

Washington Business Journal - Aldrich Capital Partners article

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VIENNA EQUITY FIRM CLOSES NEW OUTSIDE FUND THAT'S FIVE TIMES THE SIZE OF ITS FIRST



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Mirza Baig is partner and co-founder at Aldrich Capital Partners in Vienna.

JOANNE S. LAWTON

PEOPLE IN THIS ARTICLE

- **Mirza Baig**
- **Raheel "Raz" Zia**



By [Andy Medici](#) – Staff Reporter, Washington Business Journal

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Aldrich Capital Partners has spent three years proving out its entrepreneur-driven investment thesis — and it just closed a \$256 million outside fund to bring it to life.

The Vienna growth equity investment firm had previously invested tens of millions of dollars from an earlier self-funded pool of \$50 million while working to raise its first outside fund for the last two years. It had scored a coup in 2014 as one of the early investors in Leesburg-based Cofense, exiting that cyber startup after it was [purchased at a \\$400 million valuation earlier this year](#).

Now Aldrich is targeting founder-run companies that have yet to secure institutional investments, said co-founder [Raheel “Raz” Zia](#). In return, he said, Aldrich will bring the experience and perspective of investors and serial entrepreneurs who know intimately the struggles of building a company. The firm employs former entrepreneurs on staff as well.

“We think of ourselves as the entrepreneurs behind other entrepreneurs,” Zia told me in an interview at the firm’s office. “We are all entrepreneurs. We know what it means to make payroll.”

Zia, who was born and raised in England, worked at PwC, Citibank and as a managing director at Goldman Sachs, where he led 12 investments into companies. One of those was Imaging Advantage, run at the time by [Mirza Baig](#), who later joined him in co-founding Aldrich. Zia was also CEO of communications infrastructure startup Knumi and an associate at Bessemer Ventures.

Baig and Zia met when they attended Harvard Business School; they even named their new firm after Aldrich Hall on the Harvard campus. In addition to Imaging Advantage, which today hauls in \$350 million in revenue, Baig has founded several companies, including Legal Advantage and TechFetch. Baig was also an executive director at AOL Inc.



Raheel "Raz" Zia is co-founder at Aldrich Capital Partners.

Together, the two say they've honed their investment thesis, which boils down to:

- Finding companies in health care IT, financial tech and software that are still led by their founders.
- Ideally, they have raised no institutional capital and record revenue in the high single digits, up to \$50 million, with the ability to scale past \$100 million.
- Firms outside the traditional nexus of Silicon Valley, New York and Boston. The founders stress that while they are geographically agnostic, they do a lot of deals in the Southeast and Southwest.

So what happens now that the fundraising stage has ended?

"Our pace of doing deals will increase fairly dramatically," Baig said. "Our goal is to do at least two to three deals a year, to a minimum."

So far, Aldrich has already made investments from the new fund, including a \$26 million in Richmond electronic payment firm Paymerang LLC. That aligns with their previous investments, namely point-of-sale system company Lavu, retail software firm Spring Mobile Solutions and software development firm Mangosoft.

The firm is close to fully staffed, with about 10 employees on the investment team and another 15 to 20 in support functions. But Aldrich does intend to hire a few more senior-level executives, with the potential to make partner down the road, Baig said, stressing the firm is going to invest in the growth and development of its own staff.

Aldrich's first fund is substantially larger than the first outside funds of other venture firms, but it is also just the latest new fund in the region in recent months. Kumo Capital, run by a Virgil Security exec, aims to raise up to \$150 million. Recently, BroadOak Capital Partners, an investment banker specializing in the life sciences industry, started raising up to \$50 million. In addition, I reported exclusively that a trio of QuestMark execs, who have formed new firm called Harmonic, were seeking to raise \$200 million for a growth equity fund. Venture firm and "fund of funds" Accolade Partners raised \$50.1 million for its latest fund. The Motley Fool is also raising its first outside venture fund, while Sands Capital raised its largest fund so far.