

DOGE's potential impact



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Top-10 IT and software companies with exposure to the US government

As President Trump embarks on a second presidential term, the implications of his platform are likely to be felt far and wide. The newly created **Department of Government Efficiency (DOGE)**, a proposed presidential commission headed by Elon Musk, will attempt to mitigate the United States Government's spending inefficiencies.

While it remains unclear how enforceable DOGE's suggestions will be — as it will not take on the role of a federal executive department without congressional action— it will likely influence President Trump's budgetary decisions. With that in mind, we hoped to learn which companies are most susceptible to broad spending cuts. **To do so, we leveraged Syntax Data's Functional Information System (FIS®) to identify companies with significant government exposure within IT services and software**, the stock prices of which have been slightly less stable than traditional defense companies since Election Day.

In Exhibit 1, **we arranged companies by the percentage of revenue tied to the US government, given the existential threat that DOGE spending cuts could pose to companies with the most relative exposure.** With the exception of a select few companies, investors appear pessimistic about the near-term success of companies with IT and software exposure to the government, as most of the **top 10 have seen losses since Election Day.**

Exhibit 1: Top-10 Government IT and Software Companies by Exposure to US Government, sorted by % of company revenue

COMPANY NAME	TICKER	COMPANY DESCRIPTION	% REVENUE	REVENUE FROM GOVT CONTRACTS (\$B)	RETURN
Bigbear Ai Hldgs Inc	BBAI	IT services for government	100%	0.16	122.73%
DLH Holdings Corp.	DLHC	Data analytics and AI services for defense.	100%	0.396	-8.86%
Leidos Holdings, Inc.	LDOS	IT services for military and intelligence	100%	15.44	-18.36%
Science Applications International Corp.	SAIC	IT services for military and intelligence	98%	7.44	-22.18%
Tyler Technologies, Inc.	TYL	Software-as-a-service for government	98%	1.94	-6.11%
CACI International Inc	CACI	IT services for military and intelligence	95%	7.28	-19.92%
ICF International Inc.	ICF	IT Consulting for government	76%	1.50	-6.25%
Evolent Health Inc.	EVH	Healthcare software for government-sponsored healthcare providers.	76%	1.49	-57.57%
Palantir Technologies Inc.	PLTR	Software-as-a-service and AI analytics for military and intelligence	55%	1.22	40.37%
I3 Verticals Inc	IIIV	Software-as-a-service for government.	54%	0.13	0.21%

All data based on most recent fiscal year, respectively

Palantir’s connection to the Trump administration through Peter Thiel, a prominent Trump supporter, could provide a measure of safety. **The Denver-based company gained significant attention in 2024 when it was added to the Nasdaq 100, following a remarkable 345% increase in stock price from the start of the year to the announcement of its inclusion on December 12, 2024.**¹

Palantir possesses the 9th-most exposure to the US Government as a percentage of revenue among IT and Software companies, but it derives the 7th-most revenue from the government among companies within our Government IT and Software grouping. However, it is fair to assume that Palantir could be less likely to undergo spending cuts, despite representing **\$1.2 billion in government expenditures, due to the Thiel-Trump connection.**

Any cut to Palantir's contracts - unlikely as that may be - would also affect a significant number of investors who are not explicitly invested in the company due to its weight of approximately 1% in Nasdaq 100 Index. For context, Invesco's QQQ, which tracks the Nasdaq 100, is currently the fifth-largest ETF by assets under management (**AUM**) at **over \$300b.**²

The research and approach used to generate this data story was conducted using Syntax Data's FIS, which can be seamlessly used to identify product line exposure. For more information about the methodology we used to create our government efficiency portfolio, or to learn more about interacting with FIS, reach out to Jonathan Chandler at jchandler@syntaxdata.com

1. Yahoo Finance: <https://finance.yahoo.com/quote/PLTR/>: \$16.58 to \$73.20 – January 2, 2004-December 12, 202

2. <https://etfdb.com/etfs/issuers/invesco/>