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DEALS

## Sagewind Quietly Builds Portfolio With Family Office Backing

By Laura Kreutzer

Sagewind Capital sports two things that many newly formed firms covet most: a dedicated pool of discretionary capital and the freedom to take its time with portfolio companies.

“It’s a lot easier to make four or five times your money in six or eight years than it is in three or four years,” said Steve Lefkowitz, who formed New York-based Sagewind in 2015 after leaving CI Capital Partners (formerly Caxton-Iseman Capital), where he was president and chief operating officer. “The center of gravity in a buy and build is typically somewhere between five to 10 years.”

Thanks in part to a nine-figure commitment from a large multi-family office with a much longer than usual fund life, Sagewind has been building a portfolio of lower midmarket companies, most recently investing in government-focused software provider GCOM Software Inc.

Albany, N.Y.-based GCOM, Sagewind’s sixth deal since its

formation and the fourth out of its discretionary vehicle, offers technology and services that help local and state government agencies modernize and manage their IT systems and services. Sagewind also brought an influential co-investor into GCOM in Donna Morea, a former senior executive at information-technology and business-services outsourcing company CGI Group Inc.

Although the firm didn’t disclose terms of the deal, Sagewind typically targets companies with annual revenue of \$50 million to \$300 million and earnings before interest, tax, depreciation and amortization of \$5 million to \$40 million, said Mr. Lefkowitz. In addition to government services, Sagewind backs businesses in the aerospace-and-defense, health-care services and business-services industries.

Because the firm doesn’t have a specific fund life on its discretionary pool, it can afford to hold companies for seven to 10 years or longer, compared with the three to five years that is more typical

among private-equity firms. Mr. Lefkowitz has recruited at least three other professionals to the firm, including Principal Raj Kanodia.

Sagewind has backed at least one other provider of government software this year. The firm in May invested in By Light Professional IT Services LLC, which focuses on federal government agencies, including the U.S. Department of Veterans Affairs and U.S. Department of Defense. But Mr. Lefkowitz also had experience working with government services providers during his tenure at CI Capital, including with Anteon International Corp., which CI Capital backed in 1996 before fully exiting the investment in 2005 with a \$2.2 billion sale to General Dynamics.

“I’m more focused on multiple of capital investments and less focused on [internal rate of return],” Mr. Lefkowitz said. “IRR is the speedometer of how fast you’re going, but ultimately it’s where you get to that matters.”