



Electrosoft Services eyes AI-driven growth after DigitalNet.ai investment – CEO

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- Partnership expands reach into commercial markets through DigitalNet.ai's platform
- Electrosoft among companies on HHS contract with USD 500m potential
- Profitable company with no debt reports USD 51m annual revenue

Electrosoft Services, an IT services contractor to the federal government, plans to leverage its new partnership with DigitalNet.ai and introduce AI-driven cybersecurity solutions across federal agencies, founder and CEO Sarbari Gupta told *Mergermarket*.

The AI boom is hitting the federal government, and Gupta noted a shift in federal attitudes toward AI adoption which will drive organic growth.

“Pre-2025, our customers would say, ‘That’s interesting, but we’re not ready.’ Now they’re asking us to automate and leverage AI to do things better, faster, cheaper,” Gupta said.

Reston, Virginia-based Electrosoft announced a strategic investment from Bethesda, Maryland-based DigitalNet.ai on 2 December. Electrosoft remains majority-owned by Gupta, and she said the deal positions the firm to meet the growing demand for automation and AI capabilities in government, while also opening a pathway to commercial markets through DigitalNet.ai's agentic platform. Their customer set is about 90% commercial, said DigitalNet.ai CEO Ken Bajaj in a joint interview.

An [October 2024 report](#) by *Mergermarket* noted that two-thirds of Electrosoft's business is within the defense sector where a large push for zero-trust architecture was happening within the Department of Defense (DoD). Bajaj emphasized the urgency of introducing AI into government cybersecurity frameworks as the technology can perfectly perform and enforce zero-trust requirements.

The Defense Logistics Agency (DLA) is Electrosoft's largest customer, as reported. Another is the General Services Administration (GSA), both of which are exploring AI integration, Gupta said.

"There's a huge hunger for AI-based solutions within government that I have not seen in previous years," she added.

The company, along with three other companies, secured a new cybersecurity-focused contract at the Department of Health and Human Services with a USD 500m ceiling and blanket purchase agreement (BPA) for digital transformation support services at the Cybersecurity and Infrastructure Security Agency (CISA).

Electrosoft graduated from its US Small Business Administration 8(a) designation in March 2025, enabling pursuit of unrestricted contract opportunities. Gupta said the immediate priority is to maximize the partnership with its investor before considering further acquisitions.

"Once that is settled, we could look at additional contract vehicles or companies to acquire," she said.

The company made one acquisition previously, acquiring government cybersecurity services firm [Achilles Shield in June 2022](#) for an undisclosed sum.

Electrosoft is profitable and has no debt. Its most recent annual revenue is USD 51m, Gupta said.

The Department of Government Efficiency (DOGE)'s effort to cut government spending affected Electrosoft's operations/revenue in 2025 as did the prolonged government shutdown in the third quarter, she added.

In that previous report, Gupta said the company was searching for a minority PE partner. She spoke with plenty of PE firms, she said, adding a decade-long relationship with Bajaj ultimately led to their deal.

No financial advisors were involved in the transaction. Electrosoft engaged Holland & Knight as legal counsel, Gupta said, while Bajaj said DigitalNet.ai worked with Robinson Bradshaw out of South Carolina.

by James Ward