



## **NDIA Small Business Conference**

# **Building Shareholder Value for Successful Exit**

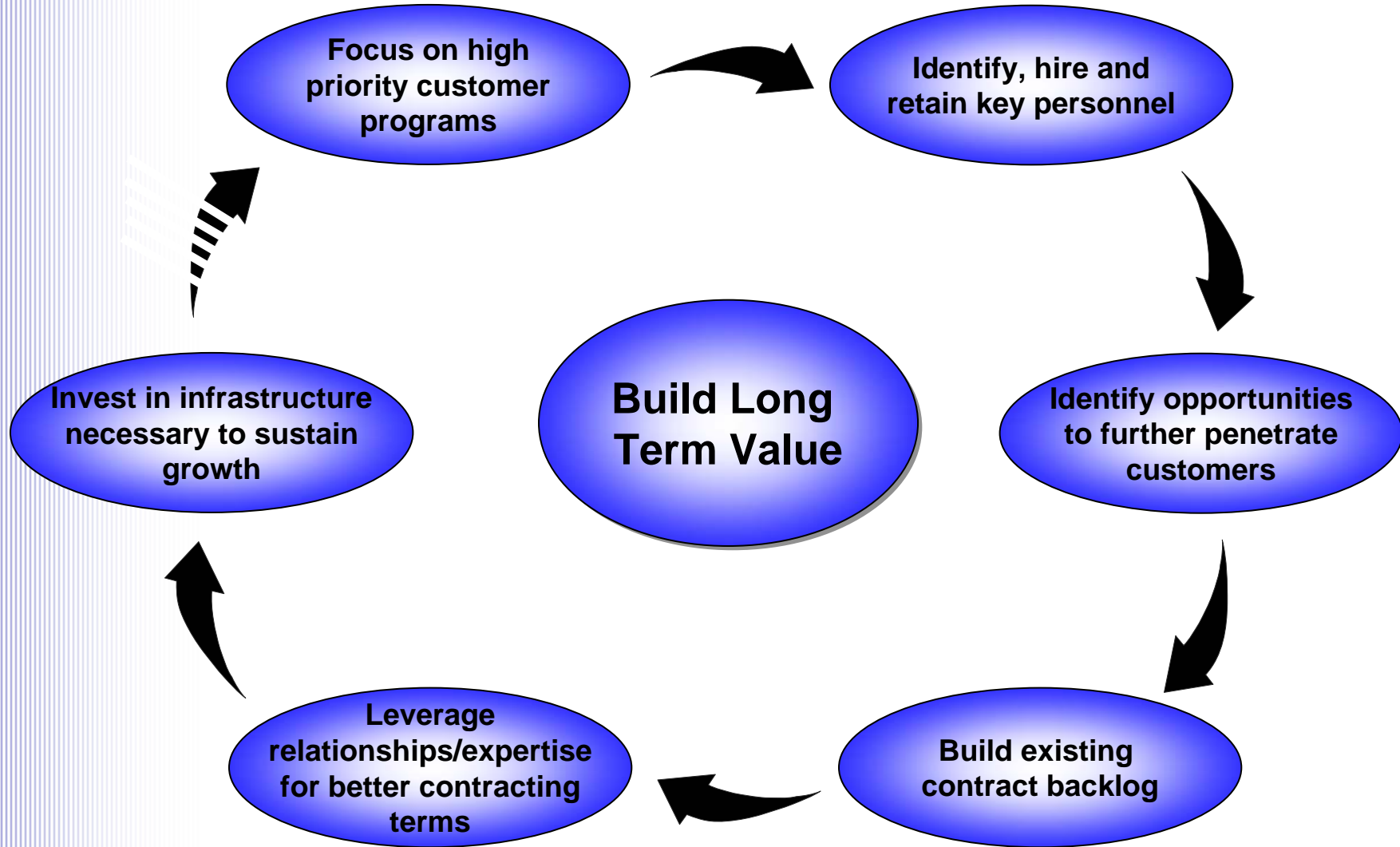
**Darrell Smith, Founder & Former CEO**

**May 9, 2006**



## OVERVIEW

- Delaware LLC, Founded in April 1998
  - ▶ Founder, Active in Management of Company
  - ▶ Two Passive Investors
  
- Arlington, VA Offices – Business Nationwide, Metro DC Concentration
  
- Information Technology/Professional Services Core Competencies
  
- Key Statistics
  - ▶ 95%+ Federal Government Business
  - ▶ \$22.0MM TTM Revenue
  - ▶ 125+ Employees
  
- Selected Three Times to the Inc 500 List of Fastest Growing Companies
  
- Acquired by Anteon Corporation on October 14, 2005





## BUSINESS VALUE DRIVERS

- Contract Backlog/Recaptured Business backlog 4 yrs, 70% repeat
- Customer List/Contract Alignment MDA, DISA, FBI, Army IMA
- Prime vs Subcontract Business 82% prime, 98% T&M
- Set Aside Business 0%
- Sustained Revenue Growth 77% CAGR
- Profit Margins >12%, top decile
- Cleared Employees 72% Secret, 17% TS
- Contract Concentration **67% MDA** (three offices)
- Competent Management COO, Division VPs, G&A Mgrs
- Time in Business 7½ years



## M&A PROCESS VALUE DRIVERS

- Prospectus/Presentation clear statement of strengths
- Outside Team of Advisors M&A, legal, acctg/tax
- Internal Resource Availability small, high level team
- Due Diligence Information electronic, indexed, done early
- Management of Data Flow single focal point for all info
- Volume of Issues minimal number, disclosed
- Reliability of Accounting audits, cost incurred results
- Confidentiality of Process customers and employees
- Operating to Plan separate team from acq team
- Post Transaction Owner Position clear position



# ACQUISITION TIMELINE

- Informal Valuation Research Apr 2005
- Selection of Outside M&A Team May 2005
- M&A Advisor Engaged – Process Started Jun 6, 2005
- Prospectus/Presentation Developed Jul 8, 2005
- Presentations to Interested Companies Jul 11-20, 2005
- Offers Evaluated Jul 24 - Aug 3, 2005
- Letter of Intent with Anteon Accepted Aug 5, 2005
- Due Diligence & Purchase Agreement Aug 12 - Oct 12, 2005
- Closing Oct 14, 2005
  
- **Acquisition Process of Just Over 120 Days**



## Q&A

Darrell Smith

CEO, HCS Systems LLC

[Darrell.Smith@hcssystem.com](mailto:Darrell.Smith@hcssystem.com)

703-217-8691