

Reference: <http://www.ottawacitizen.com/technology/outside+track/3345576/story.html>

## On the outside track

**Despite deficit constraints, the federal government still relies heavily on contractors such as Ottawa's Coradix.**

By James Bagnall, The Ottawa Citizen July 31, 2010 10:24 AM

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Tony Carmanico is president and founder of Coradix Technology Consulting — which has won three federal government contracts worth a total of \$17.6 million.

**Photograph by:** Chris Mikula, The Ottawa Citizen

OTTAWA — This hasn't been a terrific year for companies that sell staffing or engineering services to the federal government.

The Harper administration has ordered federal departments and agencies to trim spending in the name of deficit reduction, prompting a squeeze on outside suppliers.

But there's only so far bureaucrats can take this approach in certain key jobs -- such as upgrading and installing information technology.

Tony Carmanico, the president and co-founder of Coradix Technology Consulting, understands this better than most. In a three-week period starting in late June, his Ottawa company landed three professional services contracts valued at \$17.6 million. Two, each worth about \$5.5 million, were with the Defence Department while the third, valued at \$6.6 million, was with Correctional Services.

These are two-year deals, with options for extensions, under which Coradix (pronounced CorAHdix) will supply software engineers to help the departments update and maintain applications such as Correctional Services' computer program for keeping track of offenders.

Carmanico, 51, figured he had a good shot at Corrections, where his company was one of the original suppliers, but he was less certain of the Defence competitions. "Those were a pleasant surprise," he said.

The contracts should allow Coradix to keep its annual revenues steady at about \$30 million, making it one of the country's top 12 information technology staffing firms.

That's not bad for an operation that was launched in 1995, in the midst of a downsizing by the federal government. Neither Carmanico nor fellow founder Jean Beaulieu are former public servants. Both worked as sales executives at Ottawa-based IOTA Consulting in the early 1990s, when they decided they could do better on their own. A third Coradix investor, entrepreneur Douglas Duncan, does not play an active role in the business.

Carmanico acknowledges the mid-1990s was an easier environment for small companies. Many federal departments were willing to take a chance on home-grown startups and offered sole-source contracts.

"Today it's much more competitive," he says. "You need to show you have the experience, the resources and the references." Coradix now has all these attributes. For many entrepreneurs, this would be a solid base for building a sizeable firm.

Kevin Dee, for instance, launched Eagle Professional Resources in Ottawa in 1996 and transformed it into a national force with annual sales of \$90 million, 900 consultants and offices across the country.

Carmanico decided early on he did not want that. He would stay in Ottawa and focus intensely on the government. He's also determined to avoid becoming a commodity -- always a danger with a huge client and commensurate buying power.

"Before we bid on any contract, we ask ourselves 'how high is the bar?'" he says. If the job does not call for reasonably high skills or engineering talent, he explains, Coradix will take a pass.

It's a surprisingly fluid business. At any given moment, Coradix has 250 consultants on the job -- about 90 per cent of whom are independent contractors.

The consultants are managed by nearly 30 office staff, who market Coradix to various federal departments and agencies, and who try to keep fresh the firm's bank of 20,000 résumés.

Many of the consultants are on multi-year contracts, in which they work alongside full-time government employees. Other Coradix consultants fill jobs month to month. Overall, the annual churn is 20 to 25 per cent, requiring enormous attention to recruiting.

Coradix performs two types of services. The first is what Carmanico calls "staff augmentation" -- he ships bodies with the right skills to help out with information technology projects.

The second service is more complicated. Coradix engineers install software applications such as a document management system, for individual departments. Project management skills play a vital part.

The company's specialties include content management, computer security, and business intelligence software (made famous by Cognos, the Ottawa firm purchased by IBM).

The dual emphasis gives Coradix more opportunities to bid on government business.

Last year, the company generated roughly 40 per cent of its revenues from implementing applications -- up from zero during Coradix's early years.

However, Carmanico isn't about to ignore his original business. His three most recent wins were staff augmentation contracts. They pay the bills.

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**Some questions: If Coradix has 250 consultants actually working at any given time,**

**WHAT ARE THE OTHER 19,750 PEOPLE IN THEIR RESUME BANK DOING?**

**LOOKING FOR WORK?**

**BEING PERSISTENTLY HORNSWOGGLED OUT OF HAVING A JOB?**

**ARE THEY ALL WORKING FOR SOMEBODY ELSE WHEN NOT WORKING FOR CORADIX?  
WHERE? DOING WHAT?**

**WHAT IS HAPPENING AT ALL THE OTHER AGENCIES?**

**IF YOU DO A SUMMATION OF ALL THE UNIQUE PEOPLE REGISTERED AT ALL THE  
AGENCIES, WHAT IS THE RATIO OF PEOPLE NOT WORKING TO POSITIONS OPEN?**