

KEYW HOLDING CORP
Form S-1/A
September 20, 2010

As filed with the Securities and Exchange Commission on September 17, 2010

Registration No. 333-167608

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**Pre-Effective Amendment No. 3 to
Form S-1**

**REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933**

The KEYW Holding Corporation

(Exact Name of Registrant as specified in Its Charter)

Maryland
(State or Other Jurisdiction of
Incorporation or Organization)

7373
(Primary Standard Industrial
Classification Code Number)

27-1594952
(I.R.S. Employer
Identification Number)

**1334 Ashton Road, Suite A
Hanover, MD 21076
(443) 270-5300**

*(Address, Including Zip Code, and Telephone Number,
Including Area Code, of Registrant's Principal Executive Offices)*

**Leonard E. Moodispaw
1334 Ashton Road, Suite A
Hanover, MD 21076
(443) 270-5300**

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(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

A. Lynne Puckett
Brian J. Lynch
Hogan Lovells US LLP
Harbor East
100 International Drive, Suite 2000
Baltimore, Maryland 21202
Telephone: (410) 659-2700
Telecopy: (410) 659-2701

Michael J. Volkovitsch
Cleary Gottlieb Steen & Hamilton LLP
One Liberty Plaza
New York, New York 10006
Telephone: (212) 225-2000
Telecopy: (212) 225-3999

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date hereof.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer o Accelerated filer o Non-accelerated filer x Smaller reporting company o
(Do not check if a smaller reporting company)

CALCULATION OF REGISTRATION FEE

Table with 2 columns: Title of each class of securities to be registered, Proposed maximum aggregate offering price(1), Amount of Registration Fee(2). Row 1: Common Stock, \$0.001 par value per share, \$125,580,000, \$8,954.

- (1) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.
- (2) Calculated pursuant to Rule 457(o) based on an estimate of the proposed maximum aggregate offering price. \$1,824 has been paid herewith; \$7,130 was previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We and the selling stockholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject To Completion, Dated September 17, 2010

PROSPECTUS

9,100,000 Shares

The KEYW Holding Corporation

Common Stock

This is our initial public offering. The total number of shares of common stock being offered by us and the selling stockholders is 9,100,000. We are selling 8,274,090 shares of common stock and the selling stockholders identified in this prospectus are selling an additional 825,910 shares. See **The Offering** on page 6 of this prospectus. We will not receive any proceeds from the sale of shares by the selling stockholders.

We expect the public offering price to be between \$10.00 and \$12.00 per share. Currently, no public market exists for the shares. After pricing of the offering, we expect that the shares will trade on the NASDAQ Global Market under the symbol **KEYW**.

Investing in our common stock involves risks that are described in the **Risk Factors section beginning on page 15 of this prospectus.**

	Per Share	Total
Public offering price	\$	\$
Underwriting discount	\$	\$
Proceeds, before expenses, to The KEYW Holding Corporation	\$	\$
Proceeds, before expenses, to the selling stockholders	\$	\$

We have granted the underwriters an option to purchase up to an additional 1,365,000 shares of common stock, less the underwriting discount, within 30 days from the date of this prospectus to cover overallotments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares against payment in New York, New York on _____, 2010.

SunTrust Robinson Humphrey

FBR Capital Markets Merriman Capital Noble Financial Capital Markets

The date of this prospectus is _____, 2010

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You should rely only on the information contained in this prospectus. We, the selling stockholders and the underwriters have not authorized any other person to provide you with different information. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

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SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary may not contain all of the information that is important to you. Before investing in our common stock, you should read this prospectus carefully in its entirety, including the information that we discuss under Risk Factors, and our consolidated financial statements and related notes. Unless otherwise indicated, references in this prospectus to KEYW, the Company, we, our and refer to The KEYW Holding Corporation and its subsidiaries. References to Predecessor and ICCI refer to Integrated Computer Concepts, Incorporated, which is our predecessor for accounting purposes. We also refer to KEYW as Successor in this prospectus.

References to information labeled as pro forma or on a pro forma basis, when used to describe our financial results or operations, unless the context otherwise requires, refer to our financial results of operations, after giving pro forma effect to the transactions described under Unaudited Pro Forma Financial Information.

KEYW

Our Business

We provide mission-critical cybersecurity and cyber superiority solutions to defense, intelligence and national security agencies. Our solutions, services and products support the collection, processing, analysis, and use of intelligence data and information in the domain of cyberspace. Cyberspace is the global environment of data and information that encompasses all parts of the electromagnetic spectrum in which intelligence data may exist or transit.

Our current customers include the National Security Agency (NSA), other intelligence agencies, the Department of Defense (including major agencies and branches within the Department of Defense) and other federal defense and law enforcement agencies. We believe our innovative solutions, understanding of intelligence and national security missions, management's long-standing and successful customer relationships and significant management and operational capabilities position us to continue our growth. We are highly focused on assisting our customers in achieving their mission of superiority in cyberspace (cyber superiority), both defensively and offensively, within the entire domain of cyberspace, and doing so in time to observe, respond, and, where possible, prevent threat events, actions and agents from inflicting harm.

KEYW's primary areas of expertise include:

providing engineering services and solutions that help our customers to solve discreet and complex cybersecurity, cyber superiority, and intelligence challenges;

providing specialized training, field support, and test and evaluation services;

collecting data and information in cyberspace, encompassing the entire electromagnetic spectrum; processing data and information from cyberspace to make it accessible to a wide range of analytical needs and resources;

analyzing data and information that have been collected, processed, correlated, and made easily accessible to transform them into usable information for our customers; and

impacting, or creating integrated intelligence data and information that is useful in observing, preventing, and responding to known and emerging threat events, actions and agents on a global scale, often in real time.

We provide a full range of engineering services as well as fully integrated platforms that support the entire intelligence process, including collection, processing, analysis and impact. Our platforms include products that we

manufacture, as well as hardware and software that we integrate using the engineering services of our highly skilled and security-cleared workforce. A hallmark of our capabilities is our ability to respond quickly and decisively to demanding and emergent customer requirements, with agile processes and methods that enable us to satisfy requirements that are constantly changing to meet an agile, aggressive and ever-changing threat environment. We also believe we are well positioned to apply our solutions to growth

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areas within government intelligence and national defense. In 2009, 86% of our revenue was derived from contracts with the NSA. For 2009, on a pro forma basis, approximately 41% of our revenue was derived from contracts with the

NSA, approximately 41% of our revenue was derived from contracts with U.S. Air Force Intelligence, and the approximate remaining 18% of revenue was derived from another major intelligence agency and other intelligence, defense, homeland security and law enforcement organizations. As of June 30, 2010, KEYW has approximately 432 employees. Over 370 of our employees hold government security clearances, 326 of which hold Top Secret/Sensitive Compartmented Information clearances, or TS/SCI clearances, the highest U.S. Government security clearance level.

For 2008 and 2009, we generated revenue reflecting that of KEYW and our acquisitions, from the date of acquisition, of \$9 million and \$39 million, respectively, on an actual basis. Our 2009 pro forma revenue was approximately \$116 million. Our 2009 pro forma revenue is derived from over 75 contracts (including a combination of prime contracts and subcontracts), the ten largest contracts of which account for approximately 40% of our 2009 pro forma revenue, and no one contract accounts for greater than 10% of our 2009 pro forma revenue. The majority of our contracts provide for a total contract period of five years, with an initial contract period of one year and the balance in one-year option periods. Historically, option exercise rates have been in excess of 95%.

Our History

KEYW began operations on August 4, 2008 with the former leadership team of Essex Corporation, which was acquired by Northrop Grumman Corporation in January 2007. Under an agreement between KEYW and Northrop Grumman Corporation, KEYW acquired a core set of capabilities (including the hiring of over 60 employees) and fixed assets from Northrop Grumman Corporation. Since its founding, KEYW has assembled, through a series of highly selective strategic acquisitions, a single distinct platform that provides the high quality and complementary cybersecurity, cyber superiority and intelligence capabilities, solutions and products our customers require.

In 2008, we acquired Integrated Computer Concepts, Incorporated, or ICCI, our predecessor for accounting purposes, and S&H Enterprises of Central Maryland, Inc., or S&H. Both companies are known for their innovations and capabilities in support of the Intelligence Community. The acquisition of ICCI brought KEYW approximately 80 employees working on key NSA programs. ICCI provided a highly regarded software engineering team that has been involved on a wide range of programs and contracts over many years. S&H provided strong program management and systems engineering capabilities on a large mission-critical program.

In 2009, we acquired certain assets of Embedded Systems Design, Inc., or Embedded Systems, Leading Edge Design & Systems, Inc., or LEDS, and the Systems Engineering and Technical Assistance (SETA) team of General Dynamics Advanced Information Systems Inc., or GDAIS team, which team supports a large intelligence agency. Both Embedded Systems and LEDS have provided high performance solutions to the Intelligence Community. The addition of Embedded Systems contributed a hardware systems engineering capability, while LEDS expanded our hardware engineering capabilities, as well as the depth of activity on a large program with our largest customer, the NSA.

In February 2010 we acquired The Analysis Group, LLC, or TAG, and in March 2010 we acquired Insight Information Technology, LLC, or IIT. TAG expanded our customer base to include Air Force Intelligence and TAG's long-term customer relationship and contracts with this customer, particularly in the area of complex program management requirements. IIT further expanded our program management and systems engineering capabilities, and expanded our activity on a large program with our largest customer.

Our Market Opportunity

Our market opportunity is defined by the pervasive expanse of cyberspace and the urgent need for the United States to achieve cyber superiority or mastery of this domain. In a document entitled the National Military Strategy for Cyberspace Operations, the Department of Defense officially defined cyberspace as a domain characterized by the use of electronics and electromagnetic spectrum to store, modify and exchange data via networked systems and associated physical infrastructures.

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According to the Director of National Intelligence (DNI) in his 2010 Annual Threat Assessment, the national security of the United States, our economic prosperity, and the daily functioning of our government are dependent on a dynamic public and private information infrastructure, which includes telecommunications, computer networks and systems, and the information residing within. The critical infrastructure is severely threatened. In this same document, he states, the Intelligence Community plays a vital role in protecting and preserving our nation's cyber interests and the continued free flow of information in cyberspace. His strategy is to create an integrated and agile intelligence team to help deploy a defensive strategy that is both effective and respectful of American freedoms and values. We are integrating cybersecurity with counterintelligence and improving our ability to understand, detect, attribute, and counter the full range of threats.

The market opportunity for cyber superiority/cybersecurity was further defined when, in 2009, Defense Secretary Gates directed the establishment of U.S. Cyber Command, a military sub-command focused on cybersecurity, to be based at Fort Meade, MD, which also houses the National Security Agency. According to Secretary Gates, Cyber Command will bring together more than a half a dozen intelligence and military organizations in support of three overlapping categories of cyber operations, to protect dense computer networks, coordinate all defense computer operations and provide full-spectrum support for all military and counterterrorism missions, and stand by to support civil authorities and industry partners on an as-needed basis. According to Deputy Defense Secretary Lynn in January 2010, combining offensive and defensive capabilities under a single roof and bringing those together with the intelligence we need to anticipate attacks will make our cyber operations more effective.

These decisions put the National Security Agency and Cyber Command, both at Fort Meade, MD, and near our headquarters, at the center of U.S. strategy for cyber superiority and cybersecurity. KEYW's leadership and the platform of companies and capabilities it has strategically assembled have been involved with these customers and programs for many years as this strategy has been developed and deployed.

An additional element of the DNI's strategy for the Intelligence Community, and an important element that helps define this market opportunity is the need for agility. Agility was identified by DNI in the 2009 National Intelligence Strategy as one of the characteristics essential to the IC's effectiveness. The DNI defined an agile organization as an enterprise with an adaptive, diverse, continually learning, and mission-driven intelligence workforce that embraces innovation and takes initiative. In addition, the National Intelligence Strategy identified enhancing cybersecurity as one of six mission objectives that must be accomplished by the Intelligence Community: Understand, detect, and counter adversary cyber threats to enable protection of the Nation's information infrastructure. The DNI, in his Vision 2015 document, published in August 2008, put forward a strategy for transforming the focus and operation of the Intelligence Community into cyber age operations. He challenged the Intelligence Community to adopt modern business practices that will make us more effective, efficient, nimble, and accountable.

For national security reasons, there is limited detailed information published on intelligence spending or the amount of intelligence spending dedicated for cyber warfare. The Director of National Intelligence disclosed that the 2009 National Intelligence Program budget was \$49.8 billion. The budget for U.S. Air Force Intelligence is not separately reported within the overall Air Force budget, which was \$160.5 billion for fiscal year 2010. According to the White House Office of Management and Budget, the fiscal year 2009 budget for information technology, or IT, security spending was approximately \$7.3 billion, which represents a 9.8% increase over fiscal year 2008 IT security spending. According to INPUT, a provider of market information for U.S. Government business, the federal cybersecurity market is expected to achieve an 8.1% annual growth rate through 2014.

As a result of these decisions and actions, our customers have clearly defined agility, cyber superiority, and cybersecurity as a critical market opportunity. We believe that KEYW is strongly positioned based on its capabilities, competitive strengths, and strategy, to be a leader in this well funded and critical market.

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Our Competitive Strengths

We believe the following competitive strengths will allow us to take advantage of the trends in our industry:

Cyber superiority and intelligence focused. We are a company that is entirely focused on delivering cyber superiority and intelligence support for our customers. We accomplish this by delivering a full range of cyber engineering services and solutions, as well as cyber intelligence products. Mastering cyberspace and thereby attaining cyber superiority is a core mission of the Intelligence Community. KEYW is building a platform of capabilities, culture, and technologies that is tailored to meeting this mission. This focus gives our customers faster and more innovative solutions than those offered by our competitors.

Agile intelligence, cybersecurity and cyber age operations expertise. We have significant experience in building signal and information processing solutions and cybersecurity and cyber superiority solutions, using agile methodologies for the Intelligence Community to support mission critical activities and complex national security problems. The KEYW team has established a strong reputation for responding quickly to customer requirements, and working as a partner with our customers to identify and define these requirements. The changes in the threat environment that have occurred since 2001 have put enormous pressure on the Intelligence Community to respond more quickly and in a more integrated way than ever before. KEYW has a culture of innovation and agility that allows us to respond more quickly and with greater impact than large organizations.

Management's Intelligence Community experience and relationships. Our management has significant expertise in the Intelligence Community and a lengthy track record across all members of the Intelligence Community. Our insight into the Intelligence Community's needs and our mission focus allow us to articulate and support our customers' needs as they emerge, placing us at the forefront of solutions being offered. The senior members of KEYW's leadership and technology teams have a record of supporting the Intelligence Community's programs over a period of 20-30 years. These long-term relationships establish a basis of trust that is required to understand and support mission-critical requirements. During this period, our executives have gained access to the highest levels of the Intelligence Community and provided thought leadership in the transformation of the intelligence process to respond to challenges of cyber age operations and a rapidly changing asymmetrical global threat environment.

Skilled employees with high-level security clearances. As of June 30, 2010, 86% of our employees have government security clearances, with 75% of our employees holding TS/SCI clearances. This concentration of highly-skilled and cleared engineers allows us to respond quickly to customer requirements and gives us on-going insight into our customers' toughest national security problems. The requirement for these clearances and the time and process required to attain them are significant barriers to entering this market.

Established contract relationships. We have a mix of prime contract and subcontract relationships with a long legacy of strong performance. An increasing number of our contracts are sole-source contracts, which are awarded without competitive bidding, based on innovation, distinct capabilities, and urgent and compelling needs.

Our Strategy

Our objective is to continue to grow our business as a provider of advanced solutions, including services, products, and fully integrated cyber platforms, for cyber intelligence to U. S. Government customers and to leverage our capabilities and innovations in this field to government intelligence, defense, civilian customers and the commercial market. Key elements of our strategy to accomplish our continued growth objective include:

Leveraging our distinct culture, which we describe as Agile DNA , products and solutions to expand U.S. Government business. We intend to leverage our high technology capabilities and services, products and solutions to further penetrate the intelligence and defense communities and to expand our participation in other cyber intelligence growth areas of the U.S. Government in the homeland security and civilian sectors. We believe this will allow us to apply powerful cyber superiority solutions to the .gov community in a manner that is transparent and respectful of privacy in the civilian and commercial environments.

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Pursuing strategic, capability-enhancing acquisitions. We will continue to pursue selective strategic acquisitions that expand our cyber intelligence platform of capabilities and solutions. This will include companies that are leaders in supporting the U.S. intelligence and defense community, as well as technologies and solutions in cybersecurity and other areas of innovation that are critical to the transformation of the Intelligence Community into cyber age operations.

Fully integrating and accelerating our business development efforts. As a company that is growing quickly through integrating multiple strategic acquisitions, we plan to capitalize and leverage investments that each of our platform companies have made in the business development function. We intend to capitalize on the collective capabilities, relationships and facilities of our acquisitions to expand the number and scope of our prime contracts, as well as increase the number of sole-source contracts where our agility and innovation can create new solutions to our customers toughest problems.

Building and leveraging our research and development efforts. We intend to continue utilizing company and customer funded research and development to develop technologies, products and solutions that have significant potential for near-term, as well as long-term value in both the government and commercial markets. We will continue to use intellectual property that we license from other companies and create at KEYW in the areas of network traffic intelligence, cybersecurity, and cyber intelligence to build products and solutions to further penetrate the intelligence and defense market for cyber superiority.

Corporate Information

We are a holding company and conduct our operations through The KEYW Corporation and its subsidiaries. We were incorporated in Maryland in December 2009. The KEYW Corporation was incorporated in Maryland in May 2008 and became our wholly-owned subsidiary in December 2009 as part of a corporate restructuring. We acquired our predecessor, Integrated Computer Concepts, Incorporated or ICCI, in September 2008.

The address of our principal executive office is 1334 Ashton Road, Suite A, Hanover, Maryland 21076 and our general telephone number is (443) 270-5300. Our web site address is www.keywcorp.com. The information on, or that can be accessed through, our web site is not part of this prospectus.

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THE OFFERING

Common stock we are offering	8,274,090 shares
Common stock offered by the selling Stockholders	825,910 shares
Total common stock offered	9,100,000 shares
Common stock outstanding after this offering	23,786,838 shares

Use of proceeds

We estimate that the net proceeds to us from this offering will be approximately \$84 million, assuming an initial public offering price of \$11.00 per share, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use these net proceeds as follows:

approximately \$10 million of the net proceeds will be used to pay down a portion of outstanding indebtedness under an asset backed credit facility with Bank of America, N.A.;

approximately \$11 million of the net proceeds will be used to pay off subordinated unsecured notes issued to the seller of TAG as part of the acquisition of TAG;

approximately \$8 million of the net proceeds will be used to pay off subordinated unsecured notes issued to six of our stockholders to finance the acquisition of TAG and IIT; and

the balance of the net proceeds will be used for working capital, capital expenditures and other general corporate purposes, including potential acquisitions. See Use of Proceeds.

Reserved shares

At our request, the underwriters have reserved for sale, at the initial public offering price, up to 46,000 shares offered by this prospectus for sale to some of our existing investors. See Underwriting.

Listing

We have filed an application to list our common stock on the NASDAQ Global Market under the trading symbol KEYW.

Risk factors

See Risk Factors and other information included in this prospectus for a discussion of factors that you should carefully consider before deciding to invest in shares of the common stock.

NASDAQ Global Market symbol

KEYW

The number of shares outstanding after this offering excludes:

1,305,250 shares of common stock issuable upon the exercise of outstanding stock options as of June 30, 2010, at a weighted average exercise price of \$6.00 per share;

4,813,806 shares of common stock issuable upon the exercise of outstanding warrants as of June 30, 2010, at a weighted average exercise price of \$4.98 per share; and

1,324,530 shares of common stock available for grant under our 2009 Stock Incentive Plan as of June 30, 2010.
Unless otherwise noted, all information in this prospectus:

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assumes the application of the net proceeds of this offering in the manner described in Use of Proceeds ;
assumes the filing of our amended and restated articles of incorporation and the adoption of our amended and restated
bylaws immediately before the completion of this offering;
assumes that the initial public offering price of the common stock will be \$11.00 per share, which is the midpoint of
the price range set forth on the cover page of this prospectus; and
assumes that the underwriters do not exercise their overallotment option.

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SUMMARY CONSOLIDATED FINANCIAL DATA

You should read the information set forth below in conjunction with the sections titled Use of Proceeds, Capitalization, Management's Discussion and Analysis of Financial Condition and Results of Operations, Selected Consolidated Financial and Other Data, Unaudited Pro Forma Financial Information and the financial statements and related notes appearing elsewhere in this prospectus. Our historical results are not necessarily indicative of our results for any future period.

The following tables set forth our summary statement of operations data, balance sheet data and other data for the periods indicated. The summary statement of operations data and other data for the six months ended June 30, 2010 and June 30, 2009 and the summary balance sheet data as of June 30, 2010 have been derived from our unaudited financial statements that are included elsewhere in this prospectus, and, in the opinion of our management, include all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of the information. The summary statement of operations data and other data for the year ended December 31, 2009 and the period from July 31, 2008 (inception) to December 31, 2008 have been derived from our audited financial statements, which are included elsewhere in this prospectus. The foregoing summary statement of operations data gives effect to various acquisitions from the date of acquisition.

The summary statement of operations data and other data for the period from January 1, 2008 to September 29, 2008 and for the year ended December 31, 2007 represent the operations of ICCI, our Predecessor, and have been derived from Predecessor audited financial statements that are included elsewhere in this prospectus. We acquired all of the outstanding stock of ICCI on September 30, 2008.

The following tables also set forth (1) summary statement of operations data for The Analysis Group, LLC, or TAG, for the year ended December 31, 2009, and (2) summary statement of operations data for Insight Information Technology, LLC, or IIT, for the year ended December 31, 2009. We acquired TAG on February 22, 2010 and we acquired IIT on March 15, 2010. The acquisition of TAG on February 22, 2010, and the acquisition of IIT on March 15, 2010, are referred to as the TAG Acquisition and the IIT Acquisition, respectively, throughout this prospectus. The summary statement of operations data for TAG for the year ended December 31, 2009 combines the statement of operations data for TAG for the period from January 1, 2009 to October 31, 2009 derived from TAG audited financial statements included in this prospectus, and the statement of operations data for TAG for the period from November 1, 2009 to December 31, 2009, derived from TAG unaudited financial statements that are not included in this prospectus. The summary statement of operations data for IIT presented in the tables below have been derived from IIT audited financial statements included elsewhere in this prospectus.

The summary unaudited pro forma statement of operations data as of December 31, 2009, and for the six months ended June 30, 2010, in the tables below has been prepared to give pro forma effect to (i) the 2009 acquisitions, consisting of Embedded Systems, LEDS, and GDAIS team, prior to their inclusion in the Successor's financial statements, (ii) the TAG Acquisition, prior to inclusion in the Successor's financial statements, and (iii) the IIT Acquisition, prior to inclusion in the Successor's financial statements. The unaudited pro forma statement of operations give effect to these transactions as if they had occurred at the beginning of the period presented. This data is subject, and gives effect, to the assumptions and adjustments described in the notes accompanying the unaudited pro forma financial information included elsewhere in this prospectus. The summary unaudited pro forma statement of operations data is presented for informational purposes only and should not be considered indicative of actual results of operations that would have been achieved had the acquisitions been consummated on the dates indicated.

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	Predecessor		Successor		Pro Forma ⁽⁴⁾ Combined		Successor	
	Year ended December 31, 2007	Period from January 1 through September 29, 2008	Period from July 31 (inception) through December 31, 2008	Year ended December 31, 2009	Year ended December 31, 2009		Six months ended June 30 2009	2010
					unaudited		unaudited	
(in thousands, except per share data)								
Statement of Operations Data:								
Revenues								
Services	\$ 15,410	\$ 14,563	\$ 9,045	\$ 32,743	\$ 109,924		\$ 14,256	\$ 42,699
Products				6,294	6,294		2,627	6,960
Total	15,410	14,563	9,045	39,037	116,218		16,883	49,659
Cost of revenues ⁽⁵⁾								
Services	10,263	9,351	4,825	23,475	84,789		10,423	31,134
Products				4,443	4,443		1,609	3,937
Total	10,263	9,351	4,825	27,918	89,232		12,032	35,071
Gross profit								
Services	5,147	5,212	4,220	9,268	25,135		3,833	11,565
Products				1,851	1,851		1,018	3,023
Total	5,147	5,212	4,220	11,119	26,986		4,851	14,588
Operating expenses								
Intangible amortization expense			612	2,055	6,670	⁽¹⁾	941	2,761
Net operating income (loss)	2,300	1,108	35	(2,309)	598		171	208
Non-operating								
(income) expense, net	(38)	67	2,080	783	3,035	⁽²⁾	848	(8,935)
Income (loss) before income taxes	2,338	1,041	(2,045)	(3,092)	(2,437)		(677)	9,143
Income tax (expense) benefit, net			(21)	979	979		(105)	(3,803)
Net income (loss)	\$ 2,338	\$ 1,041	\$ (2,066)	\$ (2,113)	\$ (1,458)		\$ (782)	\$ 5,340
Earnings (loss) per share								
Basic	n/a	n/a	\$ (0.32)	\$ (0.18)	\$ (0.12)		\$ (0.08)	\$ 0.36
Diluted	n/a	n/a	\$ (0.32)	\$ (0.18)	\$ (0.12)		\$ (0.08)	\$ 0.25
Weighted average common shares outstanding								
Basic	n/a	n/a	6,474,028	12,062,930	12,312,930 ⁽³⁾		10,018,010	14,990,118
Diluted	n/a	n/a	6,474,028	12,062,930	12,312,930		10,018,010	21,294,058

(1) The pro forma adjustments consist of the intangible amortization that would have been recorded if the acquisitions had been completed on January 1, 2009.

(2) This amount represents the estimated interest expense for the acquisitions if they had been completed on January 1, 2009.

(3) This includes the 250,000 shares issued to IIT.

(4) See table for details of combined pro forma.

(5) Cost of revenues excludes intangible amortization expense as shown separately below.

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Successor Year ended December 31, 2009	2009 Acquisitions Year ended December 31, 2009	TAG ⁽⁴⁾ Year ended December 31, 2009	IIT Year ended December 31, 2009	Pro Forma Combined Year ended December 31, 2009
	unaudited			unaudited
(in thousands, except per share data)				

Statement of Operations Data: