

How custom software firm Platinum sells to Uncle Sam

by [Adam Stone](#), Senior Writer, **SoftwareCEO**

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Husband-and-wife team Adam and Laila Rossi have hit on a winning formula: building custom software for the U.S. government in areas like national security, law enforcement, and health care.

Their biggest clients include the **FBI** and the **Food and Drug Administration**. Their software helps break codes, analyze bombs, and track violent criminals.

Platinum Solutions came in at #61 on the [2006 Inc. 500 list](#) of fast-growing companies, with three-year growth at 1,085 percent and 2005 revenues of \$7.5 million and 45 employees.

The B2G trade publications have this Reston, Va.-based firm on their radar screens.

Last year, **Washington Technology** magazine ranked Platinum #10 among fast-growing government contractors — up from #18 the year before — with a compound annual growth rate since 2001 of 116 percent.

Federal Computer Week has called Platinum Solutions one of "10 organizations worth watching." And **Washingtonian** magazine named it [one of the top places to work in the capital region](#).

Founded in 1999, Platinum rode out the dot-bomb with what the Rossis admit was a lucky break: A timely FBI contract that helped get the business on its feet.

But it's taken more than luck to spur this company's stellar growth.

President Adam and CEO Laila both believe in rigor and documented processes. They are both fiscal conservatives. They often hire subject-matter experts to complement their software skills. They know how to work the government market.

One-thousand percent growth in B2G custom software? Here's 16 tips on how the Rossis have done it.

B2G custom software tip #1: Don't try to compete as a commodity software developer.

Platinum has an uber-narrow niche of writing custom software for mission-critical problems not addressed by any commercial systems.

That may sound tough, but they think it's easier than what most ISVs do.

"You just can't be a commodity software developer," Adam says. "If you are, you are going to be caught in a vicious price struggle, and eventually you are going to lose to some outsource player who can do it cheaper in another country."

"I would caution any small software business to pick a niche that is underserved and that requires some specialized knowledge. Otherwise, you are just going to be eaten up by competition outside the United States."

It's a strategy that has served the Rossis well, helping them to gain a foothold in the fiercely competitive federal marketplace on their own terms.

B2G custom software tip #2: Discipline yourself to follow a process.

If the Rossis have just one thing to tell you, it's this: Get disciplined. Work within well-defined processes. Set rules and live by them.

"The software industry is still in the dark ages," Adam says.

"Very few companies can actually stay on budget and stay on schedule. It is almost accepted in our industry that timelines slip. The industry is generally run by people who are undisciplined, going at it with a wild west mentality, and generally not meeting their deadlines."

Hey, don't sugarcoat it for us!

The Rossis are serious about this. They recently spent \$300,000 to become certified in [CMMI Level II](#), the maturity model describing best practices for creating software.

"It only makes sense for us to define the way we are doing the work, to hone our processes, and repeat them over time. Then when we bring in new people, they can see our processes and understand them right away," Laila says.

Besides being a smart way to run the business, CMMI Level II certification is a sales plus. Less than one percent of small, women-owned businesses have this certification.

So if a client happens to need a small business with such credentials, Platinum is practically a shoo-in.

B2G custom software tip #3: Got a process? Make a system to enforce it.

Are you getting the idea that the Rossis are very into process — doing things in ways that are documented and repeatable?

So they naturally want to know that their processes are being followed. Otherwise, what's the point?

To that end, Platinum boasts a "quality management program," including a VP of corporate quality, whose job is to check in with each project every three to four weeks, to review materials, and make sure things are being done by the book.

This quality process includes a thorough checklist of measures with required thresholds. Take, for instance, risk management. Project leaders need to show how risks are being documented, assigned, and quantified.

Likewise, there are peer reviews. Everyone on a project must have peers within the organization review their work periodically.

The cost of this effort is tough to quantify, but it does require the time of two managers, plus ongoing time and effort to keep tabs on every project.

But Adam doesn't consider it an expense.

"If we bid a project, we will build in those activities, so it is not like it's an additional cost."

Having your clients cover the cost of your quality program for each project? Nice.

B2G custom software tip #4: Have a process for pricing custom software.

If you have to make a highly customized product, how much are you going to charge for that?

For Platinum, the solution comes through — surprise?! — a highly rigorous process, known as [function point analysis](#).

(For those who haven't encountered it, function point analysis considers user requirements, system requirements, and other factors, and then assigns a level of complexity to each requirement. Factor in the level of effort required for each level of complexity, and presto: out pops a time estimate, from which you can derive your budget.)

Adam offers a simple example. Say a job has 100 "requirements" or things to do. Each is a very low-complexity task, so it will take about an hour. So Platinum must bill 100 hours for the job.

Now do the same for a bigger, more complex job. Break it down to the most granular level. That's how you set your price.

Of course, all this takes a lot of effort for a job you might not even win. So the Rossis hedge their bets, by bidding only on work they're confident they can win.

"We don't bid on a lot of speculative stuff," Adam says. "There are companies out there that are satisfied with a win rate of 25 to 50 percent. So they go after a lot and win a small amount, but that keeps them going."

By contrast, Platinum boasts a win rate of 90 to 95 percent. Yes, you read that right: This company wins 18 or 19 out of every 20 bids it puts in.

"We won every major proposal that we went after last year," Laila says. That kind of win rate helps justify the work that goes into tabulating those prices. And being able to name a price with such hyper-accuracy helps Platinum land contracts that are worth doing.

B2G custom software tip #5: To fund your up-and-coming software firm, keep your day job.

Laila and Adam met at Virginia Tech while pursuing their MBAs, and got married even before graduating.

She went to work in the government practice of [Accenture](#), while he worked as a tech consultant with [PriceWaterhouseCoopers](#).

Together they lived modestly — "saved like crazy," as Laila puts it — and managed to put aside \$30,000 in seed money to launch Platinum.

Both worked 12 to 16 hours a day at times, with Adam running the business, and Laila splitting her time between Platinum and her ongoing full-time work at Accenture.

Her full-time job kept the family afloat, paying the mortgage and all personal expenses, and allowing all of Platinum's income to be plowed back into the business.

"I was supporting us, and the company was supporting itself," Laila says.

Their goal was always to have enough in the bank to cover two pay cycles. That wasn't always easy.

"There were times when it was pretty scary, months when we just weren't sure," Laila recalls.

Fortunately, those shaky days didn't last long. Incorporated in September 1999, the company landed a job with the FBI by the end of the year. This stabilized the firm's finances, and positioned it for future growth.

Still, the habit of hoarding the shekels continues to define the firm. The Rossis did not hire a COO until 2005. They probably could have used one sooner, but the couple preferred to have money in the bank more than another paycheck to sign.

"If things take a downturn, you want to be sure you can support the company for quite some time," Laila says.

You've heard it before from many of our CEOs: cash is king.

B2G custom software tip #6: To sell technology, use a tech-savvy salesman.

Until recently, Adam was the entire Platinum sales force.

The Rossis say it made sense for Adam to go out selling, since he had the stronger technology background.

Wait a minute: Who would send a founding member of the [Northern Virginia Java Users Group](#) out to court new business in the federal government?

In fact, the Platinum sales strategy has been based on selling to people who understand the nuts and bolts, rather than the less-tech-savvy execs who sign the checks.

"We prefer to have relationship at the technology or project-management level, rather than at the executive level," Adam says.

"Larger companies can get mileage by going directly to the top, but we're too small for that. For us, it's much more effective if we know of a group in the government that's doing some kind of work we feel is a fit for us.

"Then we can talk about technology capabilities — give a lot of free information, give seminars, give white papers. That is very effective for us.

"Ultimately the people who are doing the work have a big say in who is going to get that work. People listen to them."

B2G custom software tip #7: When your sales people aren't making bids, get them out meeting people.

It used to make sense for Platinum to have a one-man sales force. Adam could turn around contracts at a comfortable pace, keeping up a steady flow of one-year jobs.

Now the firm is courting projects of two to five years, and it's brought on two more people to keep up the pace.

"As you go after those larger multi-year contracts, it takes a little more effort to get those. You may work something for a year or two or three before it comes to fruition," Adam says. "These are opportunities that you have to develop over time, and we needed more people to do that."

Given those long lead times, it's possible for salespeople to find a little down-time on their hands. To stay productive, they spend that time making friends.

Whenever they're not working a bid, they are out meeting with other companies and talking about what Platinum has to offer.

Especially in government work, those ongoing conversations can be an important link to new business, as well as a means of gathering competitive intelligence.

"They are walking the halls of our customers, getting to know who is doing what on which projects. They're hearing what other companies' strengths are," Adam says.

"If we hear the customer is looking for a fresh approach, they are probably not going to go with the incumbent, so that is good to know."

Sometimes gathering competitive intelligence can be surprisingly straightforward in the Washington fishbowl.

"Our business developers have a pretty good network of people they can call," Adam says. "And sometimes they will just call a company and ask outright: Are you bidding on this?"

B2G custom software tip #8: Looking for experts? Look in higher education.

The Rossis admit a frequent need for subject-matter expertise. To find it, they often turn to the hallowed halls of academia.

"There are people who write books on analysis — say, image analysis software — and that's a very small number, maybe a dozen people. And we will just reach out directly to one of those people," Adam says.

It isn't hard to collar such folks once you've identified them, Laila says.

"It's prestige for their department. It's good for them personally to be involved with a major project."

These specialists typically command a stiff hourly rate, but that buck buys a lot of bang. And in addition to the professor, the Rossis typically get the cheerful labor of graduate students looking to earn street cred.

B2G custom software tip #9: When dealing with academics, watch for IP provisions.

Most colleges today are aware of the potential royalties that can flow in from intellectual property (IP).

Work done under the auspices of any institution of learning may come with some patent or copyright strings attached, so it's crucial to watch what you sign.

That way, you can ensure that all the IP rights land where you need them, and that any royalty payments are predictable.

B2G custom software tip #10: To get the big jobs, spend the big bucks on the big systems.

If your biggest prospects require you to have certain heavy-hitting infrastructure in place, you've got two choices: Keep playing in the little leagues, or spend what it takes.

Example: Platinum's decision to make a pricey upgrade to its accounting system.

For years the company ran industry-standard Quickbooks, which was fine for mid-sized jobs. For larger projects, government agencies require a system from [Deltek](#) that handles more complicated record-keeping.

"It allows you to do a lot more complex accounting, so you know your exact overhead costs, your fringe benefits. It allows for you to work through cost-plus contracts, which means we invoice the government for the cost plus a fee that we negotiate on top of that," Laila says.

To get into the running for those jobs, Platinum last year spent about \$50,000 for the Deltek software, plus more for implementation and for migrating numbers to the new system.

All this represented a substantial investment for the company, but it also opened new doors.

For instance, the new accounting system recently allowed the company to bid competitively against giants **Lockheed Martin** and **Booz Allen Hamilton**.

"There are a lot of companies our size that wouldn't be able to bid on some of the jobs we bid on, just because they don't have those systems," Laila says.

B2G custom software tip #11: Going for government work? Have a backup plan to keep the cash flowing.

You can meet the specs, know the right people, figure out the bid process, and maybe even win a government contract. But can you make any money doing it?

"The most difficult thing is that as a small company you don't want to wait years to get revenue," Adam says... and he does mean "years."

It can take two years to earn clearance as a top-secret facility. It takes time, too, to get your accounting system approved by federal bean-counters.

"The number of years that we have spent getting to the point where we are at really is formidable."

Platinum's survival story is unique. Some early dot-com customers brought in working capital, and then a fortunate subcontracting job got the company in the door at the FBI.

"They were in a crunch and we delivered on something, and they wanted to keep coming back to us," Adam says. "It was just luck."

Failing such luck, there are other ways to stay alive while waiting to move full-scale into government work.

A software maker can start small, taking on help-desk contracts, maintenance work, or other low-hanging fruit.

Or you can troll for subcontracts, while you network like crazy and wait for your own bids to gel.

B2G custom software tip #12: To succeed in B2G contract programming, leapfrog your way along.

Platinum got its big break when giant government contractor **SAIC** invited the company to come in and help jumpstart a sluggish cryptography project for the FBI.

The Rossis brought in a subject-matter expert to help shape the software Adam was building, and together they hit a home run.

"We turned that project around, essentially rewrote everything," Laila says. "It really wowed the customer, which in turn gave us contacts in the bureau."

The team leveraged that success into further FBI jobs, and now serves 11 divisions in the bureau. That first win was crucial.

To score federal work, "you have to have past performance, you have to show that you have developed similar software for other organizations within the government," Laila says.

With that FBI track record, the leapfrogging continues. Recently, for example, Platinum took on a project to help the Food and Drug Administration manage new drug applications.

While the connection to security apps may not seem obvious, the Rossis were able to make a compelling case to the FDA.

"They are approving drugs that could have a huge impact on public health," Laila says. "The common thread is it is a critical mission: It has to be done right, it has to be done in a timely fashion, and there isn't just a piece of software that you can reach up and grab off the shelf."

Sounds just like Platinum's work for FBI, actually, and that's how it works in government. Similar successes go a long way toward gaining the confidence of prospective government buyers.

B2G custom software tip #13: Faster isn't always better. Grow conservatively if it helps build a stronger foundation.

Platinum probably made a mistake early on — depending what you call a mistake.

In the wake of 9/11, any company whose product operated anywhere near the security realm could tap into a blasting stream of financial opportunity. Small companies grew at exponential rates.

In retrospect, Adam figures Platinum could have taken off that way too, if the firm had taken on more subcontracting work or expanded its range of offerings.

But subcontracting could have set up the company to play second-fiddle over the long haul, robbing Platinum of the long-term ability to call its own shots. And a broader product base might have eroded the firm's later ability to position itself as an expert in its niche.

Platinum took the conservative route, and while Adam looks at those super-fast-growth firms with just a twinge of envy, he insists the conservative route will serve Platinum better over time.

When companies grow exponentially, he says, "they do tend to fall apart or disintegrate if they don't get acquired by a bigger company. Growing like that, I don't know how you can build something that is going to last."

Slow and steady, with the occasional great leaps forward, is how Platinum plans to win the race.

B2G custom software tip #14: When it's time to fire someone, fire with a smile.

There's really no good way to say goodbye, but sometimes the need to let go of an employee becomes overwhelming.

At Platinum, the triggers are not surprising: Anyone who underperforms or can't work well with the team is soon shown the door.

The trick is to do it with grace, to fire someone without striking a sour note, either with the employee, or with those still playing in the orchestra.

"First, there are no surprises," Laila says. "They get verbal feedback from their managers. It's not like they think they're doing great. Then they get written warnings, performance reviews. It doesn't catch anyone by surprise."

Just to be sure there are no hard feelings, the Rossis follow up with an unusual step, actually helping any fired employee to secure a new position. Platinum's recruiters take on the task of helping to get an employee re-situated, and have often been successful in making matches.

It works best when everyone agrees that an otherwise talented individual just wasn't a "good fit."

Then the recruiter can find another firm more suited to that person's talents and temperament.

"Typically when we let people go the response has been: 'Boy, what took you so long?'" Adam says. "When you are an A player, you don't want to be working with someone who is dragging the team down."

B2G custom software tip #15: Find a partner you can trust absolutely. Like your husband or wife.

As a husband-and-wife team, the Rossis have something any entrepreneur would envy: A partner they can trust with absolute confidence.

Untold businesses crash and burn because partners have different agendas; because they diverge in their priorities, distrust one another, pilfer the till.

The Rossis work in extraordinary harmony, starting with their business priorities.

"We don't really disagree on many things. It is more a matter of who is going to do it, rather than 'should' we do it," Laila says.

Just as significant, the partners share a fiscally conservative worldview. They have pinched pennies together, and neither is in any hurry to spend money without a good reason.

"Company owners fighting over money, I hear about it all the time," Adam says. "One person is extravagant, while the other is more conservative. We are very well-aligned on things like that."

B2G custom software tip #16: Don't rush to make any acquisitions. Look carefully before you leap.

Looking to acquire another software company? Look closely.

As we may have mentioned, the Rossis are pretty rigorous about their numbers. When they spend money, they do it for a reason and they only do it after considerable investigation.

Well, they are now going shopping.

The Rossis are thinking seriously about making an acquisition. Organic growth has been good, but now they'd like to leap ahead to some new possibilities.

What will it take to get this tight-fisted couple to part with some coin?

Adam wants to see some intangibles first, especially in the realm of reputation.

"We're looking at how they have performed on projects, what their customers are saying about them," he says. And he wants high achievers. Platinum's people attend software symposia, write on technical blogs, and publish articles. He wants people of that caliber.

He's looking for a firm with a strong backlog of projects in the pipeline, and they ought to be the kind of projects that would fit with Platinum's skills.

"They will need to have a product that we don't have, or maybe a service offering we don't have. And most of all, they need to have the same mindset as us. Their business will need to fit in nicely with our people," Laila says.

"If all those stars align, I think we would make that investment, and I think we would be willing to borrow for that."