



Electrosoft could make acquisition next year to add to its cybersecurity capabilities, says CEO

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Electrosoft, a federal government services contractor, could acquire a cybersecurity company next year to add capabilities or new customers, but is more focused on organic growth in the near term, said CEO and founder Dr. Sarbari Gupta.

Electrosoft's core focus is in cybersecurity and identity management, Gupta said. The Reston, Virginia-based company also works in closely related areas that help it protect its customers' data, assets and computer systems.

"It's something we've been doing for 18 years, and we are very deep in it and very good at it," she said.

An attractive acquisition target would present Electrosoft with the opportunity to gain new contracts or new customers, such as agencies in the intelligence community, Gupta said.

Gupta, the majority shareholder, said Electrosoft has never taken outside investment and is "very profitable." She said there is one minority shareholder that also works for the company.

“We do have a good amount of funds that we could apply ourselves to an acquisition,” Gupta quipped, declining to specify more but adding that Electrosoft was in no need of capital now.

Gupta said she has been approached about selling the company “many, many times,” but is not ready yet because the job is fun, and she enjoys “the mission-focused work.”

Gupta said primarily she’s contacted by financial buyers but occasionally individuals who want to buy the company and run it.

Federal spending data indicates the company received USD 22m in awards for FY2019, with its largest customer being the Defense Logistics Agency. The company also did work in the Defense Department for both the Army and Navy, Gupta said, as well as civilian agency work in the Departments of Commerce, Treasury, Veteran Affairs, Transportation and the General Services Administration.

Growth has been very rapid the past two years, she said, because the company won “quite a bit of new work.” The executive said Electrosoft has experienced 151% growth during the past three years with USD 12.6m in revenue for 2018. She said about 80% of its work is on prime contracts.

With about 100 employees at present, Gupta said the goal is to have 250 people and annual revenue of USD 50m by 2022. In preparation for graduation from its small business status, Electrosoft is beginning to explore more non-set-aside contracting opportunities, also referred to as ‘full and open contracts,’ which are more competitive because anyone can bid on them, she said.

“You have to focus on core capabilities and areas where you have a lot of expertise,” she said of the full and open contracting space.

The company's current set-aside work comes through its U.S. Small Business Administration 8(a) designation, which is a nine-year business development program for socially and economically disadvantaged owners. The SBA's website says the federal government's goal is to award 5% of all federal contracting dollars to small disadvantaged businesses each year.

Electrosoft will graduate from the 8(a) program in 2024 and Gupta said she has been advised to start preparing for that graduation now by pursuing the full and open work.

Gupta holds both master's and doctorate degrees in electrical engineering; has authored numerous technical papers dealing with electronic authentication, security configuration management and mobile credentials; has written chapters in three cybersecurity books; and holds four patents in areas of cryptography.

Competitors include **Foxhole Technology, Lunarline, SysNet Technologies** and **Valiant Integrated Services**, she said.

Electrosoft uses **GRF** for accounting and numerous law firms depending on the need, Gupta said, declining to disclose more information.

by James Ward in Charlottesville, Virginia