



BLUESTONE CAPITAL PARTNERS ADVISES MAR, INCORPORATED IN ITS SALE TO OASIS SYSTEMS

On October 30, 2015, MAR, Incorporated (“MAR” or the “Company”) completed its sale to Oasis Systems, a portfolio company of the GF Fund. Headquartered in Rockville, Maryland, MAR is a leading provider of highly-specialized engineering, cybersecurity, and software and application development solutions to the federal government. MAR has developed an exceptional reputation within the Navy for providing specialized research, development, engineering, and deployment of technology solutions that heighten the effectiveness of critical, well-funded missions in areas of maritime surveillance, Anti-Submarine Warfare (“ASW”), and advanced undersea surveillance. The Company has also amassed strong domain expertise in the design and implementation of cybersecurity programs for vital Critical Infrastructure (“CI”) protection initiatives, particularly for the Nuclear Regulatory Commission (“NRC”), for which the Company architected its cybersecurity regulatory framework and continues to serve as its largest cybersecurity advisor. Terms of the transaction were not disclosed.



MAR’s sale transaction highlights several key trends in today’s government services M&A market:

- **Continued Market Consolidation to Gain Critical Mass** – The government services landscape has recently seen a significant “reshuffling,” with several of the Tier 1 contractors contemplating possible sales or spin-offs as well as mid-tier players (particularly with private equity backing) pursuing mergers to gain critical mass. This consolidation “wave” underscores the increasing pressure for government services firms to pursue M&A to gain access to new customers, add specialized capabilities, and increase scale to compete in a more cost-competitive environment. The acquisition of MAR enabled Oasis to both gain scale and penetrate several attractive market segments in which MAR possesses deep domain expertise including classified defense and intelligence communities, critical infrastructure, and financial regulatory markets.
- **Premium for Businesses with Strong Contract Backlog and Long-Term Revenue Visibility** – In today’s dynamic procurement environment, acquirers are placing an increased emphasis and “premium” on businesses that have strong contract backlog and operate in environments with high barriers to entry. MAR is on the front end of several significant long-term prime contracts, providing Oasis a stable base of revenue and a solid platform for growth. Additionally, the highly specialized (and often sensitive) nature of MAR’s key programs enabled the Company to achieve a long-term track record of incumbency on its key contracts, further cementing the Company’s long-term revenue outlook.
- **Strong Market Interest in Platforms with Significant Depth of Management Talent** – Acquirers in the government services marketplace are not only seeking access to new customers and contract vehicles but also pursuing strong management talent capable of augmenting and supplementing existing leadership teams. MAR’s highly tenured, experienced, and deep bench of executive and technical leadership talent reinforced the Company’s solid positioning within its core markets, which strongly resonated with the buyer community.

Based on current market dynamics, Bluestone is confident that strategic buyers and private equity-backed companies will continue to pursue acquisitions that share the strong characteristics outlined above. Additionally, the recent two-year budget deal should further solidify the near-term growth prospects of federal services companies and fuel continued M&A activity in the sector.

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