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Miami entrepreneur Krishan Arora partnered with private equity firm Novastone for a search fund that is targeting digital media startups for acquisition.

COURTESY OF KRISHAN ARORA



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A year after selling his digital media startup for millions of dollars, Krishan Arora is on the hunt for an acquisition of his own.

And that search will begin in South Florida.

Arora is the founder of Miami-based The Arora Project, an agency that helps startups secure capital through equity crowdfunding campaigns. Established in 2016, the business raised more than \$125 million for its portfolio companies before [it was bought by Republic last year](#) in an eight-figure deal.

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That experience prepared Arora for his next opportunity. He recently partnered with private equity firm Novastone Capital Advisors to launch a search fund, with the goal of finding a promising startup to acquire and scale. After a months-long interview process, the Switzerland-based firm selected Arora from thousands of applicants to deploy up to \$50 million in capital on the company's behalf to purchase a business.

Private equity search funds exist to buy and operate companies. Under the model the searcher – in this case, Arora – takes an active role leading and operating the business when the deal closes.

"After identifying and buying a company, I'll take over as CEO," Arora told the *Business Journal*. "It's my job to scale it and create liquidity for my investors via an exit or other avenues down the road."

Given his background, Arora is targeting the digital media sector. It's a vertical that includes everything from companies that make or publish content (ex: podcasts, videos, social media, news articles) to software firms that build products to support those ventures.

The digital media market continues to grow worldwide, driven by the widespread availability of smartphones and the popularity of streaming and other online content. And as traditional media like cable television stagnates, more advertising spending is being directed to the digital market. Revenue from ad-supported video on demand alone is projected to double in the next five years, according to a report from PwC.

Arora is looking to acquire a startup with at least three years of profitability and between \$1 million to \$5 million in earnings before interest, taxes, depreciation, and amortization (EBITDA). He said he will search the U.S. for a strong candidate, but would ideally like to acquire a company headquartered in South Florida. It is a market he's already familiar with through his connections at The Arora Project, which helped local startups like gaming studio **AexLab** and edtech platform **Caribu** raise funds and grow during his tenure.

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Buying and taking over a business isn't an easy prospect, Arora said. But his successful exit from The Arora Project prepared him for the complications that can arise during the merger and acquisition process. It also demonstrated that he knows how to close a deal.

"A lot of people in the search fund space might find a target, but then they can't close," he said. "That's where 99% of people fail."

As a founder himself, Arora said he has insight into why a person might want to part ways with his or her company, another benefit as he kicks off the search fund.

"Is it succession issue, where an older CEO might be stepping down and they don't have anyone to take over? Is the CEO stuck on how to scale the business further?" Arora said. "You have to understand the motive for selling."

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