

## Startup Excellere on target to invest \$265 million fund

BY RENE MCGAW  
DENVER BUSINESS JOURNAL

Excellere Partners has hit the ground running.

The 1-year-old Cherry Creek private equity firm pulled off an unusually speedy first-time fundraising — five-and-one-half months from its first investor meeting to the fund's final closing last year.

By the end of 2008, half of that \$265 million fund will be invested, principals say.

But then, the team had played together before. Managing partners David Kessenich and Robert Martin, and senior partner Ryan Heckman, previously worked at KRG Capital Partners, a Denver-based middle-market buy-out firm. KRG's current fund, its fourth, totals nearly \$2 billion.

"Our former firm was very successful ... and with that success, you can raise unlimited amounts of capital," Kessenich said. "Rob and I really wanted to stay focused on the lower middle market. We had a real desire to partner with entrepreneurs ... to help them pursue their vision of building a much larger, best-in-class company."

Excellere — Latin for "excel" — invests in companies with between \$4 million and \$20 million of EBITDA, or earnings before interest, taxes, depreciation and amortization.

When fully invested, about half the fund will be in health care and life sciences companies, the partners say. Other industries they're interested in include business services, education and training, financial services, and infrastructure and energy services.

The U.S. economy has slowed in the past year, but Heckman said that hasn't been an obstacle.

"I would say the economy has forced us to be more discriminating in terms of the industries we're focused on," he said. "We don't just look at growth; we look at the defensibility of those industries as it relates to the broader economy."

Some private equity funds are content to provide money; others take a significant



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Excellere's principals are (from left) David Kessenich, managing partner; Robert Martin, managing partner; Matthew Hicks, partner; and Ryan Heckman, senior partner.

### AT A GLANCE

#### Excellere Partners

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day-to-day management role in the companies in which they invest. Kessenich and Martin describe their approach as somewhere in between.

"It's a customer-centric model," Martin said. "Our whole philosophy ... is about scaling these businesses to something that will be three- to fivefold in size, typically within a three-year period."

So far, Excellere has invested in three companies:

- MedExpress, a Morgantown, W. Va.-based company that owns outpatient urgent care centers in Colorado, Florida, Pennsylvania and West Virginia. MedExpress already has received four follow-on rounds of funding from Excellere, in addition to the initial investment.

- Acquisition Solutions Inc. of Arlington, Va., which provides outsourced acquisition support services to federal government agencies.

- Advanced Pain Management, which operates pain treatment clinics across Wisconsin.

By early 2009, Excellere probably will hold

stakes in eight or nine companies altogether, Martin said.

About half the dollars invested in Excellere's fund come from large state pension funds, including the Los Angeles County Employees Retirement Association, principals said. The other half is mostly from insurance companies and banks.

The fund's partners and professional staff put in about 5 percent of the fund — "which is a very large commitment," Heckman said. "Our wives remind us of this every day."

They're proud of what the fund has achieved so far.

"Our average [portfolio] company grew well over 20 percent in the last 12 months, just on an organic basis," Heckman said. "In this economy, that's pretty good."

They say they owe a lot to the firm they left, KRG Capital Partners.

"We are very appreciative of having had the experience to learn and develop under KRG's founders, Mark King, Bruce Rogers and Charles Gwirtzman," Kessenich said. "Our success ultimately would be a testament to the success of KRG."