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K1 Investment Injects \$200 Million in Maker of Workflow Software

By Jaewon Kang

Workflow software provider Onit Inc. secured a \$200 million majority investment from private-equity firm K1 Investment Management.

Onit's previous backers, including Level Equity Management and Austin Ventures, have exited their stake in the company, said Eric M. Elfman, the company's chief executive and co-founder. Under K1, Onit will explore add-on acquisitions and focus on organic growth efforts.

Founded in 2011, Onit provides software that aims to facilitate workflow, primarily for employees within legal departments. It also serves compliance, sales, human resources, finance and information technology departments.

Onit will broaden its legal-related product offerings and look for expansion opportunities in other end-markets, Mr. Elfman said.

The Houston business, which will likely surpass \$100 million of revenue in 2021, has reported an annual growth rate of about 75% for the past three years, Mr. Elfman said. He envisions building Onit into a company with \$500 million to \$1 billion in revenue.

Mr. Elfman, who previously led Datacert Inc. before selling the legal software company to Wolters Kluwer NV, said he saw an opportunity to improve the



Founded in 2011, Onit Inc. provides software that aims to facilitate workflow primarily for employees within legal departments. PHOTO: ONIT INC.

overall workflow for “knowledge workers.”

“We don’t see a lot of competition, especially with taking a broad-based workflow platform and catering it to a department,” said Mr. Elfman, adding that he started thinking of strategic options for Onit about 18 months ago. He felt valuations for fast-growing businesses had reached their peak.

Mr. Elfman said private-equity investing has been “redefined” for software, with the rise of technology-focused private-equity firms ranging from Vista Equity Partners to K1. While buyout shops historically captured growth by

optimizing profits and streamlining operations, a newer crop of growth-oriented investors is allowing software businesses to contemplate partial exits and trade ownership more than just once or twice.

K1 focuses on backing software businesses. The firm typically invests in companies with less than \$10 million of revenue, with its equity checks ranging from a few million dollars to \$250 million.

El Segundo, Calif.-based K1 recently exited its investment in Apttus Corp., selling its stake in the software business to Thoma Bravo and scoring a five-times return.