



Contract wins solidify Lockheed's ranking

Defense giant also uses acquisitions to stick close to customer base

- By [David Hubler](#)
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For the 15th consecutive year, Lockheed Martin Corp. holds the enviable No. 1 spot on Washington Technology's Top 100 list of the largest federal government prime contractors.

The giant defense contractor recorded about \$15 billion in prime contracts for government services in fiscal 2008. Last year, the company bolstered its standing in July when it won the eight-year, \$1.2 billion HR Access program contract from the Transportation Security Administration to manage its hiring operations and personnel programs.

"We were also very fortunate to win the facilities development and operations contract with NASA, so [we are] continuing to do our development and sustainment of support for human space flight programs," said Tom Oles, vice president of business development at Lockheed Martin.

The tier one contractor also was a member of the Mission Support Alliance LLC, which won a 10-year, \$3 billion support contract for the Energy Department's Hanford Site in Washington state.

"We were the winner of the [DOE contract] and other significant opportunities, so we had a nice portfolio of wins," Oles said.

Lockheed also made two significant acquisitions. In May 2008, the company acquired Eagle Group International LLC, a provider of information technology and logistics services to the Defense Department.

In January 2009, Lockheed Martin completed its purchase of Universal Systems and Technology Inc., a provider of interactive training and simulation, homeland security and technical solutions, to the DOD and other government agencies. Terms of both transactions were not disclosed.

"The federal government pipeline remains robust," Oles said. "We have a significant pipeline [of prospective new contracts] in 2009 that we're very focused on across both our defense, civil and intelligence customers."

However, the current federal contracting environment is dynamic and fluid, Oles said.

Priorities are shifting in the defense information technology industry to align with current federal budget demands, so it is an industrywide challenge to stay relevant in the face of changing customer priorities, expectations and agency budgets, he said.

“Things are moving quickly, and arguably [they] are much more complex than they have been before,” he said. “With that, it is a much more connected environment, connected from an information flow perspective, from a goods and services flow and from a people perspective.”

Oles said new areas of focus for Lockheed, and particularly its State and Defense departments customers, are “soft power” programs and tools, such as providing stability operations and nation-building activities abroad.

“We see that as an increasingly growing area of focus for our customers and therefore for us,” he said.

Also, there is a growing trend toward more public and private partnerships than in the past, Oles added.

“It’s beyond the traditional defense and intelligence community [solutions] to more ‘whole of government’ solutions,” he said, citing growing government business opportunities in areas such as health care, cybersecurity, green IT and energy efficiency.

“We were one of the Department of Energy contractors to receive the IDIQ vehicle for energy efficiency work,” Oles said. “We look at that as not only delivering green solutions through our green IT and green data centers but also helping customers put in place the infrastructure and facilities they need to operate more efficiently.”

Lockheed launched a cybersecurity operation in October 2008, as the number of breaches of government and private computer networks almost doubled to 72,000 from about 37,000 the previous year, according to the Homeland Security Department.

Announcing the program, Linda Gooden, executive vice president of Lockheed Martin’s Information Systems and Global Services unit, said Lockheed is very focused on cybersecurity because it is one of the faster-growing areas of the federal budget.

“Later this year, we’re opening a state-of-the-art cyber lab in Gaithersburg, Md., to really highlight some of the commitment we have on addressing the cyber challenges,” Oles said.

In March, Lockheed announced that it had won a 10-year Special Operations Forces Support Activities Contractor Logistics Support (SOFSA CLS) indefinite-delivery, indefinite-quantity contract potentially worth as much as \$5 billion.

However, the award is on hold because of a pending protest from L-3 Communications, the previous contract holder.

If Lockheed is successful in the protest, “they’re in great shape,” said Michael Misantone, director at KippsDeSanto and Co., an investment bank that specializes in defense and IT companies.

“That is a huge, very high-profile contract,” he said. “Anything related to special ops is right up [Lockheed’s] alley right now in terms of irregular warfare capabilities.”

Misantone said Lockheed’s government services accounts for about one-third of its total revenue. “Their services business is looking a little bit on the positive side, especially given these larger wins they’ve gotten recently,” he said.

“I consider IT part of their overall provision of services,” he said. “And I think more than a lot of other primes especially, and a lot of midtier pure-play companies, they’re extremely well positioned.”

About the Author

David Hubler is the associate editor of Washington Technology.