HASSAN TARIQ / DEVONSHIRE PARTNERS

Investment Thesis & Strategy

WHO I AM

Hassan Tariq, independent sponsor and founder of Devonshire Partners. 15 years of buy-side operations at Verition Fund Management ($10B+ multi-manager), Lazard Asset Management, and Barclays. Columbia Executive MBA, Class of 2026. Former customer of the businesses I'm acquiring.

I have personally run and supported the exact trading infrastructure and regulatory workflows these companies are paid to deliver. This isn't theoretical domain expertise—I've lived on both sides of this market.

WHAT I'M BUILDING

An independent sponsor building the go-to platform for mission-critical trading infrastructure and regulatory operations—the teams trading firms call when they absolutely cannot go down and cannot be out of compliance.

End goal: Multi-company platform within 3-5 years, not a single-deal search fund exit.

INVESTMENT MODEL

Self-funded independent sponsor (NOT traditional search fund): - Deal-by-deal capital raising from a small group of experienced investors - No committed fund; investors review each acquisition opportunity - Building LP bench now to transact immediately when the right platform becomes actionable

Why self-funded: It gets to a multi-company platform faster than a traditional search fund, builds the right investor base from Day 1, and preserves full strategic control at the platform level.

INVESTMENT FOCUS

Mission-Critical Trading Infrastructure & Regulatory Operations serving asset managers and broker-dealers:

Managed trading infrastructure and connectivity: - OMS/EMS support, FIX onboarding, production support, incident response

Market data operations and entitlements management: - Licensing, vendor compliance, usage audits

Trade surveillance and regulatory evidence operations: - Alert triage, best-ex reporting support, audit trail packaging

These functions are painful to staff in-house, high-stakes if they fail, and already partially outsourced today to founder-run specialists.

Target Profile: - $1-5M EBITDA, founder-owned - 70%+ recurring revenue that is SLA-backed, retainer-based, or regulatory/process obligation—not project-based consulting - Mission-critical: downtime means trading desk goes dark - Regulatory-critical: failures mean fines or business disruption - Strong existing vendor / data / exchange relationships that can scale across clients - Fragmented niche with visible bolt-on pipeline

Target Universe: - We've identified 200+ named founder-owned firms across these categories - 30-50 match our EBITDA and recurring-revenue profile as viable platforms or bolt-ons

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HOW THIS WORKS IN PRACTICE

Repeatable acquisition and value creation mechanics:

1. **Source** founder-run firms in critical trading infrastructure and regulatory ops where the work is already partially outsourced
2. **Acquire** control, give founder liquidity, keep them aligned through transition
3. **Professionalize** contract structure, response discipline, renewal motion, reporting—make the business institutionally ownable
4. **Consolidate** by adding bolt-on specialists serving the same buyer and adjacent pain points—so the platform becomes the obvious first call in that niche

The moat: We acquire companies that sit in the "you cannot be down and you cannot be out of compliance" layer. This creates pricing power, revenue stickiness, and multiple expansion at exit.

DIFFERENTIATION

There are searchers in HVAC and dental. There are PE funds at $20M EBITDA and up. There are lifestyle tech consultants. **There are almost no sponsor-backed roll-ups led by someone who has personally run this exact trading infrastructure at multi-billion-dollar scale.** That's the gap I'm filling.

vs. Generic Search Funders: 15 years institutional operations (not 2-5 years consulting). Domain expertise as former customer. Specialist positioning, not generalist.

vs. Industry Veterans: MBA + institutional discipline + independent sponsor backing. Building platform, not lifestyle business.

vs. Private Equity: Traditional PE wants $10M+ EBITDA on Day 1. I start smaller—$1-5M EBITDA—and build that first business into a platform that becomes the PE-scale asset. That gap between "too small for PE" and "too critical to ignore" is my strike zone.

CAPITAL STRATEGY

LP Base: Deal-by-deal investors (not blind pool fund). Target 5-7 committed relationships willing to review opportunities.

Deal Structure: Typical $1-5M EBITDA founder-led businesses with sticky, must-have services. Transactions will be structured with a mix of senior debt and investor equity appropriate to the asset—SBA where it fits, conventional where scale or IP requires it.

Financing Approach: - **SBA 7(a):** $5M max at Prime + 2.75%, 10-year term (for eligible deals ≤$10M EV) - **Cash-Flow Term Lenders:** 3.0-4.0x EBITDA at SOFR + 6-8% (Star Mountain, Twin Brook, Monroe Capital, NXT Capital, White Oak) - Typical leverage: 60% senior debt, 15% seller note, 25% equity - Faster close (45-60 days term debt vs 90-120 SBA)

Returns Target: 3-5x MOIC per deal over typical 5-7 year hold periods (22-35% IRR) through: - Operational improvements (margin expansion, professionalized delivery) - Bolt-on acquisitions (platform consolidation in same niche) - Multiple expansion (fragmented → consolidated = higher exit multiple)

Platform with multiple simultaneous holdings achieved within 3-5 years.

UNDERWRITING GUARDRAILS

Revenue Quality: - GRR ≥90%, NRR ≥100% (services: ≥95% acceptable) - 70%+ recurring revenue

Client Concentration: - Top 1 client ≤20%, Top 5 ≤50%

Margins: - Gross margin ≥45%, EBITDA ≥25% after market-rate CEO comp - Delivery team utilization ≥75%

Cash Conversion: - DSO ≤60 days, AR >90 days <15%

Deal Structure: - No PE/VC ownership (any percentage = automatic pass) - Vendor partnerships transferable or replaceable

RED FLAGS (Automatic Pass): - Non-transferable vendor partnership + >60% revenue dependency - Revenue declining >15% YoY for 2+ years - Gross margin declining >500 bps over 2 years - Chronic negative operating cash flow - Major client churn (>20% revenue) in last 12 months

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This is what I'm building. Feedback welcome.

CONTACT

Hassan Tariq
Independent Sponsor | Devonshire Partners

(646) 236-7525
htariq26@gsb.columbia.edu
linkedin.com/in/hassantar

Columbia Business School Executive MBA, Class of 2026

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