. As the 1986 People Power Revolution successfully restored democracy in the Philippines, Villanueva could sense the optimism and excitement unfolding across her home country.

Inspired by her time in Silicon Valley, Villanueva wanted to leverage newly emerging technologies such as the internet to put her country on the path to digitalization. To succeed, she would have to forge a novel market opportunity in a geographically disparate nation in the context of an unstable government and economy. In 1988, Villanueva launched Micro-D International (MDI), the first local network systems integrator in the Philippines, from a one-room office in the city of Makati (part of Metro Manila).

"I found the courage to take that first step in launching MDI. Coming from an entrepreneurial family, I began working in the warehouse when I was a teenager, which taught me that whatever a man can do, I can do as well." Villanueva recalls. "In my eyes, the opportunities to disrupt the market were enormous. The big firms like IBM were dominating the landscape with massive systems that worked well in a monolithic environment such as New York City but weren't quite as effective in an archipelago like the Philippines. We wanted to show local businesses that they didn't need to invest hundreds of millions of pesos in technology by offering them a cheaper and more decentralized way to serve their customers."

MDI's early days were challenging—the political landscape remained tense with several coup attempts against Marcos' successor President Corazon Aquino, while frequent electricity outages disrupted operations. In 1989, MDI won a PHP120m (USD5.5m) contract to interconnect the Philippines' Social Security System branches in the country's first internet protocol infrastructure project. Additional projects soon followed.

Villanueva recognized that interconnectivity needed to improve throughout the archipelago as MDI's clients were eager to expand their networks beyond urban areas like Manila. Villanueva embarked on a mission to bring broadband to the country's most rural areas. "The internet was slowly growing but I kept wondering: how long will it take to emancipate our rural areas through knowledge if they aren't getting access to what I believed should be a universal service?" Villanueva scoured the world for the cheapest forms of wireless connectivity and satellite capacity. She began connecting local universities as a proof of concept and by late 1998 aggregated these activities under a new venture called Meridian Telekom.

For three decades, MDI drove the expansion of the Philippines' IT landscape—including building the infrastructure to support the growth of broadband. MDI garnered an extensive list of blue-chip clients including Globe, Smart, PLDT, Ayala, SM, BDO, Metrobank, Mercalo and several government entities. In line with rapidly changing technology developments, MDI's services and products evolved to meet the needs of the country. MDI began to move beyond infrastructure, computing services and network security to provide business consulting services for cloud infrastructure, big data, API, microservices and cybersecurity.

From the sidelines, Philippines-focused private equity firm Navegar was closely watching the growth of MDI and knew it wanted to invest in Villanueva given her reputation as an accomplished female leader in the technology space. The Navegar team periodically reached out to her over the years and was patiently waiting for the right time to forge a partnership.



### Founder Spotlight: Myla Villanueva

Self-defined as a serial entrepreneur, Villanueva started her first technology company in the Philippines at the age of 21. Between 1988 and 2007, she launched five technology companies: MDI (1988), technology distributor Microwarehouse (1995), content company Wolfpac (1998), broadband provider Meridian Telekom (1998) and software developer Novare Technologies (2007). Two of Villanueva's ventures (Wolfpac and Meridian) were sold to telecommunications and digital services provider Smart Communications. These transactions were among the first demonstrations in the Philippines of a large corporation acquiring a startup, serving as a role model for other entrepreneurs in the region seeking new modes of financing and growth.

Beyond entrepreneurship, Villanueva served on the Executive Management Committee of GSMA, the global body for mobile operators, between 2007 and 2013 and was the Chairwoman of the Parish Pastoral Council for Responsible Voting (PPCRV), the citizen's arm of the Commission on Elections, during the 2022 national elections. She has received numerous awards including the Global Filipino Executive of the Year at the Asia CEO Awards in 2021 and was listed on Tatler Asia's Most Influential in 2021 and 2022. She also became Ernst & Young's first Woman Entrepreneur of the Year in 2003 and received The Outstanding Women in the Nation's Service (TOWNS) award in 2010, which recognized her work in science and technology.



**Myla is a force of nature. When she sets her mind to something, you can bet on it getting done.**

Nori Poblador  
Managing Partner of Navegar



## Creating Value with Private Capital

As MDI grew, Villanueva began to wonder if a financial investor might be able to help her scale operations, compete more successfully against international firms and potentially expand MDI's geographic footprint across Southeast Asia. "Just before the COVID-19 pandemic, I noticed that the nature of MDI was changing," notes Villanueva. "As we evolved, we found ourselves suddenly competing against much larger global players and we needed to figure out how to play this new ballgame."

According to GPCA Research, over USD39b in private capital was invested in technology-enabled businesses in Southeast Asia from 2021 through the first half of 2024, transforming the local landscape for IT providers, businesses and consumers. These technology-related investments represented between 85% and 90% of all private capital transactions by number of deals in the region over the same period.

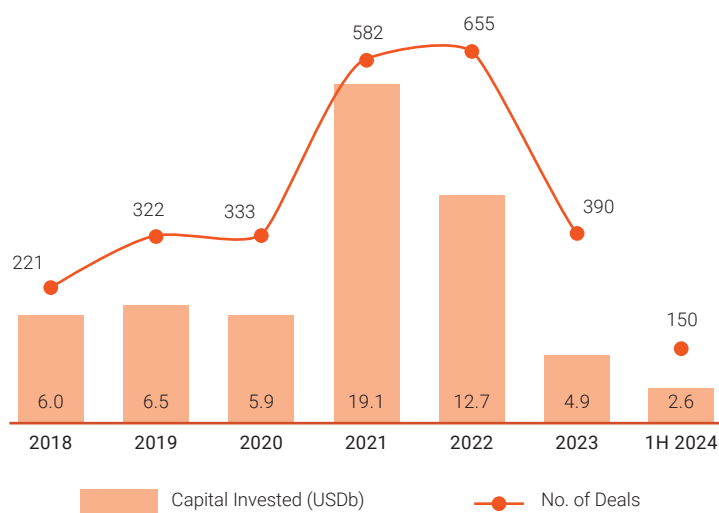
Willing to dilute her 100% ownership stake for the right partner, Villanueva engaged global investment banking firm Evercore in 2019 to run an investor search process. Navegar was ready to make its pitch, having identified MDI as a Philippine IT champion due to its long-term relationships and strong track record of growth—revenues had increased at 22.9% per annum between 2017 and 2020, while EBITDA grew by an aggregate of 31.3% over the same period.

In addition to believing MDI to be a financially attractive investment, Navegar was eager to partner with Villanueva. When the Asian Development Bank (ADB) invested in Navegar's second private equity fund in 2020, it had encouraged the firm to adopt a gender lens investment approach with the belief that investing in women is not only a key driver of sustainable development, but also financially beneficial to businesses and investors. As a woman-founded company with a significant number of women in executive roles and a demonstrated commitment to supporting its female employees through gender-friendly workplace policies, MDI fit well within Navegar's new framework of promoting gender and diversity.

Navegar decided to join forces with Japanese private alternative investment firm Advantage Partners, which was looking to make its first investment in the Philippines, to invest in MDI in March 2021. In the transaction, Navegar committed USD20m for an effective 21.37% stake. "Having a private equity partner was an adjustment," Villanueva recalls. "The risk appetite of a typical entrepreneur is that we will shoot instinctively in many different directions and see what succeeds. Navegar forced us to become more disciplined in our approach—to really evaluate our resources versus our needs and to then commit fully to the bets we decide to make."

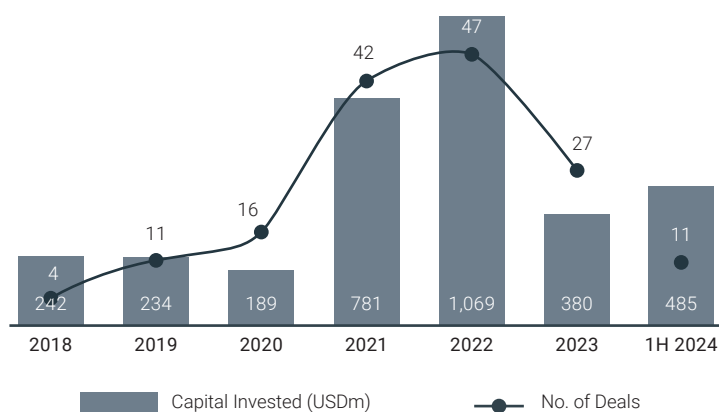
Since Navegar has come onboard, MDI has grown at a strong pace. From 2019 to the first quarter of 2024, revenue growth was 17% while EBITDA growth stood at 13%. Looking forward, the company is projected to witness revenue growth of 31% and EBITDA growth of 36% from 2023 to 2027. The number of employees at MDI has increased from 650 in 2021 to over 850 as of May 2024, with approximately 27% being female.

Private Capital Investment in Tech in Southeast Asia, 2018-1H 2024



Source: GPCA. Data as of 30 June 2024.

Private Capital Investment in Tech in the Philippines, 2018-1H 2024



Source: GPCA. Data as of 30 June 2024.



I would advise young women to take their time in choosing the right mentors and to try to find someone who will treat them as a peer. Don't let the fact that you may be in a male-dominated industry deter you. In the early telecom days, I would enter a room of 1,000 people and there would only be four women. You can use this to your advantage: differentiate yourself and ensure that you are heard—and not just seen.

Myla Villanueva  
Founder and Chairperson of MDI



## Inclusive and Sustainable Growth

Training and providing high quality employment is important to MDI's team, particularly as the market for skilled IT professionals in the Philippines is extremely competitive. Many large global investment banks have entered the country, employing thousands in business process outsourcing, including in software and backroom support. To give employees a forum for continuous learning and skills development, MDI founded MDI Novare University in 2023. The university—which trains up to 1,000 MDI employees every six months and is open to MDI clients—offers comprehensive “bootcamp” programs focusing on technical skills such as cloud computing, data analytics, software development and Salesforce.

Villanueva prioritizes empowering women in what remains a male-dominated industry. She notes, “In my career, I mentor young women and appreciate the challenges they face when going through so many life transitions.” She added that this entails recognizing women's specific needs, for example, at the point of motherhood, to ensure they not only have equal opportunities as men in the workplace, but also equal access to those opportunities. “As such, we have developed several programs at MDI to support women.”

Such initiatives include providing breastfeeding rooms and a “Parenting Club” that supports employees with resources and community. MDI conducts sessions to promote awareness and inclusivity around sexual orientation, gender identity and expression, and facilitates employee resource groups for women and LGBTQIA+ individuals.

Villanueva also supports greater female representation in governance roles across Philippine corporations. “I've seen a trend toward greater female participation on boards and believe that should continue,” Villanueva said, noting that a diverse board is better positioned to consider a diverse consumer base. She adds, “We should remember that half of our consumers are women.” Nori Poblador, Managing Partner of Navegar, agrees. “The Philippines has always been a gender-forward country. Even before there was this conscious effort to provide greater opportunities for women, it wasn't rare to find females in company leadership positions. We want to encourage more of these women to be in the boardroom because experienced operators make good board members.”

## Outlook

Over the next few years, Navegar plans to support MDI in its efforts to expand beyond the Philippines. To further this mission, Navegar is helping MDI identify and pursue bolt-on acquisitions throughout the region that will help the company better serve international clients. The company is seeking to enhance its current technological capabilities and service offerings in multiple areas including customer experience and customer relationship management. Broadening MDI's geographic reach and capturing clients with larger budgets will drive an increase in revenues, raise wages and broaden impact.

Looking to the future, financial investors may be interested in working with MDI as part of its next stage of growth. Navegar's Poblador, however, believes that MDI may be even more enticing to a strategic buyer than a financial one. He notes, “I believe strategics will look at MDI as an attractive entry point into a large market. A lot of growth remains to be seen in the Philippines as we are roughly five years behind our more developed Asian neighbors in terms of digital transformation. MDI's 850 highly trained and certified employees also offer a solution to firms struggling with the global talent crunch.”



**My advice to female entrepreneurs is to remember that your name is very important, so please take good care of it. When the time comes to bring on investors, your reputation will be your most important asset. I also always tell my mentees that if you are going to start a company, never be afraid to hire people better than yourself. Have the humility to accept the fact that you won't know everything and find the best experts who can support you.**

**Myla Villanueva**  
Founder and Chairperson of MDI

