



STATE OF RHODE ISLAND  
OFFICE OF THE GENERAL TREASURER

## Staff Recommendation: Udata Partners Fund VIII | January 2026

### RECOMMENDATION:

- [Rhode Island Employees’ Retirement System Pooled Trust \(ERSRI\)](#): Approve a commitment of up to \$30 million to Udata Partners Fund VIII (“Fund VIII”).
- [Rhode Island OPEB System Trust \(OPEB\)](#): Approve a commitment of up to \$2 million to Fund VIII.

**ASSET CLASS:** Private Equity | Growth Equity

### ALLOCATION:

- [ERSRI](#): As of October 31, 2025, the Private Equity allocation is 16.2% versus a strategic target of 12.5%. The 2025 pacing plan anticipates \$230 million in commitments across 5 to 10 funds, ranging from \$30 to \$50 million. ERSRI’s 2025 commitments will total \$180 million pending approval of this recommendation.
- [OPEB](#): As of October 31, 2025, the Private Growth allocation is 2.0%, versus a strategic allocation target of 5.0%. The 2025 pacing plan anticipates \$9 million in commitments across 5 to 10 funds, ranging from \$1 to \$2 million. OPEB’s 2025 commitments will total \$8 million pending approval of this recommendation.

### PORTFOLIO FIT:

ERSRI’s Private Equity allocation is anchored in buyout strategies, with growth equity serving a complementary role by targeting businesses earlier in their scaling trajectory but supported by established revenue models, recurring customer relationships, and clear paths to operational expansion. Growth equity offers a differentiated return profile characterized by low

Investment Parameters   Udata Partners Fund VIII	
Fund Size	\$800 million
Number of Platforms	12 - 15
Target EV Size	50 - 450 million
Target Investment Size	15 - 150 million
Geography	Primarily North America
Sectors	B2B Software

dispersion relative to venture capital and greater reliance on organic growth and operational improvement rather than leverage or market multiple expansion. With the recommended commitment, growth equity would represent 9% of ERSRI’s Private Equity exposure. OPEB’s Private Growth portfolio, built through parallel commitments, would have 7% of its Private Growth exposure and 8% of its Private Equity allocation in growth equity strategies (see Appendix A). Udata strengthens the portfolio’s exposure to capital-efficient, founder-led software businesses with durable revenue models, where disciplined entry pricing, governance influence, and operational engagement enable margin expansion, customer entrenchment, and scalable cash flow growth, improving balance across stages and sectors.

### FIRM AND FUND STRATEGY OVERVIEW:

Udata is a Washington, D.C.–based growth equity firm that focuses on bootstrapped, capital-efficient B2B software businesses, often serving as the first institutional investor. The firm avoids venture-backed or auction-driven Bay Area processes, instead sourcing in underserved regions such as the Midwest, East Coast, Canada, and Western Europe, where companies have scaled through cash flow rather than external equity. Udata structures its investments with investor-protective securities (e.g., convertible preferred or minimum MOIC provisions) that protect downside while preserving upside participation. The firm typically pursues either control or significant minority stakes (20–50% ownership on average), accompanied by robust governance rights.

Fund VIII will target ~12 to 15 platform investments in companies generating \$5 to 50 million of revenue and growing approximately 25 to 100% annually. Equity commitments will range from \$20 to 80 million, with additional reserves for follow-ons and co-investment capacity extending deal sizes up to \$200 million. With the larger fund size, Udata expects to increase average ownership while maintaining a similar enterprise value focus relative to prior funds.

#### **MERITS:**

- **Downside Control:** Udata has demonstrated disciplined valuation and deal structuring, resulting in a 0% realized loss ratio since Fund V. The firm invests at conservative entry valuations relative to peers, where growth is driven by cash flow rather than external financing. Its preference for investor-protective securities, often preferred equity with structured downside provisions, help mitigate permanent capital impairment in downside scenarios. Udata has built a “high batting average” portfolio, favorably contrasting with peers whose strategies rely on multiple expansion and higher dispersion of outcomes.
- **Organizational Stability:** Udata’s leadership and organizational structure have remained stable through more than two decades and seven fund vintages. The firm’s General Partners have each spent most of their careers at Udata, fostering a unified investment culture and shared decision-making framework. Griffin and Seeber joined in the mid-2000s and have co-led the platform for nearly twenty years, while Snyder, promoted to General Partner after a decade at the firm, represents the next generation of leadership. This internal promotion model has ensured smooth succession from the founding partners, Barry Goldsmith, John Burton and Ira Cohen, who have transitioned to senior advisory roles. Udata has maintained continuity in personnel and process, resulting in consistent investment execution, strong institutional memory, and accountability within the partnership.
- **Decentralized Sourcing Model:** The firm's decentralized sourcing model provides consistent access to off-market deals in non-coastal markets. Rather than relying on bank-run processes or venture intermediaries, the team emphasizes relationship-based origination through a proprietary network of operators, executives, and regional advisors built over two decades. Their approach leverages local ecosystems in the Southeast, Midwest, and Mid-Atlantic regions where competition for deals is lower, and founder relationships tend to be longer-term vs purely transactional. This sourcing advantage has consistently produced differentiated entry points and reduced reliance on intermediated processes, allowing the firm to construct concentrated portfolios of high-quality companies that are often overlooked.

#### **CONCERNS:**

- **Competition:** Competition within growth equity, particularly in B2B software, has intensified as generalist private equity funds and technology-focused investors have increased capital deployment in the sector. This has raised pricing pressure, narrowed underwriting margins, and heightened the importance of operational value creation to drive returns. Increased sponsor participation may also crowd exit markets, with more secondary sales and greater selectivity from strategic buyers.
  - *Mitigants:* Udata’s strategy is anchored in sourcing capital-efficient, founder-led businesses outside auction-driven venture hubs, where competitive bidding is less prevalent. By targeting companies that have scaled through cash flow rather than external financing, Udata secures rational entry pricing, cleaner governance terms, and stronger alignment with management. Its proprietary, relationship-based sourcing model provides access to off-market or lightly intermediated opportunities, supporting disciplined underwriting and downside protection. Udata has also demonstrated an ability to scale businesses to institutional quality that attracts both strategic and sponsor demand.
- **Valuation:** Valuation levels for high-quality software businesses remain elevated. Even after the repricing that began in 2022, many software companies continue to trade at revenue multiples above historical averages. In this context, paying disciplined entry multiples and maintaining realistic exit assumptions is critical to preserving attractive risk-adjusted returns.

- *Mitigants*: Udata has demonstrated consistent valuation discipline across prior funds. Its focus on smaller, capital-efficient, and operationally under-optimized software companies naturally leads to more rational entry pricing and a lower reliance on multiple expansion. The firm’s emphasis on unit economics, cash conversion, and revenue durability provides a margin of safety, as value creation relies more on operational improvement than external market re-rating. Across Funds V through VII, this conservative posture has helped sustain a 0% realized loss ratio and strong realized exits despite volatile market conditions.
- **AI Disruption**: Advancements in Generative AI and Large Language Models are altering the competitive dynamics of the software market. AI is accelerating feature commoditization, enhancing process automation, and testing the defensibility of incumbent products, particularly those built on generic, easily replicated functionality.
  - *Mitigants*: Udata focuses on vertical, mission-critical software embedded in operational workflows, supported by domain specificity, proprietary data, high switching costs, and recurring revenue durability. These characteristics provide insulation from displacement and enable productive integration of AI to enhance pricing power, margin structure, and customer lifetime value. Through active ownership, Udata works with management to apply AI selectively to enhance product usefulness, margin structure, and competitive positioning, treating AI as an operational enabler rather than a risk to viability.

#### **ESG & DIVERSITY:**

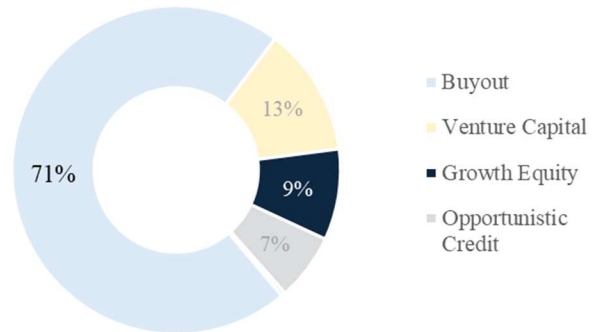
- Udata is classified as an ESG Integrator. The firm integrates a Responsible Investment (RI) framework through a formal RI policy and is a signatory to ILPA’s Diversity in Action Initiative. ESG exposure is primarily concentrated in areas relevant to software businesses, such as data privacy, cybersecurity, governance and human capital practices. RI is assessed through a structured ESG/RI checklist completed during diligence and recertified post-investment, with findings included in IC materials and monitored through board participation.
- Udata tracks hiring and promotion trends across gender, ethnicity, and other underrepresented groups, and incorporates inclusive sourcing practices in its recruitment. The firm promotes sound governance and human capital practices across both the organization and its portfolio companies, with an emphasis on talent development and diversity awareness.

**FEES:** Fees are aligned with industry standards.

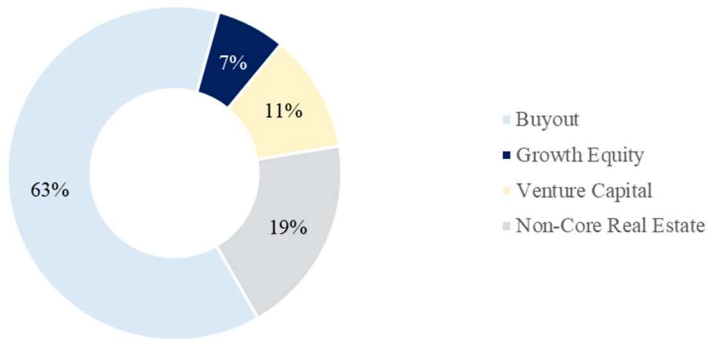
- **Management Fee:** 2.0% of capital commitments during the investment period, and 2.0% on invested capital thereafter.
- **Carried Interest:** 20% on a fund-wide basis, after an 8% preferred return (100% GP catch-up).

## APPENDIX A: PRIVATE EQUITY EXPOSURE

### ERSRI | Private Equity Exposure



### OPEB | Private Growth Exposure



### OPEB | Private Equity Exposure

