

Interview with ExecutiveBiz Magazine: June 2007



Frank Islam
Founder
[QSS Group](#)

In the [06/14/2007 edition of ExecutiveBiz](#) we had a chance to catch up with **Frank Islam**, Founder of **QSS Group**. Earlier this year, Perot Systems acquired QSS Group for \$250 million in an all cash transaction. The company had revenues of approximately \$260 million, and was founded by Frank Islam. We catch up with Islam on why he sold his company, his future plans, and what were the key to the company's success.

ExecutiveBiz: What led you to found QSS Group?

Frank Islam: Through my experiences at CSC and Raytheon, I had developed a pretty good understanding of both the delivery and marketing challenges of an IT and Engineering services company, so I felt I was prepared to run a company. I also was excited about the challenge of building a company from the ground up---and although it was a big risk from both a career and financial perspective I was confident I had the energy and focus to build a company and make it successful.

ExecutiveBiz: What were the main areas of focus for QSS Group?

Frank Islam: QSS Group was a 100% Federal government contractor providing both Engineering and IT services. QSS serves both the civilian and defense agencies of the government.

ExecutiveBiz: Earlier this year, you sold the company to Perot Systems Government Services. Why did you choose this time to sell the company?

Frank Islam: There were many factors that went into the decision to sell the company at this time. We had successfully diversified the customer base so that we were not reliant upon any one significant contract or agency. Although we had originally had a number of set-aside contracts, we had also reached the point where most of those contracts had completed and were no longer part of our business base. These two factors helped to make us an attractive acquisition target, as well as our size, which was big enough to have a significant impact on any company that might acquire us, without being so big as to pose an integration challenge.

Additionally, we were at a time where market valuations were at a strong level, which meant that we would get a good value for the company. When we were approached by Perot Systems Government Services, we believed that company would be a good fit and that this would therefore provide a great opportunity for the employee population to continue to grow with the business. And finally, I was personally ready for a new challenge in my life. Although none of these factors made it critical that we sell at this time, and I was personally ready to continue to run the business for many more years if a sale had not worked out, things did come together well and we sold.

ExecutiveBiz: QSS Group experience rapid growth in a short time. What were the 3 keys areas to your company success?

Frank Islam: Although there are many factors that go into success, some key things that contributed to our success were:

- The ability to deliver what the customer wanted. QSS had a great reputation for customer satisfaction, which is critical for retaining your current work and getting new work. We had a lot

of great people who did a great job of keeping the customer happy. Satisfied customers provide great references and demonstrate to a potential customer that you can do what you say you can do.

- Focused and efficient leadership. QSS had a very flat organizational structure and not a lot of bureaucracy, therefore we could be very responsive to any situation because we had a simple decision making process---it was easy to get to the ‘top’ decision maker---me---because I was always around, engaged in the business and available. This level of efficiency also allowed us to operate at a reasonable cost, which allowed us to be able to offer our services on a very cost competitive basis.
- A strong new business orientation. New business is obviously the life blood of growth, and everyone at QSS was involved in contributing to the new business process in some way or form. We always worked very hard on understanding a potential customer’s requirements and making sure our proposal addressed exactly what they wanted.

ExecutiveBiz: What is your view of the upcoming rule change by SBA on recertification?

Frank Islam: It is clearly impossible to tell exactly what the impact will be until we see how each of the agencies actually implement it. It will definitely impact the M&A market in the short-term, but I suspect the market will quickly adjust. Although I believe this action was a well-intentioned effort to correct a perceived problem, in the end I am not sure it will be in the best interest of the government customer to limit the flexibility of small businesses to seek additional investors or affect an ownership change. These are natural events in the evolution of a business.

ExecutiveBiz: The M&A activity in the government space have been very active. Do you expect that to continue?

Frank Islam: Generally, I do believe it will remain active, primarily because I think the government market is an attractive one that will remain so regardless of changes in the administration. With the government’s focus on “best value” and its continually changing requirements, contractors will look to combine to gain leverage or expertise so as to be in the best position to fulfill the government’s requirements. There are many good, solid companies out there that serve this market, and most want to grow and diversify their business base so most will likely consider some sort of M&A activity (either as an acquirer or acquiree).

ExecutiveBiz: What about the sale to Perot did you learn or surprised you?

Frank Islam: I spent a lot of time both generally considering a sale and getting to know the Perot Systems (as well as their management team) before I made any sort of commitment. As I stated previously, I believed the two companies would fit well together and that this made sense for both of us. As a consequence, nothing really arose during the process that surprised me or that I wasn’t prepared for in some fashion.

ExecutiveBiz: What advice would you give a CEO of a government contracting company looking to sell his or her company in today’s market?

Frank Islam: In general, be realistic and patient. It is important to understand your company’s strengths and weaknesses and consider what that means with regard to valuation. It is also important to consider what “things” are important to you in any sort of deal---whether it relates to key terms of the agreement or the potential opportunities for your employees or even your continued personal involvement. These are examples of things that will impact a transaction and which are likely to be a bit different for each individual seller. If you have considered these in advance, you can deal with them in any initial discussions and avoid spending a lot of time pursuing a deal that you ultimately might not be happy with or might not work. There are a lot of great companies out there that are likely going to be interested in your company, but you need to be patient, not rush the process (or be rushed) and maintain your focus on running your business.

ExecutiveBiz: What does the future hold for you?

Frank Islam: As I stated earlier, I am interested in some new challenges. I have established an investment company and plan to seek some small, start-up opportunities that can benefit from both some investment dollars and some management guidance and advice. At the moment I am pursuing some opportunities in the health care field, and I have already invested in a small clinic that provides CT body scans, both from a diagnostic perspective and a general wellness perspective. I believe that there is a growing demand for non-invasive screening of targeted organs

or areas (or the full body) to detect any problems on a preventative basis. I am very optimistic about this venture's potential to grow in this area and to expand into new areas.

ExecutiveBiz: **What is something most people don't know about you?**

Frank Islam: I have a keen interest in politics. I very much enjoy world history and spend a lot of my free time reading about it. It provides a great perspective to the problems we face today.