

# TECH **BISNOW**

## PREDICTIONS

November 20, 2008

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Everyone wants to know what the **Obama administration** and the **economic meltdown** will mean for the world of **Federal IT**, so we did what we do best: Ask people who've seen this movie before. We recently lured some government contracting power players to lunch at **Morton's** on **Leesburg Pike** where they agreed to talk in exchange for a perfectly-cooked **filet**.



*Joining us were KippsDeSanto managing director **Bob Kipps**, Pragmatics CEO **Long Nguyen**, former Oberon CEO **Jodi Johnson**, Sheppard Mullin's Vic **Victorino** and Information Management Consultants CEO **Sudhakar Shenoy**.*

Our **Doug Anderson** led the discussion:

**Doug:**      **Easy place to start: What does the election**

mean for business?

**Sudhakar:** I was nervous during the campaigns because **Hillary Clinton** promised to cut **\$50 billion** worth of outsourcing in the federal government and **Barack Obama** promised to cut even more. I think that's all campaign rhetoric and really anything can happen in the future. I'm more worried about **Tom Davis retiring**, because he always fought for our community.

**Long:** I tend to **be optimistic**. There is always going to be a need for IT in government, so we in the **high tech industry** should be happy for that. Of course things will change, but it's up to companies **to be flexible** and to find ways to help government be more efficient.

**Jodi:** No matter what happens in Iraq, the **DoD** and the **Army** are still going to be in business. The defense services business will **keep growing**. You can't have **soldiers and Marines** deployed for multiple tours, often back-to-back and not see expansion in the work contractors are doing.



*Jodi co-founded Oberon and this summer sold to Stanley for a whopping \$170 million after just six years in business.*

**Doug:** Is the current economy affecting business yet?

**Vic:** Before I came over I asked one of my **M&A partners** that question and he said we are just now beginning to see the big companies being conservative with **their cash**. They are looking harder now at acquisitions because they are seeing what is happening at other **big companies** who get short on cash in this economy.

**Bob:** Most of our clients are in the **top quartile** of their sectors with respect to both **business performance** and attractiveness to buyers. Top firms are always in high demand and short supply. In that universe, valuations were **as robust** as they had been over the past seven or eight years until the economic calamities hit the front page full speed in mid-September. At that point, a lot of people, even in the defense and **Government IT sectors**, began recalibrating their appetite and appreciation for risk.

**Jodi:** The budgets are not going to be the same we've seen for the last three or four years. As we all look at **competing for work**, we need to sharpen our pencils and look at ways we can be more efficient and provide more **for less**.



*Roughly 80 percent of Sudhakar's business is with the federal government, but they also do IT for Pepsi's online ordering system and a number of projects with Harley Davidson.*

**Doug:** It feels like just a year ago we were talking about the competition for talent, but with struggling budgets, has the tide shifted back in your favor?

**Long:** I think the best people that you look for are always in demand.

**Jodi:** In my **25 years of working** in this business space, putting together teams is probably the thing I have enjoyed the most. It's one thing to have great talent, but it's also how you **manage that talent**. In a service industry, if you treat your employees with respect it shows in how they perform.

*Got an opinion on a Federal IT trend? We're looking for people in the know to talk about today's hottest issues, so if you think you've got what it takes, e-mail [David@Bisnow.com](mailto:David@Bisnow.com). (FYI, David Stegon's girlfriend thinks this tagline is boring and yelled at him to change it – sorry darling.)*



