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SPECIAL REPORT: HOMELAND SECURITY

A Startup's Road to Washington

How Attensity and its text-analyzing software came to win some business from Uncle Sam holds lessons for small tech outfits everywhere

When Todd Wakefield, co-founder of then-little-known startup Attensity, got a call from In-Q-Tel in late 2001, he wasn't surprised by the question, "Is Attensity still around?"

"Yes," answered Wakefield, dressed in a bathrobe and talking from the kitchen office of his Park City (Utah) home. "But barely. So talk fast."

That was in December, 2001, and Wakefield and his co-founder, David Bean, were knee-high in debt, sinking deeper every day. The stock market crashed. Rattled by the September 11 terrorist attacks, corporate buyers wouldn't even look at Attensity's patented intelligence software, which searched and analyzed text. The two long-time friends wondered if they would have to close their doors right before Christmas.

Then, came that fateful call.

"VERY CONSERVATIVE." Wakefield, who at that time hadn't thought of selling Attensity's software to the government, did know In-Q-Tel was the Central Intelligence Agency's nonprofit venture-capitalist arm. That proved to be a good start. Within months, In-Q-Tel led a \$3.5 million round of funding for Attensity, and then became the startup's first client.

Now, more than three years later, privately held Attensity is a multimillion-dollar company, with 50 employees and a customer roster including top U.S. intelligence agencies and a dozen Fortune 1,000 clients like appliances maker Whirlpool ([WHR](#)). About 60% of its sales go to the government.

So, how did Attensity do it? Lots of other startups with good ideas never even get in to talk to the technology buyers at the Pentagon and intelligence agencies. Indeed, less than 1% of the \$70.8 billion in federal info-tech dollars flows to startups, estimates Payton Smith, an analyst at government spending consulting company Input. "Federal contracting offices tend to be very conservative and not take chances with companies without a proven track record," he explains.

SPEED READER. But with the ongoing war on terrorism, various intelligence agencies' IT budgets have been growing faster than other departments'. And Attensity's products happened to fall into the sweet spot of government spending (see BW Online, 4/19/05, "[Homeland Security's New Broom](#)").

Its text-analyzing software maps out every sentence of a document by identifying the subject, verb, preposition, and so on. It can go through all of *Moby Dick* in less than 10 seconds. Then, it can answer queries from a user. Intelligence agencies, for example, can use the software to plow through thousands of agents' notes to determine a likely terrorist location.

Soon after hearing from In-Q-Tel, Attensity's founders realized their company couldn't win government contracts on its own. Regulations surrounding the procurement process alone fill many of the Code of Federal Regulations'

900 volumes. So, Attensity set up an advisory board based in Washington, D.C., including E.A. Burkhalter Jr., a retired vice-admiral of the U.S. Navy, and Arthur Money, a former Assistant Defense Secretary. Those advisers connected the startup with the right lobbyists and consultants inside the Beltway.

NO "GOLDEN POT." Apex Strategies, a consulting company in Dulles, Va., helped Attensity get its software onto the U.S. General Services Administration's schedule, a catalog of products and services that agencies look through when considering making purchases. Getting onto the schedule is a grueling process that can take up to nine months. But it greatly increases the chances of a product being bought.

"The first mistake that startups make is that they think of the government of this golden pot of money that's simple to get," says Apex CEO Chris Ballenger. "[In reality], you have to cross your t's, or you'll get a no-response."

Attensity also hired lobbyists who had an "in" with various large government contractors, like Booz Allen Hamilton and General Dynamics ([GD](#)). The lobbyists helped Attensity to set up first meetings with these contractors to demonstrate its software. With scores of startups vying for subcontractor positions, getting this face-to-face time is a difficult task.

MORE LANGUAGES. The software maker also contracted with several companies, including Apex, to manage its government contracts once they were won. The idea was to make a good first impression on the agencies and get repeat business. And Attensity opened an office in Washington, D.C., and filled it with employees who already had top security clearance, which can take up to two years to acquire. These employees help intelligence agencies with installation and software support.

After several years of furious work, Attensity is just starting to reap the fruits. It's still losing money but expects to break even next year. The outfit is also laboring hard to come out with text-based software for other languages this year, as it fights off competition from startups like ClearForest, Intelliseek, and NetOwl. But for now, "Attensity has really advanced the state of the art," says Greg Pepus, director of federal and intelligence community strategy at In-Q-Tel.

That applies not only to its software but also to its savvy in negotiating the ins and outs of doing business inside the Beltway.

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