

BUYOUTS

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Five Questions with Katherine Dowling, COO, Luminate Capital Partners

• By [Steve Gelsi](#)



Luminate Capital Partners will soon mark its first year as a firm focused on software buyouts founded by **Silver Lake** veteran **Hollie Moore Haynes**. *Buyouts* Senior Editor **Steve Gelsi** sat down with **Katherine Dowling**, Luminate's chief operating officer and a managing director.

1. Your background includes time as a federal prosecutor in the U.S. Attorney's Office, so how did that prepare you for private equity?

At heart both are analytical, but also gut-driven jobs. My background also includes tech banking — both before and after law school. After which I went to a company, **Esprit de Corps**. After Esprit, I went to the U.S. Attorney's Office, working on prosecuting insider trading cases and from there I went on to **Thoma Bravo**.

Thoma Bravo wanted somebody with a range of skills to fill a number of roles and they liked my financial background. On the deal side, I ran co-investments and diligence in certain areas and I also headed legal and investor relations.

2. Do LPs remain interested in first-time funds and co-investing in general?

When I ran co-investing at Thoma Bravo I saw firsthand that some LPs are set up and prepared to move quickly on [co-investment] opportunities while others just can't get there even though they might want to. More and more LPs have stepped into co-investing and still more are examining it to see whether it's something they should jump on to help reduce overall fees. Others are taking a wait-and-see approach.

In terms of first-time funds, a number of LPs have been specifically looking at the space and examining the returns of funds I, II or III versus later funds. And they are finding ... that in the right scenarios, the returns on first-time funds can be higher and the alignment is better. Some family offices that I've spoken to or heard speak said they are attracted to first-time funds because they remind them of their own family's entrepreneurial spirit.

3. Because you're based in San Francisco, do you focus on Silicon Valley for U.S. software deals?

The opportunities that we see are all over the U.S. The majority of what we're looking at is not in the Bay Area, which can sometimes be over-banked and oversaturated, because there's so much density here. We bought **Professional Datasolutions Inc** [a maker of back-office software for convenience stores] in Texas.

4. As a former federal prosecutor who worked on white-collar criminal prosecutions, what's your take on regulatory actions by the SEC to promote more transparency?

On the macro level, it's good because ... some GPs make the mistake of accepting LP commitments and then they feel that they don't need to keep up good, transparent communications. Regulation in this area will help make sure people stay focused on and true to their fiduciary duties to disclose any potential conflicts of interest and keep their investor base informed. Over time, I am hopeful that regulation will become more right-sized [for smaller and larger firms] so the time, energy and resources are focused on the right areas.

5. In September, Luminate hired your former Thoma Bravo colleague Sanjay Palakshappa as a principal. What does Luminate look for in new hires?

Energy, ethics and entrepreneurship. We are small and focused so fit is especially important to us. You want to make sure you have people who have an entrepreneurial spirit, razor-sharp analytical skills [but not elbows], who really get along well with others — from colleagues to management teams. This is a relationship business.

Action Item: Luminate's contact page is here: <http://luminatecapital.com/contact>

Edited by Steve Gelsi

Photo of Katherine Dowling courtesy of Luminate Capital Partners