

The biggest wallet in Chicago tech

By John Pletz | August 19, 2017 7:00AM

Few things can give you wanderlust like having permission to max out your company's bank card.

After Goldman Sachs Investment Partners raised a \$1.25 billion venture-capital fund two years ago, Topher Dawe started spending more time outside New York and Silicon Valley, in places like Chicago and Berlin, looking for ways to put big checks to work. In short order, he landed two of the biggest deals in Chicago. In May, Goldman led a \$500 million-plus investment in digital media company [Outcome Health](#). A year earlier, it invested \$150 million in [SMS Assist](#), a web-based service for businesses to schedule maintenance.

Dawe is the first to admit that tech looks different in Chicago than in Silicon Valley, but that's no knock against Chicago's startups. He notes that SMS is a leader in a \$180 billion industry and that health care accounts for 18 percent of the economy. "While these businesses aren't necessarily the household names like some of our other companies, like Spotify or Uber, these are incredible businesses tackling large addressable markets," he says. "We're actively looking for more Chicago deals."

Outcome Health and SMS Assist also are two of the biggest investments in Goldman's fund, which signals that Chicago is producing more top-flight tech companies at a time when venture capital and the public markets are undergoing a dramatic shift. Not long ago, the main route to success for tech startups meant going public after four or five years, in part to give founders and early backers a way to cash out. Now many startups are choosing to [stay private](#), raising hundreds of millions or more in deals that previously would have required a public stock offering.

And there is more money waiting to be invested than at any time in the past decade, according to PitchBook, a Seattle-based research firm. "The scarcity of good transactions and deals is forcing all this money sloshing around to find a home," says Christopher Geier, CEO at Sikich, an investment banking firm in Naperville. "Guys are willing to make bets that they wouldn't have a decade ago."

With competition so fierce, how did Dawe and his partner, Ian Friedman, get the inside track on two of Chicago's fastest-growing companies? It helps to work for Goldman. "There are a handful of firms that can write \$100 million to \$150 million checks," says Matt McCall, a partner at Pritzker Group Venture Capital, which partnered with Goldman on both the SMS and Outcome Health deals. "The next stage for them is to go public. Who better than Goldman to do that? It's great validation to the rest of the world."

Dawe has developed a knack for winning over founders who can push back because they don't need the money. "We wanted a special kind of deal," says Rishi Shah, Outcome's 31-year-old CEO. "Normally, you give up more governance than we did. It was quite a process. He's pragmatic."

He's also accessible, says Michael Rothman, 62, SMS' founder who in May turned over the CEO role to Taylor Rhodes. "We were in the middle of this deal when something came up. I called him when I was in a mall in Las Vegas on a Saturday morning. We got on the phone and talked through it, negotiated it."

Dawe is comfortable sizing up deals quickly and making big bets. He helped lead the diligence of Goldman's \$1.5 billion pre-IPO investment in Facebook in 2011. "It was a significant amount of capital, and the diligence was in a short amount of time," he says. "There's a fixed cost to diligence, whether it's a \$50 million check or it's a \$500 million check. The work is the same. You can't let the zeros get in the way."

Not every one of the investments has paid off so far. Goldman invested in Networked Insights, a Chicago-based data analytics firm, in 2011 and again this year. The company has [switched its business model](#) from services to software in search of a winning formula. "We have long-term commitments to our companies," he says.

Dawe is 37 but looks more like he's 27. Those who've worked with him say he's soft-spoken and humble, two words not often associated with venture capitalists or I-bankers. "When he speaks, it matters," Rothman says. "He's wicked smart."

Dawe is based at the firm's Manhattan headquarters but grew up in Des Moines. "My parents encouraged me to spend time outside of Iowa," he says. "It was good advice."

He headed for the University of Pennsylvania, where he was interested in pre-med before gravitating to finance, leading to an internship at a Wall Street hedge fund en route to a two-year analyst program at Goldman. Soon after joining the firm in 2004, he landed on the proprietary trading desk, just as it was increasing private investments. He was employee No. 3 of a new team.

Though technology is his fund's overriding interest, he says, a big part of his pitch is Goldman's reach beyond that sector. "There are 35,000 people at Goldman around the world," he says. "From a relationship point of view, we have access."

Dawe has delivered, says Rothman, who credits him with making at least 10 introductions, though he declines to name any of the customers. "The sales cycle is about one-third of what it would be without them."

Now it's up to his Chicago companies to deliver.