



has acquired



The undersigned served as exclusive financial advisor to AMA in this transaction.

Venture Management, Inc.

February 2004



## Client Preparation and Sale

### Client Objectives

Aquidneck Management Associates, Ltd. (AMA) had grown rapidly as a Rhode Island-based provider of professional services to defense and state customers, establishing an employee base of 275 and growing industry recognition. AMA specialized in undersea warfare technology development, program management, systems engineering and information technology solutions.

The two company founders were considering the alternatives available to the company for its continued growth and their personal objectives for realizing the value that they had created. The founders sought assurance that a transaction would allow the company to continue to meet clients' needs, provide increasing opportunities for employees, maintain the Newport operations, as well as result in an attractive transaction value for the owners.

### Overview and Process

AMA retained Venture Management (or, what at that time was Minuteman Ventures LLC, having subsequently merged into Venture Management, Inc.) to be the exclusive M&A advisor in the sale of the company.

The decision to retain an investment banker, and to select Venture Management, was based upon a number of factors, but a key one was the need for the founders to remain focused upon AMA's market opportunities and operations. Winning the "re-competes" and building backlog were recognized to be key to achieving the desired valuation level for the company. Preceding Venture Management's contacts with potential acquirers, AMA won four of its major re-competed contracts, generating a true backlog that was four times its most recent year's revenue.

Critical to Venture Management's contact process were selectivity and confidentiality. Candidates needed to be able to meet the demanding standards of AMA's key customer, the Naval Undersea Warfare Center, Newport, R.I., and yet the greatest value for AMA would come from attracting candidate buyers which had not been able to enter the Naval undersea market at this key laboratory – an "open auction" was not the right approach for AMA. Venture Management surveyed the landscape of defense contractors that might be interested in AMA, emphasizing potential acquirers that were performing support work directly for the Navy.

After vetting the large initial roster of candidates and providing a targeted list to the AMA principals for approval, confidentiality agreements were established and meetings were arranged with a few parties that fit the owners' criteria. The range of companies included a \$50 million company that was strong in the Navy market but not in Newport, and a \$200 million firm focused mainly on defense/federal IT but which sought to increase its penetration of the Naval market. Negotiations were initiated with those companies expressing the greatest interest in meeting the AMA owners' criteria.

### The Result

Ultimately, Science Applications International Corporation (SAIC) presented the best offer for the company and was rewarded with the acquisition of AMA. The company joined SAIC's Naval and Maritime Solutions Business Unit. The sale was consummated at .9 times AMA's prior fiscal year's revenue, a strong valuation at the time.

