

BRIDGE GROWTH BUILDS TOWARD STRATEGIC DEALS

Alok Singh, the CEO of the private equity firm, discusses its strategy for building companies with particular buyers — or buyer types — in mind.

BY CHRIS NOLTER

Bridge Growth Partners LLC has a knack for divesting portfolio companies to strategics such as CapGemini SE and Cisco Systems Inc. (CSCO).

“Before we buy [companies], we think about who would be the right party to actually own that asset and we keep that in mind as we build a company and invest in the company and improve the company,” CEO Alok Singh said.

The New York investor sold Syniti, which manages data in platforms created by SAP SE (SAP) and other software makers, to Capgemini over the summer. Last year, Bridge Growth sold Accedian Networks Inc. to Cisco. When PE has acquired a business from Bridge Growth, the deal typically involves a strategic portfolio company.

“With strategics, it takes time,” Singh said, noting that Syniti and Accedian had formal partnerships with their eventual acquirers and took other steps to make them appealing targets. “You have to create relationships and partnerships.”

The strategy could inform future deals by Bridge Growth and could provide insights about Solace Systems Inc., which will be the firm’s sole portfolio company following the sale of Syniti and has a slew of partnerships and alliances with major tech companies.

Strategic Planning

Bridge Growth bought Syniti, then known as BackOffice Associates LLC, from Goldman Sachs Group Inc. (GS) in August 2017.

“The obvious home for Syniti was a large system integrator, and there are a dozen large system integrators in the world,” Singh said.

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Bridge Growth CEO Alok Singh

Syniti formed partnerships with Capgemini and other system integrators. Often, it helped migrate data from legacy platforms to new platforms that operate in the cloud or on hybrid infrastructure.

“Basically we were the ‘special forces’ with regards to data migration and data quality,” Singh said.

Syniti acquired companies such as software developer Rightsizer and data quality company 360Science, and roughly doubled its employee count during Bridge Growth’s tenure.

The thesis has to be built “from the ground up” in deals with strategics, Singh said. “It’s not like the CEO wakes up one morning and says, I want to buy this company,” he said. “He has to have buy-in from all of his operators, and then it bubbles up and says, this is important for us.”

Bridge Growth deployed a similar playbook with Accedian, a network and application monitoring technology company that the firm backed in March 2017.

“When we were looking at Accedian initially, we thought that there was a very rational reason and a high likelihood that Accedian would be of interest to Cisco,” Singh said.

“It took 18 months to build a relationship,” Singh said of Accedian’s partnership with Cisco. “Our product was being sold by the Cisco people, so it became almost a natural evolution — ‘Hey, we should own this company.’”

Cisco said it’d buy the company in June 2023.

Sponsored Situations

Bridge Growth, which raised its first fund in 2016 with \$410 million in commitments, has exited to PE firms or portfolio companies as well.

The firm sold national security, government and health analytics and tech company Salient CRGT Inc. to Welsh, Carson, Anderson & Stowe LP portfolio company GovernmentCIO LLC in July 2021.

“Our business was over two times the size of the business they owned, and they took their business and merged it into Salient CRGT,” Singh said. GovernmentCIO kept Salient’s management team and chairman as well.

Likewise, Veritas Capital Fund Management LLC had a strategic plan when it purchased education technology business Finalsight from Bridge Growth in December 2021.

Veritas also backed educational tech company Blackboard Inc. After Veritas’ investment, Finalsight purchased Blackboard’s K-12 unit.

“They basically used Finalsight as a strategic acquirer of an existing asset,” Singh said.

Taking Solace

When the Syniti deal closes, real-time data technology company Solace will be Bridge Growth’s sole active portfolio company.

Bridge Growth backed the company in April 2016. “It started off really in the big financial institutions, in the trading room with the movement of data with low latency,” Singh said.

The tech has moved from the trading desk to the consumer marketplace. “We want to know whether our gate changed on United Airlines on the way to the airport not after we walk to the wrong gate,” Singh said. “You get that information through Solace.”

Bridge Growth’s playbook suggests we should check Solace’s partner roster for potential partners. The list includes systems integrators such as Accenture plc (ACN), Infosys Ltd. (INFY), Tata Consultancy Services Ltd. and Wipro Ltd. (WIT).

On the technology provider side, Solace partners include SAP; Francisco Partners Management LLC and TPG Inc. (TPG) portfolio company Boomi Inc.; Microsoft Corp.’s (MSFT) Azure; F5 Networks Inc. (FFIV); and Amazon Web Services LLC.

While the Solace holding period is lengthy, Singh said the firm takes a long view on developing portfolio companies.

“It’s hard to create strategic value in a couple of years,” he said. “It’s usually a five-, six- to seven-year journey.” ■