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PRO PE FUND NEWS

# Aldrich Capital Raises $256 Million for Debut Fund

The Virginia firm, which was founded in 2014, makes growth-equity investments in the technology sector.

*By Chris Cumming*

Growth-equity firm Aldrich Capital Partners closed its debut fund with $256 million, said firm co-founders Mirza Baig and Raheel Zia.

Aldrich will use the capital to invest in North American companies in the lower middle market, focusing on three technology subsectors: health-care technology, financial technology and application software.The fund, Aldrich Capital Partners Fund LP, had a target of $250 million, according to August filings with the

Securities and Exchange Commission. Investors included the Connecticut Retirement Plans and Trust Funds, the New York State Common Retirement Fund and the California Public Employees' Retirement System, according to pension documents.

The fund closing comes four years after Messrs. Baig and Zia launched Aldrich. Mr. Zia formerly was a managing director in Goldman Sachs & Co.'s private-equity group, where he spent a decade investing in growth companies. Mr. Baig, after working for AOL Time Warner's online-commerce group earlier in his career, later founded and led numerous startups in the technology and health-care sectors.

The two men met at Harvard Business School and later worked together through the startup Imaging Advantage, a health-care information technology company Mr. Baig co-founded and which Mr. Zia's group at Goldman Sachs backed. That successful partnership, which helped spur a sharp ramp-up in size for the company, ultimately led them to form Aldrich.The firm aims to find strong entrepreneurial businesses that have reached a stage where they need resources and strategic guidance to take the next step in growth, said Mr. Zia. Aldrich makes both minority and majority investments, from roughly $15 million to $50 million, he said.

Aldrich's strategy is to scout for attractive targets located outside the main hubs for startups on the East and West Coasts of the U.S., areas that absorb the vast majority of venture and growth-investing dollars, Mr. Zia said.The "overarching goal" is to back software and technology products that allow industries to automate a function or business process, Mr. Baig said. Their operational plan involves first "augmenting and enhancing the culture of the company," and then providing strategic and operational guidance, often by bringing in seasoned executives from outside the company, he said.Aldrich has made four investments so far, three of which are from the new fund. The three investments are Lavu Inc., a provider of mobile point-of-sale systems; Woundtech, a health-care IT company focused on chronic wound care; and Paymerang LLC, a financial technology company for electronically paying suppliers and vendors.Aldrich's first investment was in PhishMe, later renamed Cofense, a online-security company the firm exited this year.

The firm, based in Vienna, Va., also has offices in Los Altos, Calif., and in Hyderabad, India.Write to Chris Cumming at chris.cumming@wsj.com