
The Shawmark Group

Shawmark Group Locks Down Third Investment

By: Beina Xu, DOW JONES LBO WIRE

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MIDDLEBURG, Va.—Shawmark Group, a private equity firm targeting technology companies serving the federal government, has made its third investment, acquiring Aspiration Software Inc.

The sale price wasn't disclosed.

The debt to equity was split roughly 50/50, according to Shawmark Managing Director Jon M. Stout, who will serve as chief executive for the company. Stout's daughter, Shawmark's other Managing Director Shawna L. Stout, will take over as vice president of finance.

The Middleburg, Va.-based information technology company, renamed Aspiration Software LLC, provides systems integration, database services, network engineering and software and multimedia technology. It serves various government agencies in Virginia and Maryland, according to Mr. Stout, who declined to disclose names, but said that they are "ones that collect and interpret data."

Shawmark was drawn to the company's high security clearance levels, with many employees receiving full-scope polygraph clearance. The process is "very rigorous," according to Jon M. Stout, and creates one of the highest barriers to entry in the sector.

The firm plans to lasso add-ons to grow the company; it has four deals already sourced for Aspiration Software, one of which was bid for Friday, said Shawna Stout. If the firm wins, the deal will likely close in the next month.

Shawmark typically does owner-operated control deals in technology companies with revenue of \$10 million to \$100 million catering to government agen-

cies. "Government business is never going to grow like dot-coms, but they're always going to be there," he said.

The firm entered the scene in 1999 when it sold military intelligence IT company DCP Technologies, founded by the Stout family, to Northrop Grumman Corp. for \$33 million.

It invested just under \$1 million in systems engineering company Hadron Inc. in 2000; a year later, the company wrote a \$6.5 million equity check for a 35% controlling stake in Analex Corp., an engineering and program management company serving NASA and U.S. intelligence agencies.

Shawmark merged the two and sold the combined entity to Pequot Ventures for \$178 million in late 2003, snatching an internal rate of return in the triple digits, Jon Stout said.

The last few years have seen a "tremendous influx" of private equity interest in the sector, but it tapered off due to the economic downturn and heavy consolidation in the industry, according to Stout.

Shawmark doesn't have a fund; its capital comes from individual investors.

As for the election and its impact on the industry? It's not always about politics, Stout says.

"Of course we favor one [candidate] over the other, but I don't foresee people downgrading the importance of national security," he said. "It's like insurance for the country: the more you put in, the safer you're going to be. It doesn't matter if you're liberal or conservative, you're going to support it." ■