Capstone Partners Sees AI-Driven Solutions Being Prioritized by U.S. Government Through M&A Activity

Recent acquisition of innovative software company by federally recognized Navajo Nation-owned contractor highlights rise of government IT modernization.

NEW YORK, NY, U.S., January 29, 2024 /EINPresswire.com/ -- Capstone Partners, a leading middle market investment banking firm, reports an accelerating shift in the federal government's IT spending priorities sparked by the rise of artificial intelligence (AI) and machine learning (ML) technologies. Government agencies and contractors are prioritizing modernizing legacy systems through cloud adoption, reducing cybersecurity risk, and delivering streamlined citizen services, and are strategically leveraging mergers and acquisitions (M&A) to bring new technologies in house.

This trend is highlighted by the recent sale of Spin Systems—a data analytics and AI/ML-driven intelligence visualization firm—to Diné Development Corporation, a Navajo Nation owned company that provides government contracting services in the defense, civil, intelligence, and state and tribal arenas.

Capstone advised Spin Systems on the transaction and says the deal highlights how AI and ML technologies—particularly as they relate to analytics and visualization—are growing increasingly integral to Government IT and defense operations, and how M&A is proving an efficient solution for companies to modernize.

As referenced in Capstone's latest Government IT Services Sector Update, intelligence-focused organizations are at the forefront of this shift to IT modernization via cloud integration, data analytics enhancement, and advanced visualization technologies as they capitalize on heightened demand through lucrative contract opportunities. Throughout the first half of 2023, federal spending on IT services contracts increased by 6.3% year-over-year—an investment trend that Capstone expects to continue to trickle down to the sector's M&A market throughout 2024.

Tess Oxenstierna, Managing Director and lead banker on the Spin Systems transaction, commented, "In a flood of information used to determine military readiness, big data analytics and AI/ML intelligence visualization provides insights into decision-making needed at the senior most levels in the Pentagon and combatant commands. We expect demand for these technologies to remain elevated, and M&A interest from both financial and strategic buyers to grow as they look to capitalize on robust government and civilian demand for AI/ML-enabled services."

Read more about the acquisition of Spin Systems here.

ABOUT SPIN SYSTEMS, INC.

Spin Systems is an award-winning software company focused on big data aggregation, virtualization, governance, and predictive modeling, having amassed success throughout its 25-year history in delivering cloud-based sustainment and modernization solutions for the U.S. government, specifically for the Department of Defense. The company was uniquely positioned in the current market due to its specialized capabilities in big data aggregation, virtualization, and governance—specifically highly sought after areas.

ABOUT DINÉ DEVELOPMENT CORPORATION (DDC)
Since 2004, Diné Development Corporation (DDC) has been committed to providing government agencies with high-quality IT, professional, and environmental services. Wholly owned by the Navajo Nation, DDC strives to deliver exceptional solutions while generating sustainable economic prosperity for the Navajo Nation and advancing communities across the world. For more information about DDC and their family of companies, please visit www.ddc-dine.com.

ABOUT CAPSTONE PARTNERS

For over 20 years, the firm has been a trusted advisor to leading middle market companies, offering a fully integrated range of investment banking and financial advisory services uniquely tailored to help owners, investors, and creditors through each stage of the company's lifecycle. Capstone's services include M&A advisory, debt and equity placement, corporate restructuring, special situations, valuation and fairness opinions, and financial advisory services. Headquartered in Boston, the firm has 175+ professionals across the U.S. With 12 dedicated industry groups, Capstone delivers sector-specific expertise through large, cross-functional teams. Capstone is a subsidiary of Huntington Bancshares Incorporated (NASDAQ: HBAN). For more information, visit www.capstonepartners.com.

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