

# U.S. Department of Defense Services Contract Spending and the Supporting Industrial Base, 2000-2011

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## Research goals

- **Analyze trends in DoD services contract actions between 1990 and 2011**
  - For DoD overall and for individual DoD Components (Army, Navy, Air Force, and “Other”)
  - By area of defense service contract action
  - By level of competition, type of contract, and type of funding mechanism
- **Analyze the composition of the industrial base supporting DoD service contracts**
  - Breakdown of defense services industrial base into small, medium and large companies
  - Identification of Top 20 defense services companies (by total dollars obligated) for DoD overall and for each DoD Component (Army, Navy, Air Force, and “Other”)
- **This annotated brief presents the preliminary findings of this research, and covers only the years 2000-2011 for DoD overall**

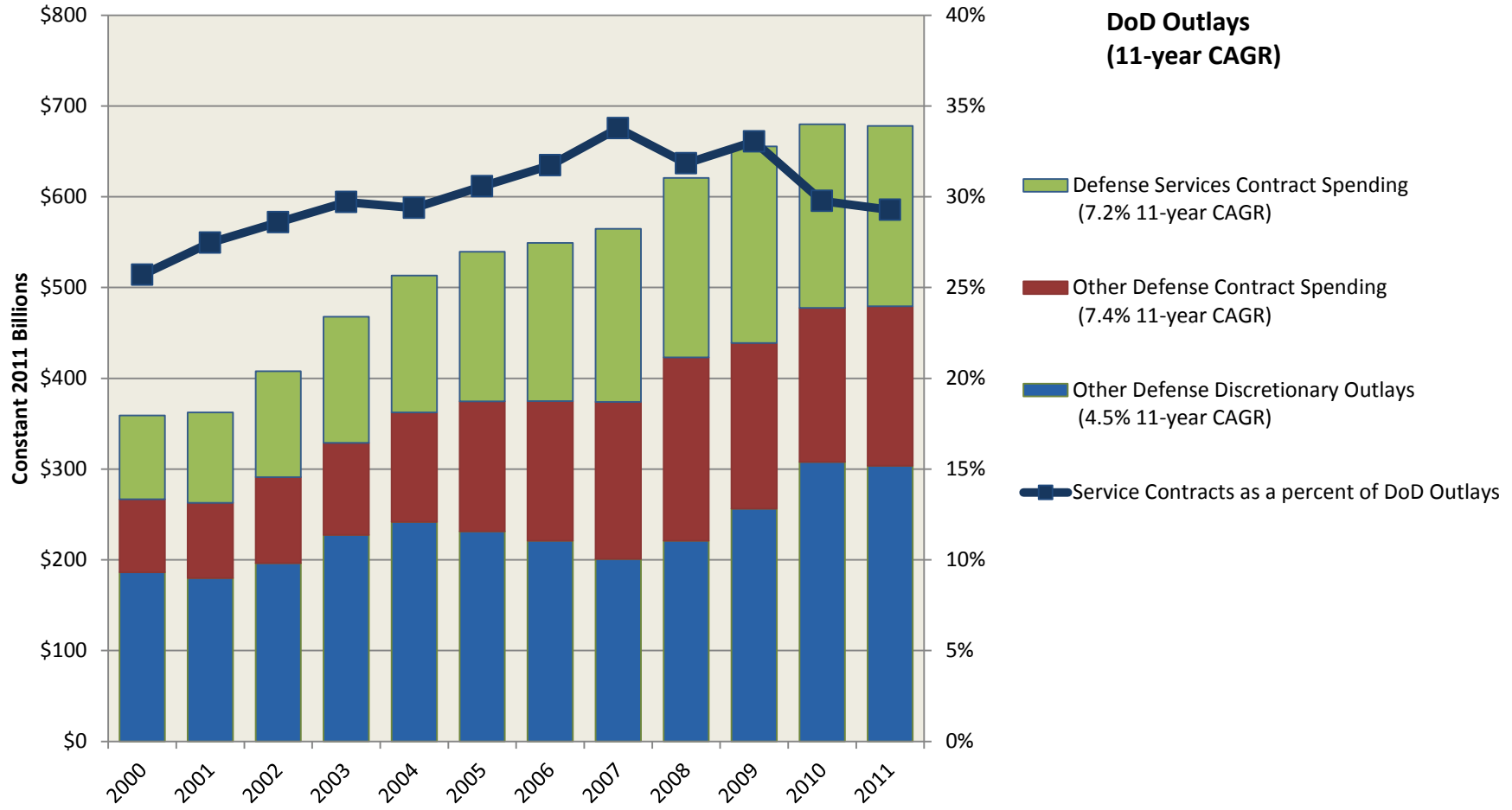
## Data sources

- **The Federal Procurement Data System (FPDS) is the primary data source for this project, supplemented with the Bloomberg government contract database and verified with the USASpending.gov query tool**
- **FPDS includes only unclassified DoD prime contract actions worth over \$2,500 (\$25,000 for the years prior to 2005); for DoD, this amounted to over 3 million contract actions for 1990-2011**
- **Contract action classifications sometimes differ between FPDS and individual companies, resulting in some contract actions that a company considers as services being labeled as products by FPDS and vice versa**
- **Neither supplementals nor joint ventures are separately classified in FPDS**
- **All dollar figures are in constant 2011 dollars**

## Methodology

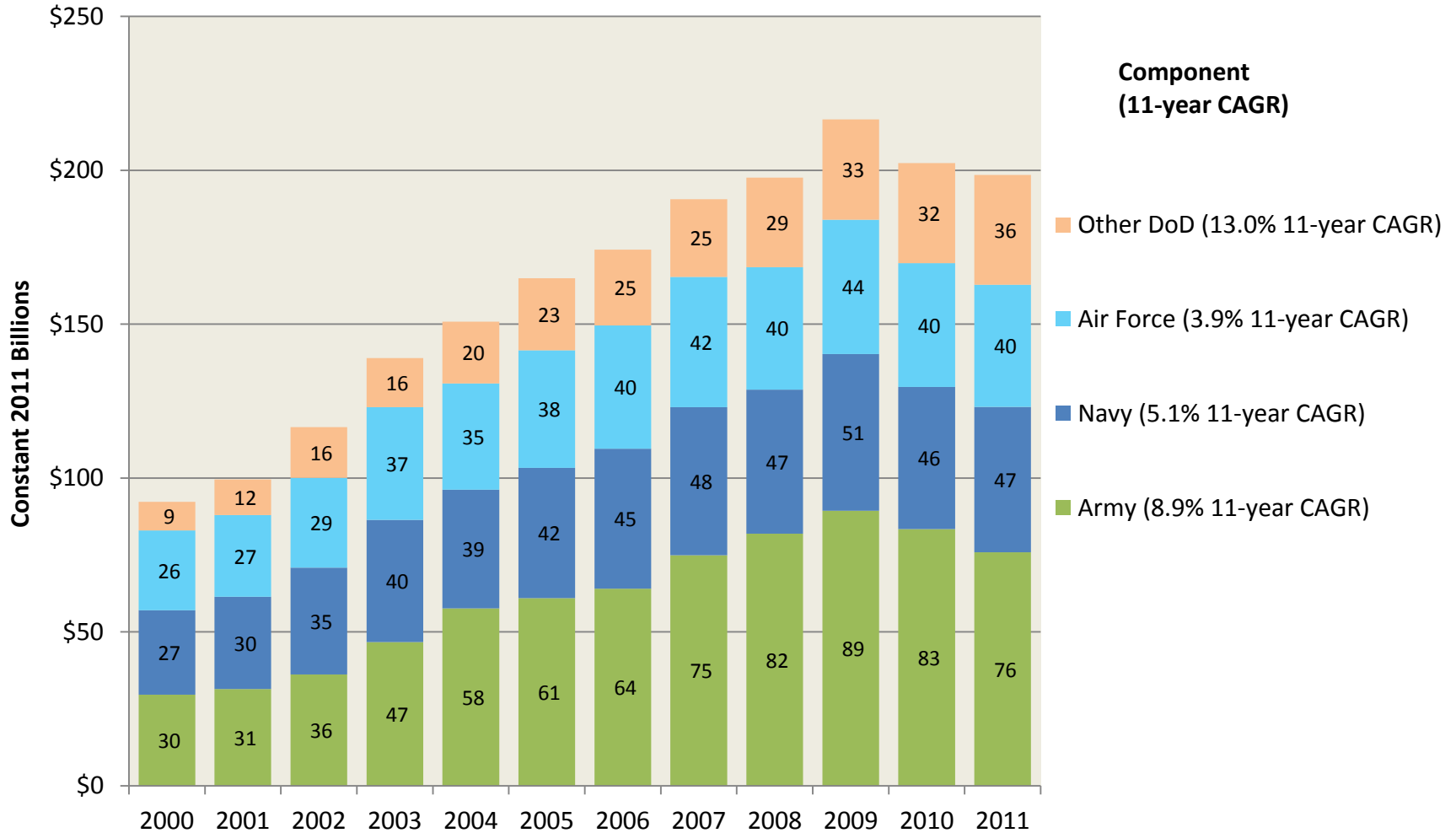
- **Demand side:**
  - Six categories of services serve as the foundation for this analysis:
    - o Information and communications technology (ICT) services
    - o Professional, administrative, management services (PAMS)
    - o Research & development (R&D)
    - o Equipment-related services (ERS)
    - o Facility-related services & construction (FRS&C) services
    - o Medical services
  - These categories cover all FPDS service codes
  - The categories are closely aligned with - but do not fully overlap – DoD’s services categories
- **Supply side:**
  - Four size categories for companies:
    - o Big 6: Lockheed Martin, Northrop Grumman, Boeing, General Dynamics, Raytheon, BAE
    - o Large: >\$3 billion in total annual revenue (excluding Big 6)
    - o Small: identified as such in FPDS (based on SBA guidelines)
    - o Medium: not identified as “small” and <\$3 billion in total annual revenue

# DoD Service Contract Spending in Context, 2000-2011

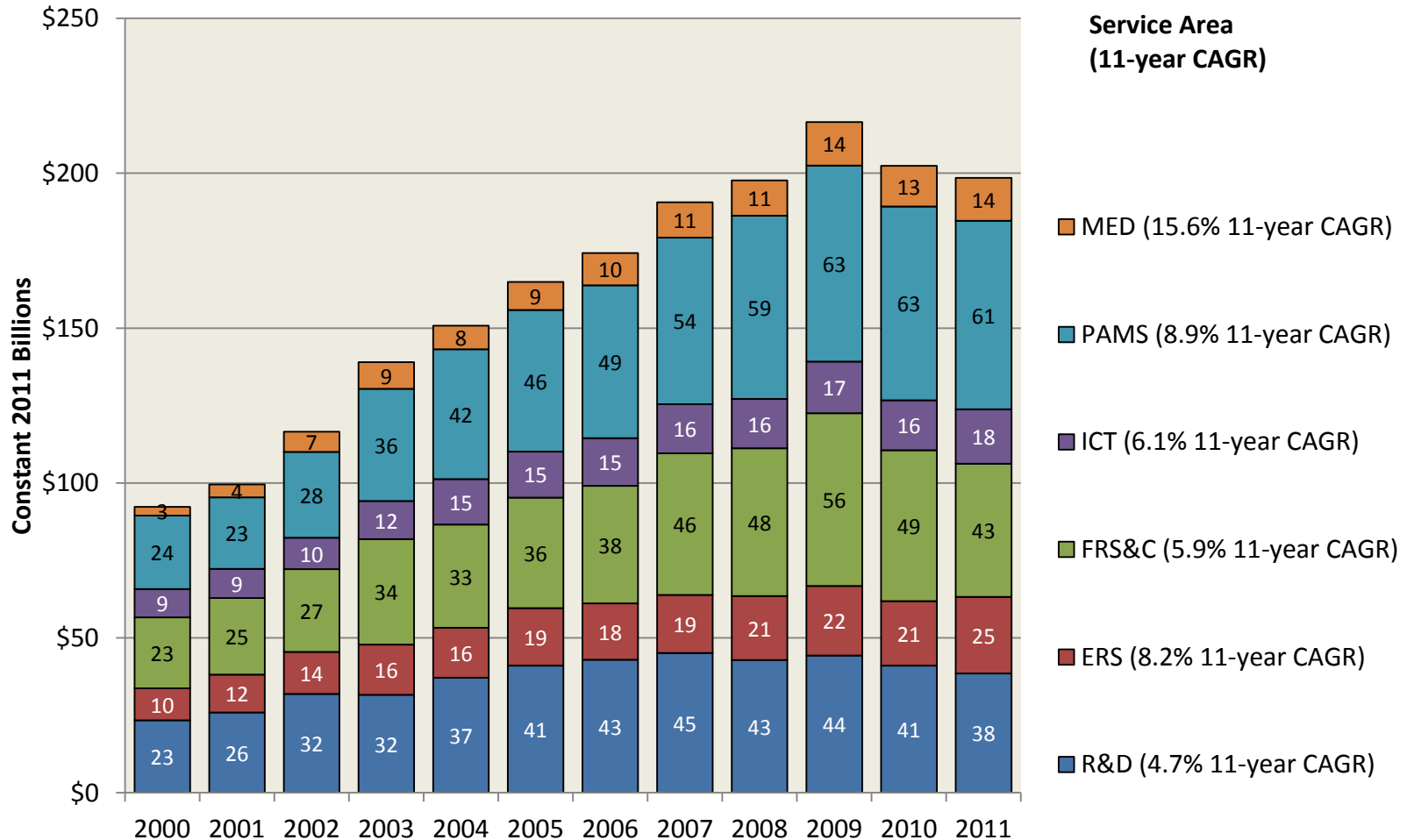


Sources: FPDS, Bloomberg government contract database, OMB Historical Tables,; analysis by CSIS Defense-Industrial Initiatives Group

## Defense Service Contract Spending by Component, 2000-2011

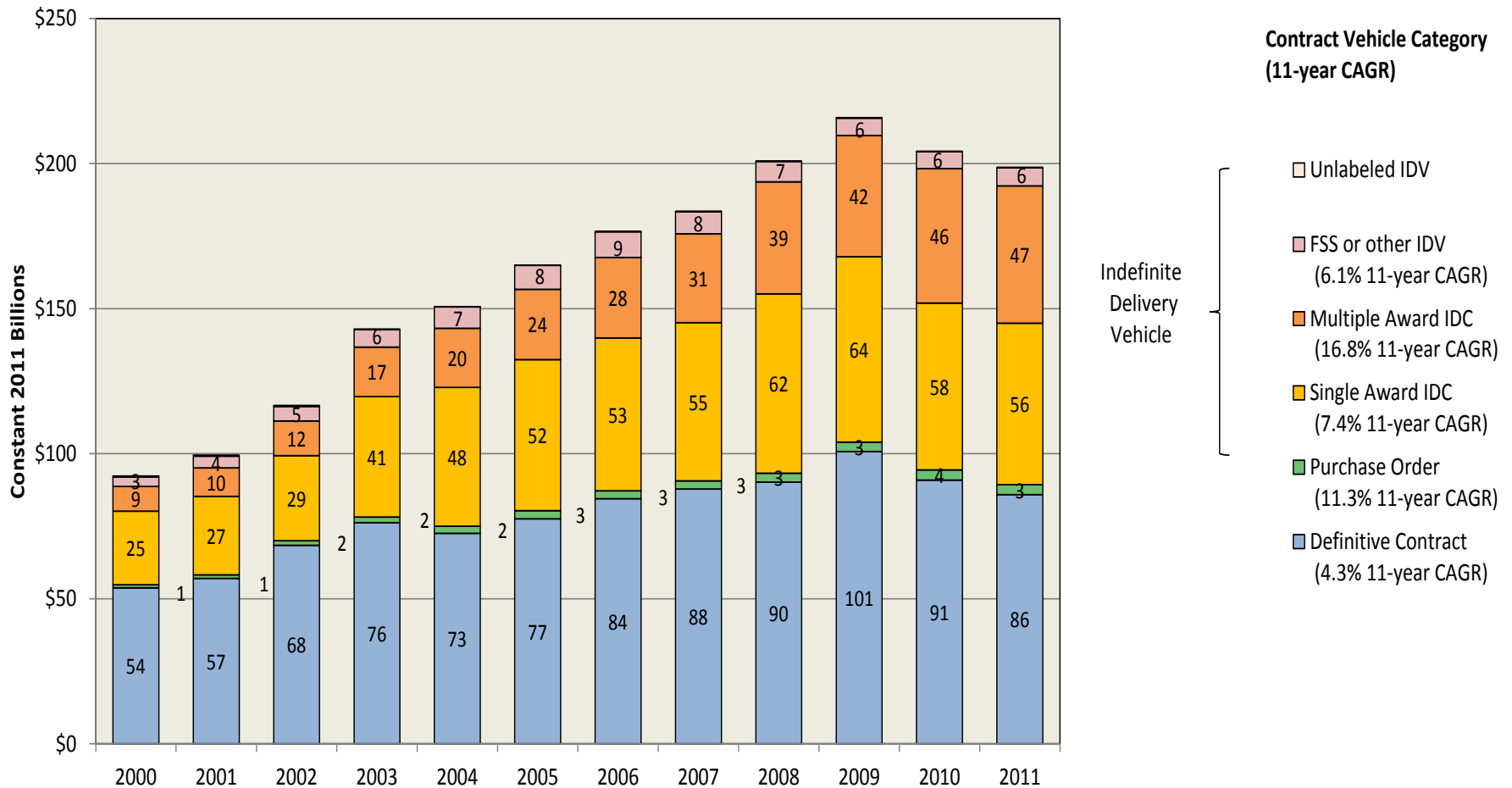


# Defense Service Contract Spending by Service Area, 2000-2011



Source: FPDS; analysis by CSIS Defense-Industrial Initiatives Group

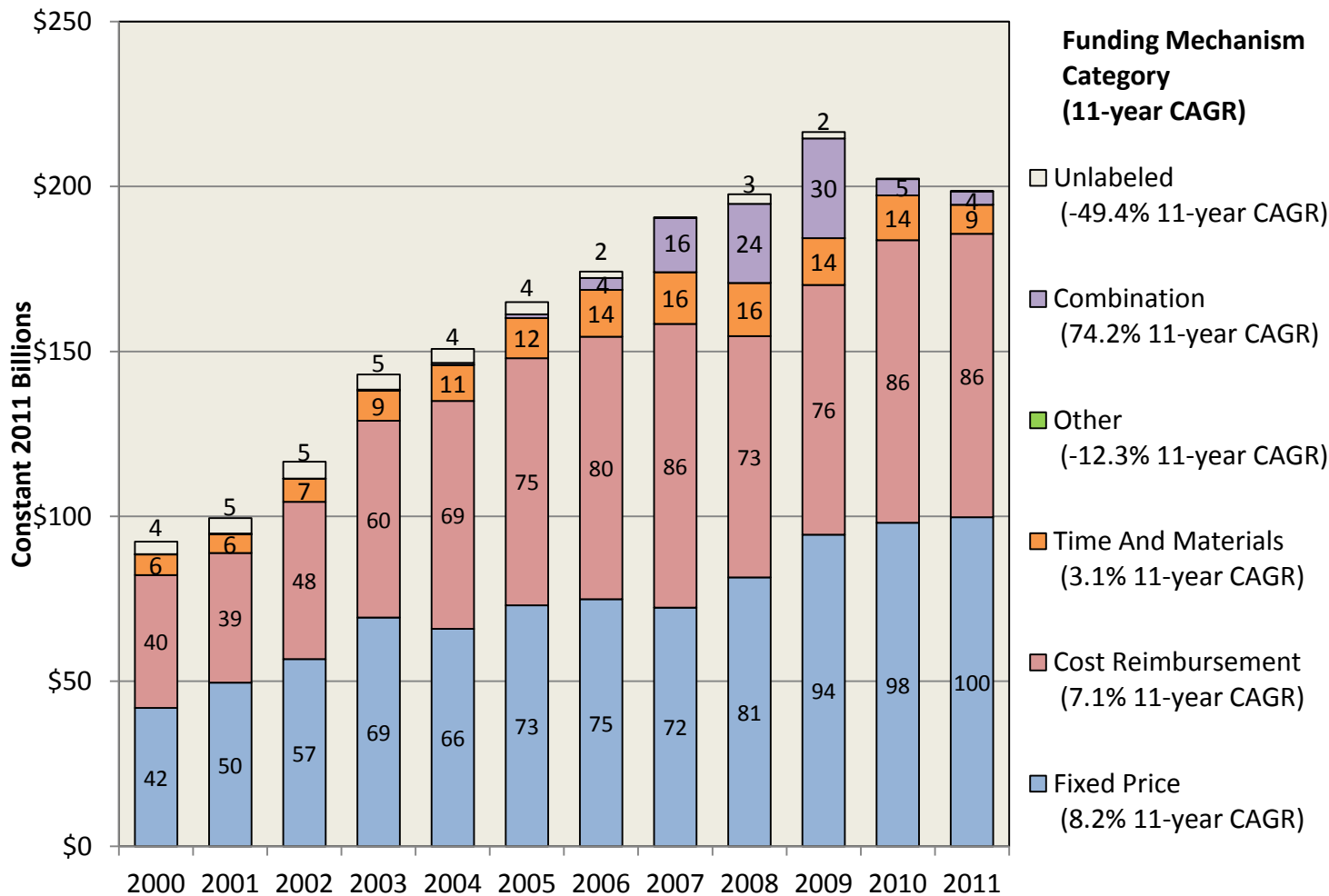
# Defense Service Contract Spending by Contract Vehicle, 2000-2011



Note: Total numbers do not match with those in other slides due to use of the FPDS.gov web tool as the source for this slide. Regular updates by FPDS administrators can change back year totals.

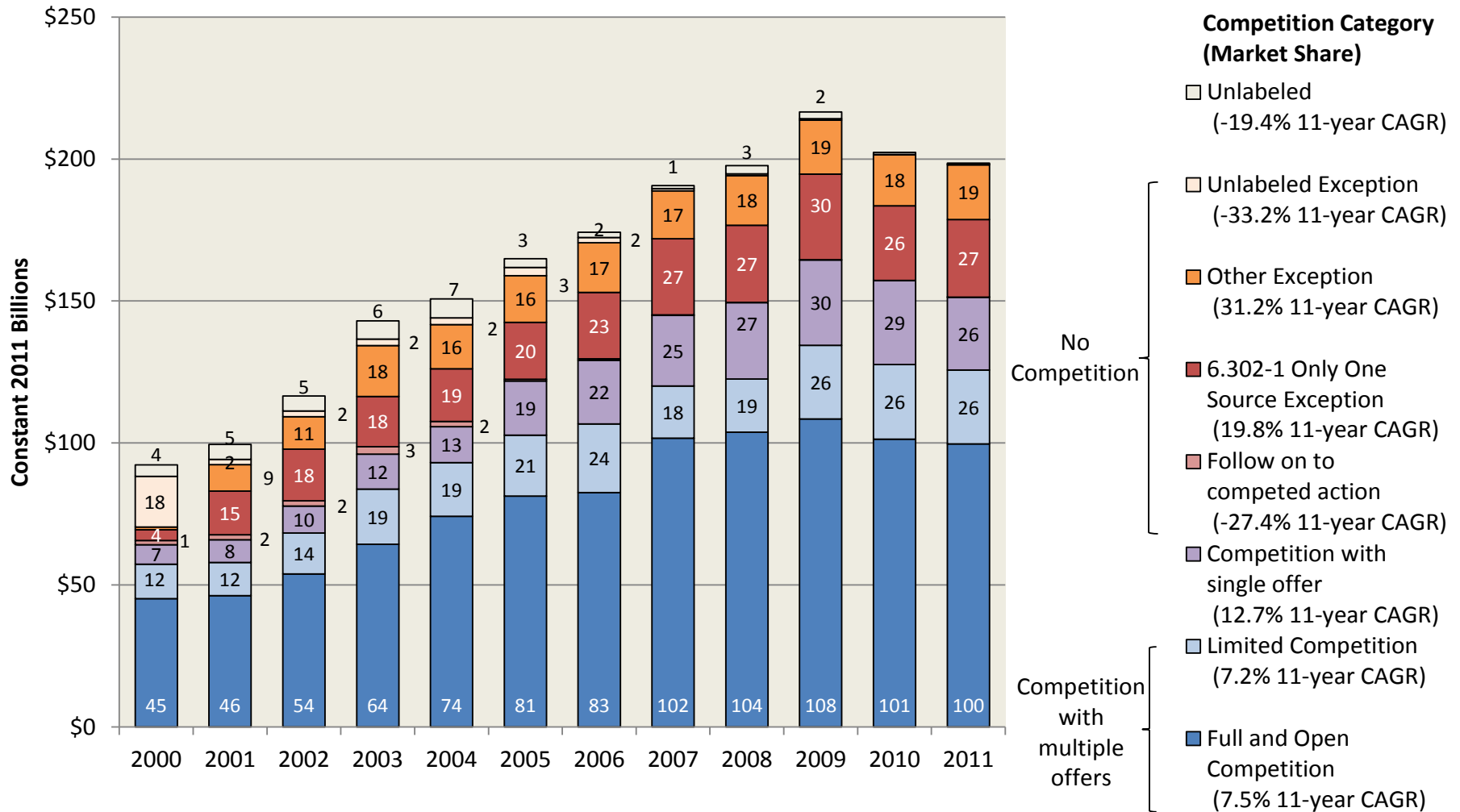


# Defense Service Contract Spending by Funding Mechanism, 2000-2011



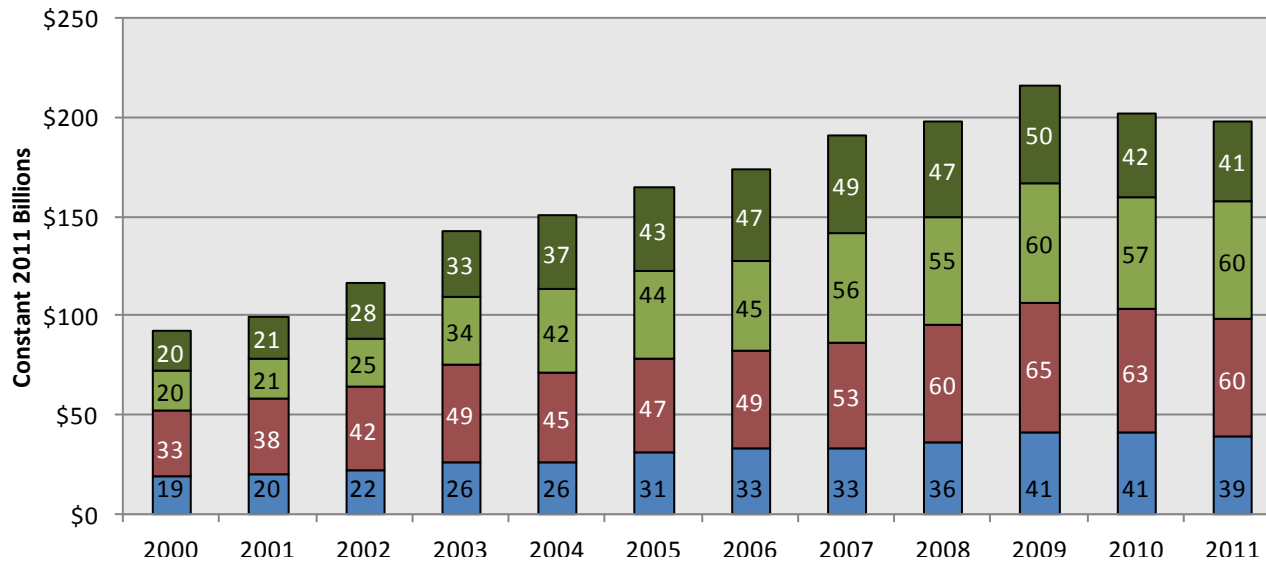
Source: FPDS; analysis by CSIS Defense-Industrial Initiatives Group

# Defense Service Contract Spending by Level of Competition, 2000-2011



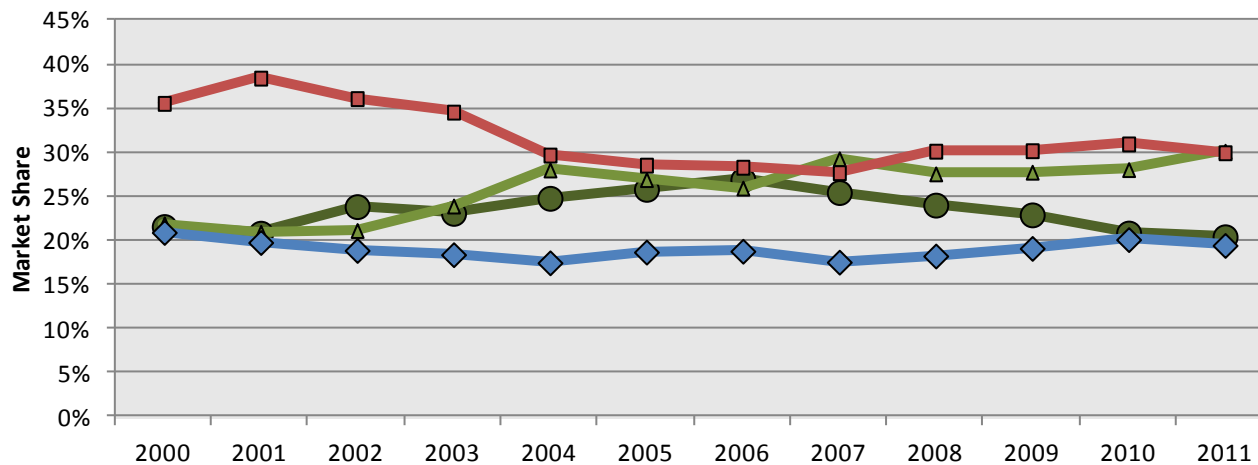
Source: FPDS; analysis by CSIS Defense-Industrial Initiatives Group

# Defense Service Contract Spending by Contractor Size, 2000-2011



### Contractor Size Category (11-year CAGR)

- Big 6 Contractors (6.7%)
- Other Large Contractors [\$3B+] (10.4%)
- Medium Contractors (5.6%)
- Small Contractors (6.5%)



### Contractor Size Category

- Big 6 Contractors
- ▲ Other Large Contractors [\$3B+]
- Medium Contractors
- ◆ Small Contractors

Source: FPDS, Bloomberg government contract database; analysis by CSIS Defense-Industrial Initiatives Group

## Top 20 Defense Services Contractors, 2000-2011

Rank	2000 Contractors		2011 Contractors	
	Top 20 Contractors in 2000	Obligations in 2011 Millions	Top 20 Contractors in 2011	Obligations in 2011 Millions
1	Lockheed Martin	\$ 8,111	Lockheed Martin	\$ 13,590
2	Boeing	\$ 4,665	Northrop Grumman	\$ 8,459
3	Raytheon	\$ 3,082	Boeing	\$ 6,018
4	TRW [Northrop Grumman]	\$ 2,104	Raytheon	\$ 5,567
5	Northrop Grumman	\$ 1,857	SAIC	\$ 4,730
<b>Subtotal for Top 5</b>		<b>19,818</b>		<b>38,364</b>
6	General Dynamics	\$ 1,724	General Dynamics	\$ 4,038
7	SAIC	\$ 1,680	L3 Communications	\$ 3,635
8	Computer Sciences Corp.	\$ 1,451	Humana	\$ 3,439
9	Bechtel	\$ 839	TriWest Healthcare	\$ 3,093
10	Halliburton	\$ 753	Health Net	\$ 2,963
11	Foundation Health Federal Services	\$ 643	ITT	\$ 2,945
12	Litton [Northrop Grumman]	\$ 606	Computer Sciences Corp.	\$ 2,926
13	Dyncorp International	\$ 604	BAE Systems	\$ 2,891
14	BAE Systems	\$ 587	Dyncorp International	\$ 2,861
15	ITT	\$ 587	Fluor	\$ 2,722
16	Newport News Shipbuilding [Northrop Grumman]	\$ 582	Booz Allen Hamilton	\$ 2,543
17	FedEx	\$ 562	KBR	\$ 2,250
18	Johns Hopkins University	\$ 539	CACI	\$ 2,219
19	The Mitre	\$ 523	URS	\$ 1,754
20	Booz Allen Hamilton	\$ 514	Hewlett-Packard	\$ 1,750
<b>Total for Top 20</b>		<b>\$ 32,012</b>		<b>\$ 80,395</b>
<b>Total for all industry</b>		<b>92,304</b>		<b>198,536</b>

Source: FPDS, Bloomberg government contract database; analysis by CSIS Defense-Industrial Initiatives Group

## Appendix 1: Breakdown of CSIS Service Areas

- **Information and communications technology (ICT) services:** All of service codes D (Automatic data processing and telecommunication services) and L (Technical representative services), and elements of service codes H (Quality control, testing, and inspection services), J (Maintenance, repair, and rebuilding of equipment), K (Modification of equipment), N (Installation of equipment), S (Utilities and housekeeping services), and W (Lease or rental of equipment).
- **Professional, administrative, management services (PAMS):** All of service codes B (Special studies and analyses (not research and development), C (Architect and engineering services—construction), R, T, and U (Education and training services), and elements of service codes A (Research and development), H (Quality control, testing, and inspection services), and V (Transportation, travel, and relocation services).
- **Research & development (R&D):** Elements of service code A (Research and development).
- **Equipment-related services (ERS):** Elements of service codes J (Maintenance, repair, and rebuilding of equipment), K (Modification of equipment), N (Installation of equipment), P (Salvage services), V (Transportation, travel, and relocation services), and W (Lease or rental of equipment).
- **Facility-Related Services & Construction (FRS&C) services:** All of service codes E (Purchase of structures and facilities), F (Natural resources management), M (Operation of government-owned facility), X (Lease or rental of facilities), Y (Construction of structures and facilities), and Z (Maintenance, repair, or alteration of real property), and elements of service codes S (Utilities and housekeeping services) and P (Salvage services), .
- **Medical services:** All of service codes G (Social services) and Q (Medical services).

## Appendix 2: DoD vs. CSIS Service Category Comparison

Product or Service Code	CSIS Service Category	DoD Portfolio
<b>A - Research &amp; Development</b>	PAMS and R&D	R&D
<b>B - Special Studies &amp; Analyses - Not R&amp;D</b>	PAMS	Knowledge-based Services
<b>C - Architect &amp; Engineering - Construction</b>	PAMS	FRS
<b>D - Automatic Data Processing &amp; Telecommunication</b>	ICT	ECS
<b>E - Purchase of Structures &amp; Facilities</b>	FRS&C	FRS
<b>F - Natural Resources &amp; Conservation</b>	FRS&C	FRS
<b>G - Social Services</b>	MED	FRS
<b>H - Quality Control, Testing, &amp; Inspection</b>	ICT and PAMS	ECS, ERS, and FRS
<b>J - Maintenance, Repair, &amp; Rebuilding of Equipment</b>	ERS and ICT	ECS, ERS, and FRS
<b>K - Modification of Equipment</b>	ERS and ICT	ECS, ERS, and FRS
<b>L - Technical Representative</b>	ICT and PAMS	ECS, ERS, and FRS
<b>M - Operation of Government Owned Facilities</b>	FRS&C	FRS
<b>N - Installation of Equipment</b>	ERS and ICT	ECS, ERS, and FRS
<b>P - Salvage Services</b>	ERS and FRS&C	ERS and FRS
<b>Q - Medical Services</b>	MED	MED
<b>R - Professional, Administrative, &amp; Management Support</b>	PAMS	ECS and Knowledge-based Services
<b>S - Utilities &amp; Housekeeping Services</b>	FRS&C and ICT	ECS and FRS
<b>T - Photographic, Mapping, Printing, &amp; Publications</b>	PAMS	Knowledge-based Services
<b>U - Education &amp; Training</b>	PAMS	Knowledge-based Services
<b>V - Transportation, Travel &amp; Relocation</b>	ERS and PAMS	Transportation Services
<b>W - Lease or Rental of Equipment</b>	ERS and ICT	ECS, ERS, and FRS
<b>X - Lease or Rental of Facilities</b>	FRS&C	FRS
<b>Y - Construction of Structures &amp; Facilities</b>	FRS&C	Construction Services
<b>Z - Maintenance, Repair, or Alteration of Real Property</b>	FRS&C	FRS