STG Inc.: A Mid-Tier Technology Firm On the Rise In Government Sector

Posted At : August 8, 2012 10:43 AM | Posted By : Brian Coyle

Related Categories: Department of Defense, Department of Homeland Security, Contract Awards, Small Business, Federal, Cybersecurity, Procurement

As part of the FIA team, I am always keeping tabs on what's happening in the federal IT market, and am always on the lookout for smaller, high-growth companies that operate in the federal government sector.

I recently took a look at STG Inc., which provides performance-oriented solutions in the following six key areas: enterprise network operations, cybersecurity, financial services, systems engineering and integration, software engineering, and linguistics and intelligence solutions.

Based in Reston, Va., STG is a mid-tier government contractor which partners with more than 50 federal agencies, as well as Fortune 100 companies and overseas organizations. Established in 1986, STG has grown its core competencies over the years, and is now on target to reach $1 billion in revenue by 2016. STG's primary federal customers include the Army, Department of Homeland Security (DHS), Department of Transportation, Veterans Affairs and Health and Human Services.

FIA Perspective:

STG having success in securing large federal prime contracts. As an IT solutions provider in the federal sector, STG holds prime positions on several key GWAC, DWAC and IDIQ contract vehicles. As part of the contracting process, STG says it often assists its customers in creating their contract vehicle strategy, helping them find the best service at the best price to maximize return on investment, while easing the burden on the government.

For a smaller contractor, STG holds several prime positions on major contract vehicles, including the GSA's $65 billion Alliant program, the Army's $20 billion ITES-2S CHESS and $2.3 billion TEIS 2 programs, the DHS's $45 billion EAGLE program, and NIH's $19.5 billion CIO-SP2 program, among others.

In late June, STG was also named as an awardee on the National Institutes of Health's (NIH) $20 billion CIO-SP3 contract vehicle, a follow-on to the CIO-SP2 contract. This 10-year, multiple-award IDIQ contract supports the Federal Enterprise Architecture, the Department of Defense Enterprise Architecture, and the Federal Health Architecture.

Elsewhere, STG also recently won a $10.9 million federal contract from the U.S. Army Contracting Command (Adelphi, Md.) for information technology services in support of the Army Research Laboratory. In addition, STG recently won a Blanket Purchase Agreement (BPA) with the Department of State to provide development, modernization, and enhancement support. The value of this 5-year BPA, which includes 1 base year and 4 option years, wasn't disclosed.

STG names new President to further growth. Earlier this week, STG announced that Chief Operating Officer Paul Fernandes has been named the new President of the company. Simon Lee, who previously held the title of President and Chief Executive, will assume the role of Chairman and CEO and focus on global growth strategies and philanthropic endeavors for the firm.

"Paul is the right person to build our next generation leadership team and evolve STG into a billion dollar company," said Mr. Lee. "Over the past 8 years, Paul has been intimately involved in every facet of STG's business growth, and has an unparalleled understanding of STG's capabilities and business philosophy."

When Fernandes joined STG in January of 2004, he brought with him 20 years of senior management experience in growth-oriented IT organizations focused on defense and Federal agencies.

Other Company Details:

For the fourth consecutive year, STG has experienced record growth in profit and revenue. The company has also been able to continue to diversify its customer base, while opening new operating locations.

Looking ahead, STG's strategy is to continue its steady growth, while focusing on delivering excellence to its customers and strengthening its core competencies. As part of its strategy, STG is also aiming to diversify its business base, expand its facilities, and provide training and advancement opportunities to its current employees.

With its steady growth, STG has continued to rise (for the 5th consecutive year) on Washington Technology's list of the Top 100 Federal Prime Contractors. For 2012, STG jumped 12 spots to find itself at number 76 on the list.

"STG had the biggest spike in its history," said STG Chairman Lee. "Last year we rose 8 places. This year, 12. We continue to outpace our competitors and have sent a clear message to industry that the Government truly is turning to STG."

In a press release, STG noted that it again set records in terms of total revenue and revenue from prime contracts - its fifth consecutive year of double-digit growth, and the 11th time in the past 10 years that revenue has increased. Washington Technology listed STG's revenues at $215.6 million in compiling the 2012 list, compared with $193.9 million in revenues the previous year. These figures only take into account money collected under prime contracts, and don't factor in revenues from subcontracting opportunities.

Our Take:

Overall, with its strong track record in winning large prime contract vehicles and proven experience as a reliable and dependable government contractor, we feel that STG has a bright future in the federal marketplace, and that it will continue to make waves as a mid-tier provider of technology-related solutions over the next several years.