

THE GOVERNMENT  
TECHNOLOGY & SERVICES  
COALITION



HEADED FOR THE CLIFF:  
CHALLENGES FOR SMALL COMPANIES THAT  
GROW TO MID-TIER

**Nonprofit, 501 (c)(6), non-partisan organization of small and midsize companies working at DHS, DOD, ODNI, DOS and DOJ.**

**The Government Technology & Services Coalition’s vision is to support and assist our government partners to achieve their critical homeland and national security missions with the highest integrity; best and most innovative technologies; and results-based, quality products and services to prevent, protect against, mitigate, respond to, and recover from any terrorist attack or natural disaster.**

**The GTSC’s mission is to provide exceptional advocacy, capacity building, partnership opportunities and marketing in the Federal security space for small and midsize companies.**

**“WORKING TOGETHER TO IMPROVE THE  
HOMELAND & NATIONAL SECURITY MARKET.”**

**[www.GTSCoalition.com](http://www.GTSCoalition.com)**



- Companies within the Coalition with revenue between \$15 million and \$1 billion
- Partnership with The Chertoff Group
- Programming to educate, strategize and assist mid-tier companies with their growth



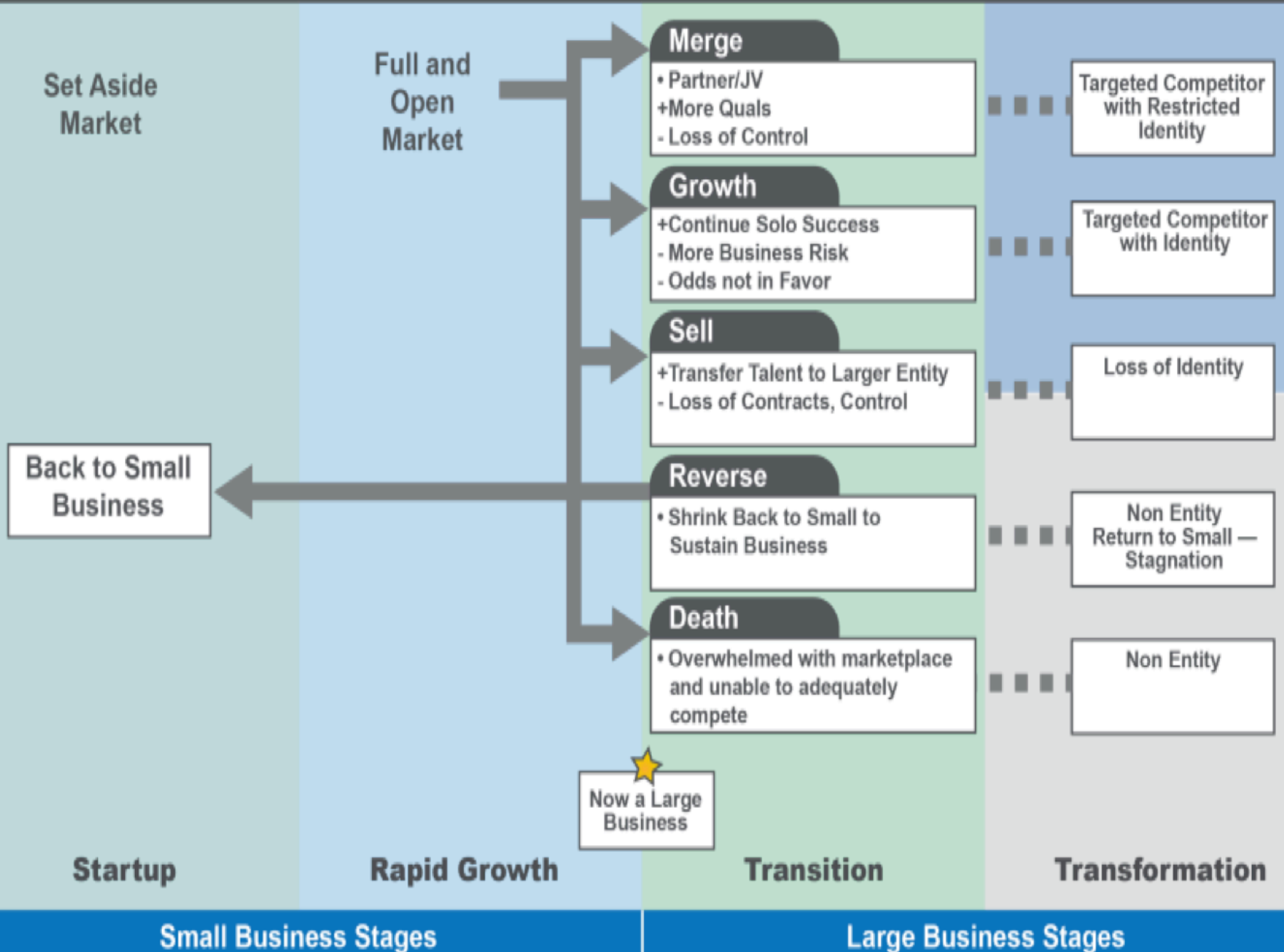
The U.S. Small Business Administration sets small business criteria based on industry, ownership structure, revenue and number of employees (which in some circumstances may be as high as 1500, although the cap is typically 500).

— U.S. Small Business Administration. "Size Standards"

- Lifecycle of a business in Federal contracting
- What happens when a company achieves “other than small”
- Brief introduction of each company, their size and how they grew
  - LeapFrog Solutions
  - BlueWater Federal Solutions, Inc.
  - Agilex
  - NCI, Inc.
- SWOT analysis of the DHS space
  - Why would a company decide to enter the Federal market?

What are some of the challenges you face when working with small and mid-tier companies?

# Stages of Business Growth





**Have you worked with companies in a joint venture (JV) – and if so, do you worry that a JV could be used for a pass-through?**



## LISA MARTIN, CEO, LEAPFROG SOLUTIONS

Competes primarily in the strategic marketing communications & education and outreach markets.

- *Classification:* Woman-Owned Small Business (WOSB)
- *Revenue:*
  - LeapFrog Solutions, Inc. - \$6.5M with growth potential of \$8.2M in 2013
  - LeapFrog Solutions Team FloodSmart Joint Venture, LLC - \$14M plus Letter Of Credit of approximately \$15M per year
- *Years In Business:* 17 years, founded in 1996
- *Primary Business Sectors:* DHS, HHS, OPM, DoD, DOI
- *Security Classification:* Secret Facility Clearance pending
- *Contracting Vehicles:* GSA AIMS, NIH BPA, OPM BPA, OPM VMBTOC, AFCESA (sub), CIO-SP3 (sub, 8a), DISA – ENCORE II (sub), SeaPort-e (sub), TRICARE TEAMS (sub)



## About:

LeapFrog Solutions is a marketing communications management firm based in Fairfax, Virginia. LeapFrog Solutions (LFS) provides public- and private-sector clients with a comprehensive range of services that includes strategic marketing and communications management.

Jul 1996	Founded by Lisa Martin out of the basement of her home
Jul 2002	Awarded two GSA schedules on AIMS
Sep 2002	Awarded its first government contracts (FAA, FRA, Voice of America)
Jul 2010	Acquires Kensington Creative Worldwide
Mar 2011	Team wins \$75M FEMA contract for the National Flood Insurance Program

- Prime and sub-contractor on multiple communications outreach and in-reach projects for government customers
- Doubled revenue in last three years
- Work with both commercial and government contractors



## Challenges:

- Federal contracts issued as Small Business Set Aside
  - Proposal costs can strain resources, manpower
  - Increased competition, especially from large companies that need teammates
  - Managing large companies can be “stimulating”

## Opportunities:

- Many more contracts are starting to come out Small Business Set Aside
  - The redefinition of the 8(m) classification has increased from \$7M to \$14M
  - With successful past performance at FEMA, LeapFrog Solutions is in a good place to take on more large contracts





**How do you currently find or look for midsize companies with which to work? What challenges do you have working with a mid-tier company?**

## BRIAN NAULT, PRESIDENT BLUEWATER FEDERAL SOLUTIONS, INC.

Competes primarily in the IT & Management Services markets

- *Classification:* Woman Owned Small Business (WOSB)
- *Revenue:* \$16.5M - Three Year Average
- *Years In Business:* 8 Years; established in 2005
- *Primary Sectors:* DHS, Component Agencies, DoD, DOJ and FAA
- *Security Classification:* Top Secret Facility



**About:** A process driven, ISO 9001:2008 Registered company; differentiating services delivery through repeatable Quality Management System approach.

- Early stage - developed a successful niche forming/managing SB JVs to pursue, win and execute large IDIQs (Aerient for DHS EAGLE and AMTS for GSA Alliant SB);
- At year 5, with a mere \$26.8M revenue average, BFS graduated to mid-size (1 year); we were unprepared and dropped back to a SB size standard under \$25M;
- Invested in maturing capabilities, processes and quality management system (QMS);
- Returning the investment DHS made through contract awards back to the mission – defined as excellent performance, represented by CPARS, etc.; and
- Now possess established maturity, strong capabilities and experience required to prime broad requirements; operations/systems ready to scale to mid-sized capability.

**Challenge:** In the current environment, our principle focus is on - a) sustaining the business, b) retaining key staff, and c) maintaining a return on investment (ROI).

- Strategic Sourcing represents a critical risk to BFS when customers can not reach a needed capability (inability to use non-DHS vehicles) – can also hurt DHS investment;
- Procurement cycles expanding significantly without awards (some say a “new norm”)
  - Limited capital/resources required to sustain numerous extended cycles;
  - Large Businesses (LB) are competing hard on traditional SB opportunities;
- Some LBs are also not honoring subk agreements; now taking business away.

**Opportunities:** Benefits come from strong business results and capital investments that:

- Continue to build performance maturity, management & employee qualifications;
- Refine capabilities and operating systems to create greater competitive edge; and
- Expand our Federal customer base by Priming complex TOs through existing IDIQ/ GWACs and subbing where appropriate.





**Have any of you struggled or been challenged with getting all of the requirements identified from a program management?**



## BRAD COLE, VICE PRESIDENT AGILEX

Competes primarily in the Intel, justice/homeland and health markets.

- *Classification:* Other Than Small
- *Revenue:* \$110M, 2012
- *Years In Business:* 7
- *Primary Business Sectors:* Intel, Justice/Homeland, Health
- *Security Classification:* TS Facility, SCIF Facilities



# ABOUT AGILEX



## Privately-Held, Employee-Owned

- Founded in 2007
- GovCon Contractor of the Year (\$25M-\$75M) 2011
- Washington Business Journal's Fastest Growing Company 2010
- NVTC's Hottest Emerging Government Contractor 2010

## Key Federal Markets

- Justice and Homeland Security
- Healthcare
- The Intelligence Community
- Select Civilian Agencies

## Key Offerings:

- Application Development
- Advanced Analytics
- Enterprise Mobility
- Infrastructure Optimization

## ~600 Professionals

- Nearly Half Hold Active Clearances



## Challenges:

- Access to Contract Vehicles (Directed Subcontracting Costs to the Govt)
- Procurement Costs and Award Timelines drive very long payback on investments (award timelines of 2+ years after submission)
- Lack of Past Performance as a Prime Contractor (see bullet one)
- Competitive Pricing with Downward Price Evaluation Trends in “Best Value” Awards
- Translating Results and Customer Demand into Proposal Scores on Competitive Procurements (proposal skills vs. delivering results)

## Opportunities:

- Sequestration and other variables play to our strengths provided acquisition vehicle is available
- Vehicles like CIO-SP3 SB allow DHS to access us as a small business





**How many of you entered into a fixed price contract – did it change over time?  
If so, how?**

## MARCO DE VITO, CHIEF OPERATING OFFICER NCI, INC.

Competes primarily in the IT and Management Services markets

- *Classification:* Other Than Small
- *Revenue:* \$380M
- *Years In Business:* 23 years
- *Primary Business Sectors:* DoD, Intel, Health, Civilian
- *Security Classification:* TS Facility, SCIF Facilities



## About:

NCI is a mid-tier company, there is no such thing as a mid-tier company.

NCI was founded in 1989 as a part of the Small Business Administration's 8(a) program and became a publicly traded company in 2005.

Growth was organic but also the result of strategic acquisitions.

- Advanced Med

NCI has brought innovative solutions to the government.

Approach: Cadre of solutions architects are available to our clients directly. Alliances with product vendors that are innovative but without a lot of presence in the Federal space.

NCI has tried to maintain to small business 'personal touch' during growth.



## Challenges:

- Competition with very large companies
- Role of brand recognition – penetration in marketplace
- Access – can't afford consultants, can't be as persistent, presence in the account (people supporting vs. staffing)
- History of IDIQ – short timeframe, costly B&P, hard to handle surges
- Communication - getting harder to get to know one another.
- Cost of pursuing business is rising while returns are shrinking

## Opportunities:

- DHS is using more vehicles like CIO-SP3, Alliant, Schedule 70 giving more chance to compete
- Customers are more open to creative partnerships to drive business

Helpful

Harmful

Internal Factors

## Strengths

- Able to make a difference for specific causes
- Desire to support the mission
- Strategic Sourcing
- DHS pays

## Weaknesses

- One Mission, but different clients
- Strategic Sourcing
- Distributed control, but no alignment between offices
- How the money flows & when
  - Long sale cycle
  - Inconsistent

SWOT

External Factors

## Opportunities

- Long-term contracts
- Legal doctrine/foundation of DHS Strategic Plan works well for private industry (innovative)
- New identified threats and opportunity to close any gaps

## Threats

- Protests
- Insourcing of non-inherently governmental functions
- Budget shortfalls to sustain programs
- Biological, natural disasters, terrorism



**MORE QUESTIONS?**

GTSC



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