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Engility's big cyber win shows TASC acquisition is paying off

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Chantilly-based Engility Holdings Inc. (NYSE: EGL) is reaping the rewards of its recent TASC Inc. acquisition, announcing Thursday it scored a cybersecurity award from the U.S. Air Force.

Engility won a prime position on the Air Force's cybersecurity and information systems support indefinite delivery/indefinite quantity (IDIQ) contract. That means it will now have the ability to compete for a potential pool of \$5 billion in task orders in the areas of "cybersecurity, software analysis, information assurance, knowledge management and information sharing, and modeling and simulation."

Prior to its Feb. 2015 acquisition of Chantilly-based TASC, Engility was a \$1.4 billion company with an almost negligible cybersecurity footprint. In buying TASC, it has grown revenue to \$2.5 billion and now has a broader presence in federal intelligence and space markets. This is ultimately what helped Engility secure a spot on this IDIQ.

This isn't the only benefit TASC has brought in the way of new contracts.

The scale it brings Engility has allowed the combined entity to bid on much bigger contracts. CEO Tony Smeraglinolo said in a recent earnings call that the average size of the company's bids has doubled from a year ago. At the Credit Suisse 3rd Annual Industrials Conference Wednesday in Palm Beach, Florida, CFO Wayne Rehberger said he expects it to double again in the next year.

Rehberger also said Engility's entrance into the intelligence space has increased the company's \$100 million bids to between 30 percent and 40 percent more than the two companies had put in a year ago.

The added capabilities may also be positioning Engility to vie for another big contract.

Rehberger revealed the company is mulling over a bid this size with the U.S. Federal Aviation Administration in the first quarter of 2016, thanks to the capabilities that have come onboard with TASC.

"When it was brought up as to whether we should do this or not, somebody on the intel side said, 'Hey, we do this for this other intel customer, we do the same thing,'" Rehberger said at the conference. "So, we're seeing more of those things where we were seeing some capabilities and experiences in the intel side that are going to translate over into the federal and civil agencies."

James Bach covers federal contracting.

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