

## Talx spinoff GDC bidding for \$46 million federal contract

From the print edition of the St. Louis Business Journal, June 8, 2007.

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Three years ago, Bill Canfield, then chairman and chief executive of Talx Corp. gave away a sliver of the business because it didn't fit at his fast-growing, Web-based payroll services company.

Now the grateful recipient of that gift, Gerry Claunch, and his spin-off business, GDC Integration Inc., are on the verge of making it big, or at least bigger.

Like Talx, GDC develops and sells Web-based services, but its niche is small. It sells technology, primarily to government agencies, that enables employees to perform specialized human resources services via the Web.

Talx started the line of business, but revenue was relatively small – about \$1 million in 2002. “It was just a piece of business that didn't fit,” Canfield said. Meanwhile, other lines of business at Talx were booming.

“While at Talx, I attempted for a year to find a buyer, but because the numbers were so small, people weren't interested,” said Claunch, who was national director of federal systems at Talx. “Finally Bill Canfield said, ‘If you can get th clients to accept you as a spin-off corporation, then have at it.’”

And Claunch did, paying nothing for the business and renting space from Talx for the first 14 months. He brought with him another Talx employee, Brian Ware, who is the “the cornerstone” of client relations, Claunch said. Ware's title at Talx was applications specialist.

GDC's biggest client by far is the U.S. Forest Service, which started with Claunch when he was still at Talx. It buys niche Web services that GDC has developed, such as a uniform procurement system for its rangers and other employees, generating \$1.2 million in annual revenue. Other clients have included the U.S. Department of Justice, EDS Corp. and St. John Vianney High School.

GDC also developed an employee time-entry system that helps the Forest Service manage its variable work force, which grows to 55,000 from 35,000 during the forest-fire season. The service launched last month.

The U.S. Department of Agriculture, which oversees the Forest Service, has taken notice. “Now the Department of Agriculture wants a new time-entry system,” Claunch said. “I have the very real possibility that my client base could be the entire Department of Agriculture, going from a user base of 55,000 to 140,000.”

That would bring annual revenue to \$2 million to \$2.5 million by end of 2008, Claunch estimates, even if GDC adds no other clients or contracts. GDC gets paid for developing the niche applications and for providing the ongoing service.

But there's more to come, Claunch hopes.

The Forest Service is considering hiring GDC to unify its scattered Web sites and to develop and run a digital catalog and library system for its thousands of historic photographs and future photos.

Claunch has submitted a bid of \$46 million for five years and should hear if he is the successful bidder later this summer. "It would certainly mean stability," he said.

"It's great he has made more of a business out of it than we gave him," Canfield said. "I'm proud of him."

If GDC wins the \$46 million contract, it will work with another small St. Louis company, e-data Solutions Inc., whose services include Web site development, image restoration and archiving. Leslie Decker, the company's president and chief executive said the deal would triple the size of her five-member staff and her revenue, which she declined to disclose. "It would help us to grow very quickly," she said.

Claunch likens the system that GDC is developing for the Forest Service to an assembly line. It would require more than 100 additional employees at GDC, which currently has seven full-time employees at its 2,400-square-foot office in the Globe-Democrat building in downtown St. Louis.

GDC's employees include Victor Happens, a project manager; Mike Biggs, head of sales and business development; and Jeff Kyker, a Microsoft-certified software engineer. Claunch said another important player is Aaron Kaufman, chief technologist and a contract employee from AJK Consulting in St. Louis.

"We're on the verge of very exciting times," Claunch said. Things aren't so bad at Talx, either; it was acquired last month by Atlanta-based Equifax Inc. for \$1.4 billion.