



BLUESTONE CAPITAL PARTNERS SERVES AS ADVISOR TO RSIGNIA INC. IN ITS SALE TO KEYW CORPORATION

On November 26, 2012, Rsignia, Inc. (“Rsignia”) completed the sale of the company to KEYW Corporation (Nasdaq: KEYW). Headquartered in Columbia, Maryland, Rsignia is a leading provider of cyber security solutions and services including detection, mitigation, countermeasures, and forensics. In support of National Cyber Security Initiatives, Rsignia is developing some of the most innovative next generation cyber capabilities available to the marketplace today, including a highly advanced proactive deep packet inspection solution for rapidly analyzing and intercepting network activity in order to monitor, record and mitigate malicious activity. The terms of the transaction were not disclosed.

The purchase of Rsignia typifies a growing trend in the defense and government services marketplace, in which strategic buyers are increasingly seeking acquisitions that possess unique attributes in highly specialized niche market segments. These buyers place significant value on intellectual property and other highly differentiated characteristics, and are willing to pay premium valuations when warranted.

Many buyers, including KEYW, are embracing the notion that in a more challenging budgetary environment, companies that fail to deliver truly innovative solutions to discerning government customers will find it more and more difficult to compete. These buyers believe that government agencies will be looking for contractors to bring more to the table than just ideas and that they will be looking to industry for technologies that add real value in terms of measurable efficiencies and demonstrated capability. These buyers believe that agencies, which have fewer dollars to invest in R&D and a growing need to reduce cost and do more with less, will increasingly look to partner with contractors that are willing to share development risk and deliver reliable, proven solutions.

The government technology community is in the nascent stages of a significant technology shift that is changing the way in which government agencies operate and, in many cases, the manner in which they execute their missions. These agencies are increasingly turning to open source technology, cloud computing, mobile applications, agile development methodologies, crowd sourcing and other leading-edge capabilities in an effort to modernize and transform their information technology environments. As a result, we believe companies that pursue “differentiated” strategies and focus on developing tangible barriers to entry, such as proprietary solutions, will continue to see strong interest from the strategic buyer community and enjoy a robust valuation environment.



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