

## BLUESTONE CAPITAL PARTNERS ADVISES OWL COMPUTING TECHNOLOGIES IN ITS SALE TO QRC TECHNOLOGIES

On February 1<sup>st</sup>, 2017, Owl Computing Technologies, Inc. (“Owl” or the “Company”) announced its acquisition by QRC Technologies, Inc. (“QRC”), a portfolio company of DC Capital Partners. QRC is a leading provider of proprietary Radio Frequency (“RF”) products and solutions primarily for government, military, and law enforcement agencies. The combination of these companies will create a newly formed defense electronics holding company, Acuity Technologies (“Acuity”). Headquartered in Ridgefield, Connecticut, Owl is a pioneer and leader in the design, development, manufacture, and sale of advanced network security products and cyber defense solutions. The Company’s proprietary and patented products enable a fail-safe, one-way transfer of data between discrete networks and/or domains, often involving varying security levels. Owl’s products are utilized worldwide to protect military, intelligence, and critical infrastructure networks and data, enabling organizations in highly sensitive environments to safeguard digital assets against cyber threats, while permitting authorized users to share and access information securely and efficiently.



The acquisition highlights several key M&A trends in the defense electronics market:

- **Significant Demand for Highly Secure Network Solutions** – Government agencies and large commercial entities are increasingly focusing attention and resources on protecting their vital systems and assets from outside cyber threats as the sophistication and number of attacks are growing at an exponential rate. To safeguard against today’s cyber threats, Owl deploys its products in the most sensitive customer environments where network and data compromise is not an option. The Company’s advanced technology provides a network security solution that is impenetrable to software and/or remote attacks and preserves absolute network confidentiality, data integrity, and system availability by preventing the interception of data, transfer of malicious code, corruption of data, and denial-of-service attacks, among many other cybersecurity threats.
- **Strong Market Desire for Proprietary and Patented Solutions** – Strategic buyers remain focused on pursuing add-on acquisitions that provide proprietary products with strong competitive barriers and high margin potential. The acquisition of Owl will provide QRC with a substantial portfolio of intellectual property that includes 27 technology patents and trademarks in over 30 countries. Owl’s portfolio of intellectual property has created strong barriers to entry around the use of the Company’s one-way data diode technology. The Company’s commitment to innovation and product development has led to the successful deployment of over 2,000 security solutions worldwide, resulting in a large installed base of products that drive strong recurring services revenue and profitability.
- **Access to Mission Critical Programs and Hard to Penetrate Customers** – Owl focuses on providing next generation network security solutions to customers that communicate in the most critical and sensitive environments and possess a continuous need for innovative network and data security solutions. The Company’s products are utilized by some of the most prominent intelligence and defense agencies for use on major military weapon systems, UAVs, and C4ISR programs. Furthermore, Owl has deployed its network security products in over 150 production sites at some of world’s largest and most respected energy and utility companies and organizations.

### About Bluestone Capital Partners

Bluestone Capital Partners is a boutique investment banking firm that provides advisory services to middle market companies on mergers and acquisitions, divestitures, and other corporate finance transactions. Over the past two decades our principals have advised on more than 150 transactions in the aerospace, defense, and government technology and services markets, representing billions of dollars of shareholder value.

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