



Mid-Tier Federal Vendors: Key Trends, Markets, Issues

PAUL MURPHY

Bloomberg Government Senior Data Analyst

TONYA SAUNDERS

Principal, Washington Premier Group, Mid-Tier Advocacy

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MID-TIER SECTOR SHARE STABLE AS AVERAGE COMPANY REVENUE FALLS

All large, medium and small companies

FY	Size	Count	Dollars (billions)	Share	Avg. comp. (millions)
2011	Large	129	\$324.4	59.8%	\$2,515.028
	Medium	1,538	\$135.2	24.9%	\$87.876
	Small	147,339	\$83.2	15.3%	\$0.565
2012	Large	120	\$308.6	59.0%	\$2,571.657
	Medium	1,554	\$135.9	26.0%	\$87.472
	Small	132,357	\$78.3	15.0%	\$0.592
2013	Large	114	\$274.7	58.7%	\$2,409.218
	Medium	1,371	\$119.3	25.5%	\$87.009
	Small	118,921	\$73.9	15.8%	\$0.621
2014	Large	106	\$244.3	54.5%	\$2,304.977
	Medium	1,495	\$127.1	28.4%	\$85.037
	Small	116,705	\$76.9	17.1%	\$0.659
2015	Large	109	\$243.1	55.1%	\$2,230.689
	Medium	1,479	\$121.2	27.5%	\$81.932
	Small	115,502	\$76.6	17.4%	\$0.664

Small company: >\$0 and <\$25 million

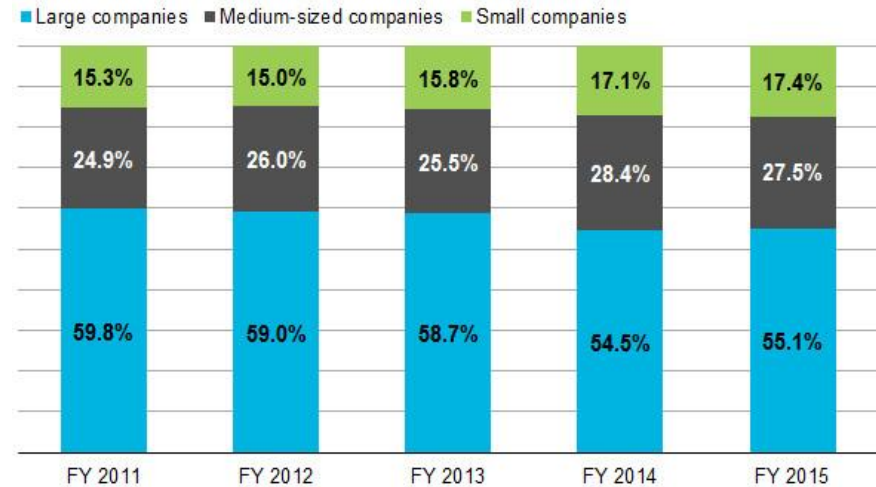
Medium-sized company: >=\$25 million and <\$500 million

Large company: >\$500 million

Note: companies with net negative dollars (more de-obligations than obligations) are excluded from counts and dollar totals

Mid-Tier Share Increased Slightly Over Past Five Years

However, its share of federal contract obligations declined from fiscal 2014 through 2015.



Source: Bloomberg Government data

MID-TIER SECTOR (MINUS SET-ASIDES) SCALES DOWN, BUT CHARACTERISTICS ARE ALSO RELATIVELY STABLE

Mid-tier share (minus set-asides)					
FY	Size	Count	Dollars (billions)	Share	Avg. comp. (millions)
2011	Large	129	\$320.2	65.4%	\$2,482.281
	Medium	1,482	\$115.8	23.7%	\$78.171
	Small	116,371	\$53.3	10.9%	\$0.458
2012	Large	120	\$304.6	65.0%	\$2,538.690
	Medium	1,478	\$116.1	24.8%	\$78.573
	Small	101,212	\$48.0	10.2%	\$0.474
2013	Large	114	\$272.3	65.4%	\$2,388.485
	Medium	1,306	\$99.7	23.9%	\$76.334
	Small	89,373	\$44.3	10.6%	\$0.496
2014	Large	106	\$241.8	62.1%	\$2,281.498
	Medium	1,417	\$103.9	26.7%	\$73.330
	Small	86,848	\$43.8	11.2%	\$0.504
2015	Large	109	\$240.4	62.9%	\$2,205.373
	Medium	1,414	\$98.4	25.8%	\$69.625
	Small	85,935	\$43.2	11.3%	\$0.503

MID-TIER MAC/GWAC/SCHEDULE CONTRACT SHARES IN LINE WITH OVERALL FEDERAL MARKET SHARES

MAC/GWAC/Schedule (dollars in millions)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Total
SCHEDULE 70: GENERAL PURPOSE COMMERCIAL INFORMATION TECHNOLOGY EQUIPMENT, SOFTWARE, AND SERVICES	\$3,636	\$3,921	\$3,406	\$3,320	\$3,335	\$17,616
SOLUTIONS FOR ENTERPRISE-WIDE PROCUREMENT (SEWP) IV	\$1,408	\$1,657	\$2,005	\$2,117	\$1,006	\$8,192
SEAPORT ENHANCED	\$1,494	\$1,211	\$1,010	\$1,469	\$1,375	\$6,558
SCHEDULE 520: FINANCIAL AND BUSINESS SOLUTIONS (FABS)	\$622	\$645	\$1,228	\$1,700	\$1,160	\$5,355
SCHEDULE 874: MISSION ORIENTED BUSINESS INTEGRATED SERVICES (MOBIS)	\$1,210	\$1,066	\$848	\$1,005	\$865	\$4,994
AVIATION TURBINE FUEL	\$0	\$360	\$1,229	\$1,943	\$685	\$4,217
PASSENGER MOTOR VEHICLES	\$1,013	\$667	\$116	\$1,144	\$1,249	\$4,189
WORLDWIDE PROTECTIVE SERVICES	\$173	\$341	\$625	\$1,054	\$739	\$2,932
ALLIANT SMALL BUSINESS	\$220	\$445	\$564	\$813	\$885	\$2,928
DOD ENTERPRISE SOFTWARE INITIATIVE	\$615	\$649	\$534	\$508	\$499	\$2,805

CONSTRUCTION, FACILITIES, I.T. DOMINATE MID-TIER MARKETS

NAICS	NAICS Definition	(Dollars in millions)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	2011-2015 total	2011-2015 share	2011-2015 growth
236220	Commercial and institutional building construction		\$11.6	\$11.5	\$8.9	\$9.4	\$8.2	\$49.6	7.8%	-29.7%
541330	Engineering services		\$7.0	\$6.5	\$6.0	\$6.2	\$6.2	\$31.9	5.0%	-11.4%
541712	Research and development in the physical, engineering, and life sciences (except biotechnology)		\$4.3	\$5.1	\$5.2	\$5.6	\$5.6	\$25.9	4.1%	29.7%
541519	Other computer-related services		\$4.7	\$4.8	\$4.9	\$5.6	\$5.8	\$25.9	4.1%	23.1%
561210	Facilities support services		\$4.6	\$5.8	\$5.2	\$4.8	\$4.5	\$24.9	3.9%	-1.8%
324110	Petroleum refineries		\$4.3	\$6.2	\$4.1	\$4.1	\$4.2	\$22.9	3.6%	-2.5%
541611	Administrative management and general management consulting services		\$3.9	\$3.8	\$3.3	\$4.0	\$3.5	\$18.5	2.9%	-10.2%
541512	Computer systems design services		\$2.0	\$2.4	\$2.7	\$3.9	\$4.6	\$15.6	2.4%	125.7%
561612	Security guards and patrol services		\$2.5	\$2.4	\$3.0	\$3.4	\$3.1	\$14.4	2.3%	23.6%
237990	Other heavy and civil engineering construction		\$2.9	\$2.7	\$2.5	\$3.2	\$2.7	\$14.0	2.2%	-7.3%
541990	All other professional, scientific, and technical services		\$2.7	\$2.8	\$2.7	\$2.8	\$2.9	\$14.0	2.2%	7.3%
541710	Research and development in the physical, engineering, and life sciences		\$3.2	\$2.9	\$2.1	\$1.8	\$1.2	\$11.2	1.7%	-61.5%
562910	Remediation services		\$1.9	\$1.9	\$1.9	\$2.3	\$2.2	\$10.2	1.6%	10.3%
336413	Other aircraft parts and auxiliary equipment manufacturing		\$1.8	\$2.1	\$1.9	\$2.0	\$2.2	\$10.0	1.6%	24.1%
541511	Custom computer programming services		\$1.8	\$1.8	\$1.5	\$1.7	\$1.8	\$8.5	1.3%	-1.0%
524114	Direct health and medical insurance carriers		\$0.5	\$1.2	\$1.1	\$2.7	\$2.2	\$7.6	1.2%	392.2%
483111	Deep sea freight transportation		\$1.5	\$1.5	\$1.6	\$1.1	\$1.5	\$7.2	1.1%	-0.3%
334511	Search, detection, navigation, guidance, aeronautical, and nautical system and instrument manufacturing		\$1.7	\$1.7	\$1.2	\$1.2	\$1.2	\$7.1	1.1%	-31.0%
517110	Wired telecommunications carriers		\$1.4	\$1.5	\$1.4	\$1.0	\$1.4	\$6.7	1.0%	2.5%
334111	Electronic computer manufacturing		\$1.3	\$1.3	\$1.4	\$1.4	\$1.2	\$6.6	1.0%	-3.0%

TOP FY 2015 MID-TIERS BOUNCE BETWEEN SIZE CLASSIFICATIONS

Vendor	Size	FY 2015 total
Great Lakes Dredge & Dock Corp.	M	\$499,549,010
World Wide Technology Holding Co.	M	\$499,059,768
Carahsoft Technology Corp.	M	\$498,114,269
Iron Bow Holdings Inc.	M	\$488,915,629
A-Mark Precious Metals Inc.	M	\$484,527,635
Anham FZCO	M	\$478,876,379
Sunshine Minting Inc	M	\$477,744,013
Management & Training Corp.	M	\$470,814,084
Research Triangle Institute	M	\$470,641,756
Chenega Corp.	M	\$468,034,607

Vendor	(Dollars in millions)	Size	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Sunshine Minting Inc.	L		\$1,295	\$705	\$856	\$629	
	M						\$478
Anham Fzco	L		\$682			\$986	
	M			\$235	\$179		\$479
Iron Bow Holdings Inc.	L		\$553			\$550	
	M			\$437	\$392		\$489
Chenega Corp.	L			\$513			
	M		\$383		\$363	\$407	\$468
Management & Training Corp.	L		\$621				
	M			\$348	\$389	\$291	\$471
World Wide Technology Holding Co.	M		\$469	\$403	\$324	\$357	\$499
Great Lakes Dredge & Dock Corp.	L				\$579		
	M		\$324	\$238		\$361	\$500
Research Triangle Institute	M		\$391	\$419	\$351	\$356	\$471
Carahsoft Technology Corp.	M		\$299	\$314	\$340	\$420	\$498
A-Mark Precious Metals Inc.	L				\$594		
	M		\$232			\$391	\$485
	S			\$13			

BOTTOM FY 2015 MID-TIERS MOSTLY RISING FROM SMALL STATUS

Vendor	Size	FY 2015
Entwistle Trust	M	\$25,000,947
Smart Global Solutions JV LLC	M	\$25,004,291
Dutra Group/The	M	\$25,017,520
Newwave Telecom & Technologies Inc.	M	\$25,035,082
Pen-Link Ltd.	M	\$25,109,106
Lighthouse for the Blind Inc.	M	\$25,112,493
Aeec LLC	M	\$25,152,633
Erimax Inc.	M	\$25,188,430
Phoenix International Holdings Inc.	M	\$25,213,912
Dentsply Sirona Inc.	M	\$25,237,681

Vendor	(Dollars in millions)	Size	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Dutra Group		M					\$25.018
		S			\$0.000	\$4.560	
Lighthouse for the Blind Inc.		M					\$25.112
		S	\$5.760	\$6.529	\$6.495	\$7.404	
Erimax Inc.		M					\$25.188
		S	\$5.168	\$5.419	\$8.114	\$8.254	
AEEC LLC		M					\$25.153
		S	\$6.564	\$5.570	\$6.811	\$18.846	
Phoenix International Holdings Inc.		M					\$25.214
		S	\$6.766	\$5.918	\$6.688	\$21.179	
Dentsply Sirona Inc.		M					\$25.238
		S	\$9.154	\$9.717	\$11.402	\$12.614	
NewWave Telecom & Technologies Inc.		M					\$25.035
		S	\$3.294	\$7.484	\$16.848	\$15.744	
Pen-Link Ltd.		M					\$25.109
		S	\$7.550	\$12.380	\$12.668	\$24.961	
Smart Global Solutions JV LLC		M					\$25.004
		S	\$16.952	\$18.830	\$16.739	\$24.241	
Entwistle Trust/The		M			\$28.110	\$55.803	\$25.001
		S	\$17.061	\$19.218			

MID-TIER CONCERNS

1. Overall, the mid-tier market is shrinking; mid-tier share of spending relatively steady, but average company size shrinking
2. There are three types of mid-tiers with markedly different priorities
3. Awards to Alaska Native Corporations, tribally-owned companies have limited (~4%) impact on mid-tier companies
4. Set-aside awards account for over 1/5 of dollars for companies in mid-tier
5. Smaller mid-tier companies are locked out of key markets or forced into secondary roles by large MACs like Alliant because they don't qualify for Alliant SB and cannot be competitive on Alliant Unrestricted because of extensive past performance requirements
6. Initiatives like Strategic Sourcing and Category Management promote contract consolidation which will tend to favor companies that can discount
7. Lowest Priced, Technically Acceptable (DISA Encore, etc.) cuts into margins
8. Budget delays, funding uncertainties create cash flow and hiring difficulties

ABOUT THE PRESENTERS



Paul Murphy is a senior data analyst with Bloomberg Government. He has 30+ years of experience analyzing contract spend data for his former company, Eagle Eye Publishers, and since 2010 for BGOV. He brought the first desktop contracts database to market and authored analyses for the U.S. Small Business Administration that led to billions of dollars in increased awards to small businesses. He continues to pioneer new lines of research, creating hundreds of new features and custom reports annually for Bloomberg Government clients and colleagues.

pmurphy50@bloomberg.net

+1 202 416 3452



Tonya Saunders has spent her career organizing and advocating on behalf of clients and their interests by developing stakeholder engagement programs that amplify voices, build credibility and help shape public policy. For more than two decades, Tonya has worked on Capitol Hill (for Senator Jay Rockefeller), lobbied successfully for client interests and started her own businesses. Tonya is the founder and chairman of the Board of Mid-Tier Advocacy, Inc. (MTA), a nonprofit organization of advanced small and medium-sized businesses, primarily federal contractors.