

BLUESTONE CAPITAL PARTNERS ADVISES MICROPACT, INC. IN ITS MERGER WITH IRON DATA SOLUTIONS, INC.

On August 18, 2015, MicroPact, Inc. (“MicroPact” or the “Company”) announced the completion of its merger with Iron Data Solutions, Inc. (“Iron Data”), a provider of regulatory and process management software solutions for benefits eligibility determination, case management, and advanced spend management primarily to state and municipal government customers. Iron Data is a portfolio company of Arlington Capital Partners. Headquartered in Herndon, Virginia, MicroPact is a leading enterprise software company focused on the development and delivery of Data-First™ Case Management and Business Process Management (“BPM”) solutions that deliver improved outcomes primarily to a broad base of federal customers. The Company’s proprietary software products improve the management of a wide range of critical business functions with particular focus on human capital management, appeals, audits and compliance, investigative processes, legal case management, and fraud, waste, and abuse. The merged company will use the MicroPact name.



The merger highlights several key M&A trends in the government technology market:

- **Emerging Case Management Market** – In light of continued budget pressure, federal agencies are increasingly focused on driving operational efficiencies that enable them to “do more with less.” As a result, a growing number of federal agencies have turned to technology solutions to automate and streamline human intensive business functions and processes. Industry experts such as Gartner and Forrester have increasingly profiled the growing case management marketplace, and MicroPact’s entellitrak platform was recently recognized in Gartner’s first-ever Magic Quadrant for BPM-Platform-Based Case Management Frameworks. MicroPact has had particular success in rapidly deploying case management solutions that generate significant cost savings and operational efficiencies for customers and has seen its pipeline of large, enterprise-scale opportunities grow significantly.
- **Proprietary Software Solutions** – Within the highly competitive government contracting environment, acquirers of federally focused companies continue to place increasing emphasis on technology as a competitive differentiator. Companies that have developed proprietary software solutions, or other protected intellectual property, continue to receive strong interest within the buyer community. MicroPact’s proprietary suite of software solutions were developed using leading open-source technology and are offered both on-premise or in the cloud, providing a differentiated technology platform and unique flexibility for customers. The combination of MicroPact’s horizontally-focused, pre-configured applications with Iron Data’s vertically-oriented case management applications will create a market leading portfolio of specialized case management and BPM solutions.
- **Access to New Customers** – Companies in the government technology market continue to use M&A to gain access to new customers. As a result, businesses with attractive customer relationships often receive interest from buyers seeking to leverage complementary customer sets to cross-sell products and solutions. MicroPact’s pervasive presence across the federal marketplace represents a significant new market opportunity for Iron Data’s existing product portfolio, while Iron Data’s strong base of state and local customers represent new markets for MicroPact’s software solutions. Together, the merged company will serve 49 of 50 states and 97% of federal agencies with more than 500 employees, creating the leading supplier of case management and BPM solutions to the public sector.

MicroPact possesses several additional attributes that attracted Iron Data’s interest, including its largely prime contract base, highly recurring SaaS, PaaS, and maintenance revenue streams, and strong growth profile, among others. Based on market insight, Bluestone is confident that companies that share these characteristics will continue to receive strong interest from buyers as companies seek differentiation in a highly competitive government contracting environment.

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