CSIS | CENTER FOR STRATEGIC & INTERNATIONAL STUDIES | Defense-Industrial Initiatives Group

Structure and Evolution of the U.S. Federal Services Industry 2000-2010

November 23, 2011

Defense-Industrial Initiatives Group
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www.csis.org/isp/diig

What is the Services Industrial Base?

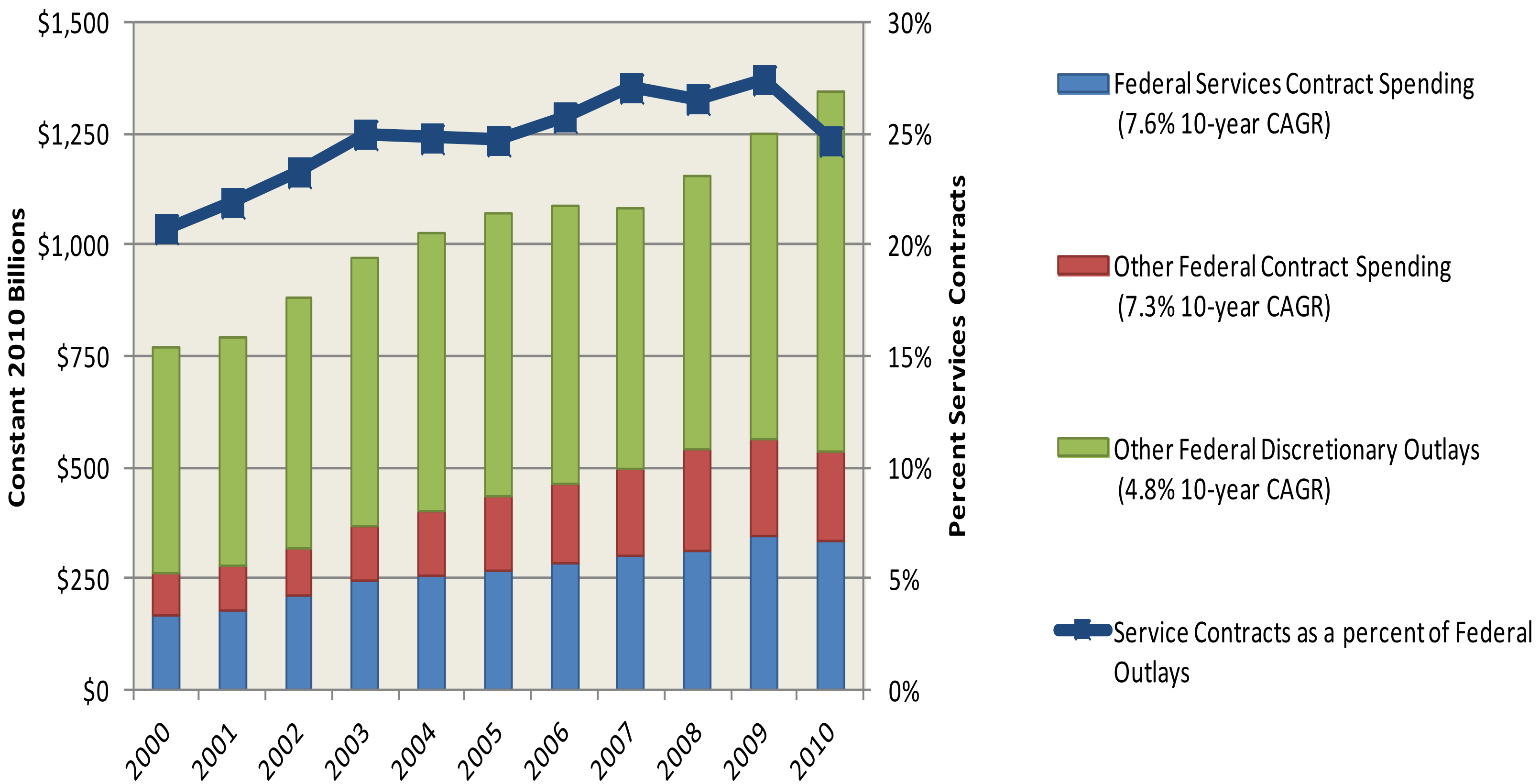
- All organizations and individuals providing contract services to departments and agencies of the U.S. federal government. Contract services include all types of services except those that are tied directly to delivery of weapons and other hardware systems and therefore categorized as products
- In-depth analysis of six primary areas of services*:
  - **Information and Communications Technology (ICT)**: IT and telecommunications services
  - **Professional, Administrative, and Management Support (PAMS)**: non-R&D studies and analyses, architect and engineering services, quality control, testing and inspection, technical representative services
  - **Research and Development (R&D)**: basic and applied research, experimental and advanced development, engineering and operational systems development
  - **Facilities Related Services and Construction (FRS&C)**: purchase, lease/rental, operation and maintenance of facilities
  - **Equipment Related Services (ERS):** installation, lease/rental, maintenance, repair, rebuilding and modification of equipment
  - **Medical Services (MED):** primary physical, psychiatric, dependent, geriatric and pediatric care, as well as pharmacologic and testing services

*Some types of services (e.g. IT) are split into multiple categories but no FSC code is double counted in this analysis.

Notes on Data

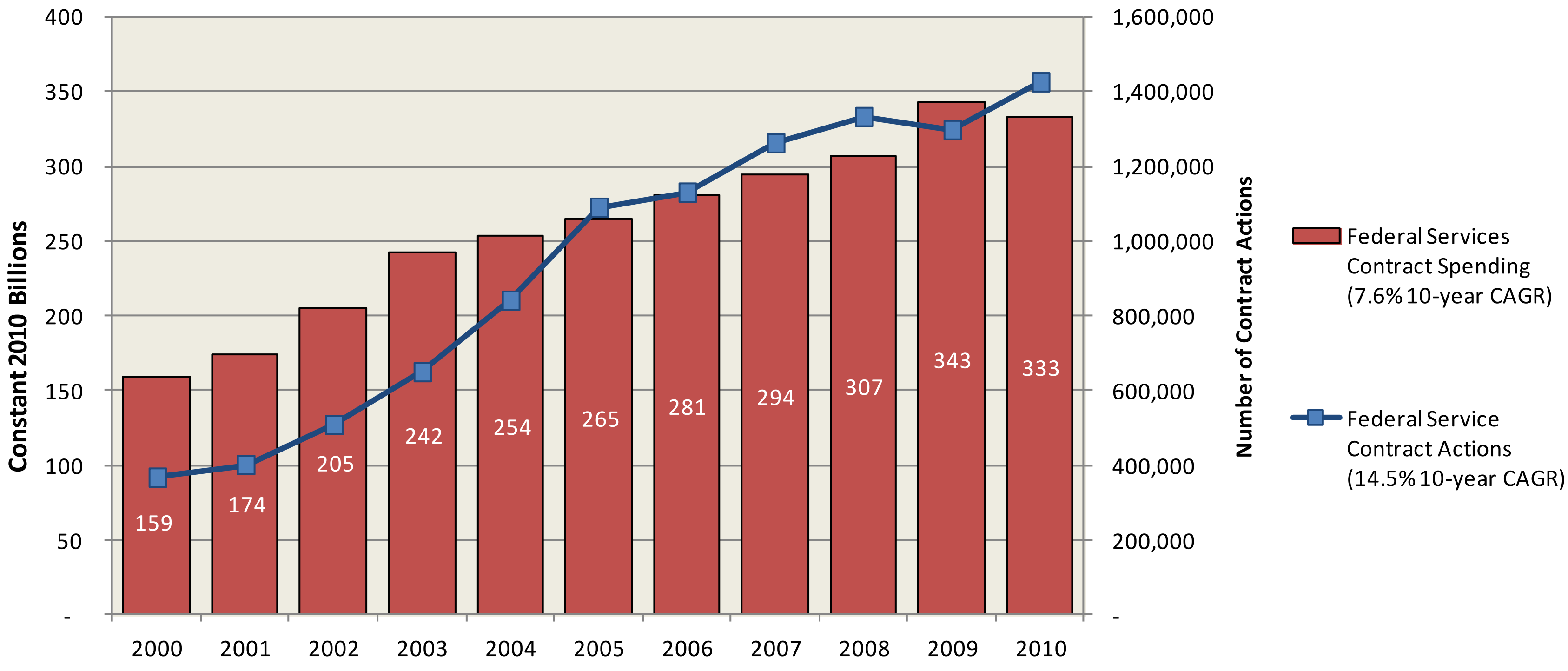
- The Federal Procurement Data System (FPDS) was the primary source for this report; FY2000-FY2010 include over 15 million services contract actions
- FPDS includes only federal prime contracts, not sub-contracts and/or contracts made at the state and local levels
- FPDS data are constantly being updated, including those for back years. As a consequence, the dollar totals for a given year can vary between reports
- Contract classifications sometimes differ between FPDS and individual companies, resulting in some contracts that a company considers as services being labeled as products by FPDS and vice versa
- Only unclassified contracts are included in FPDS
- Spending from supplementals included but not separately classified
- All dollar figures are in constant 2010 obligated dollars

Figure 5.1 (p. 67). Federal Services Spending in Context, 2000–2010



Source: Federal Procurement Data System; analysis by CSIS Defense-Industrial Initiatives Group.

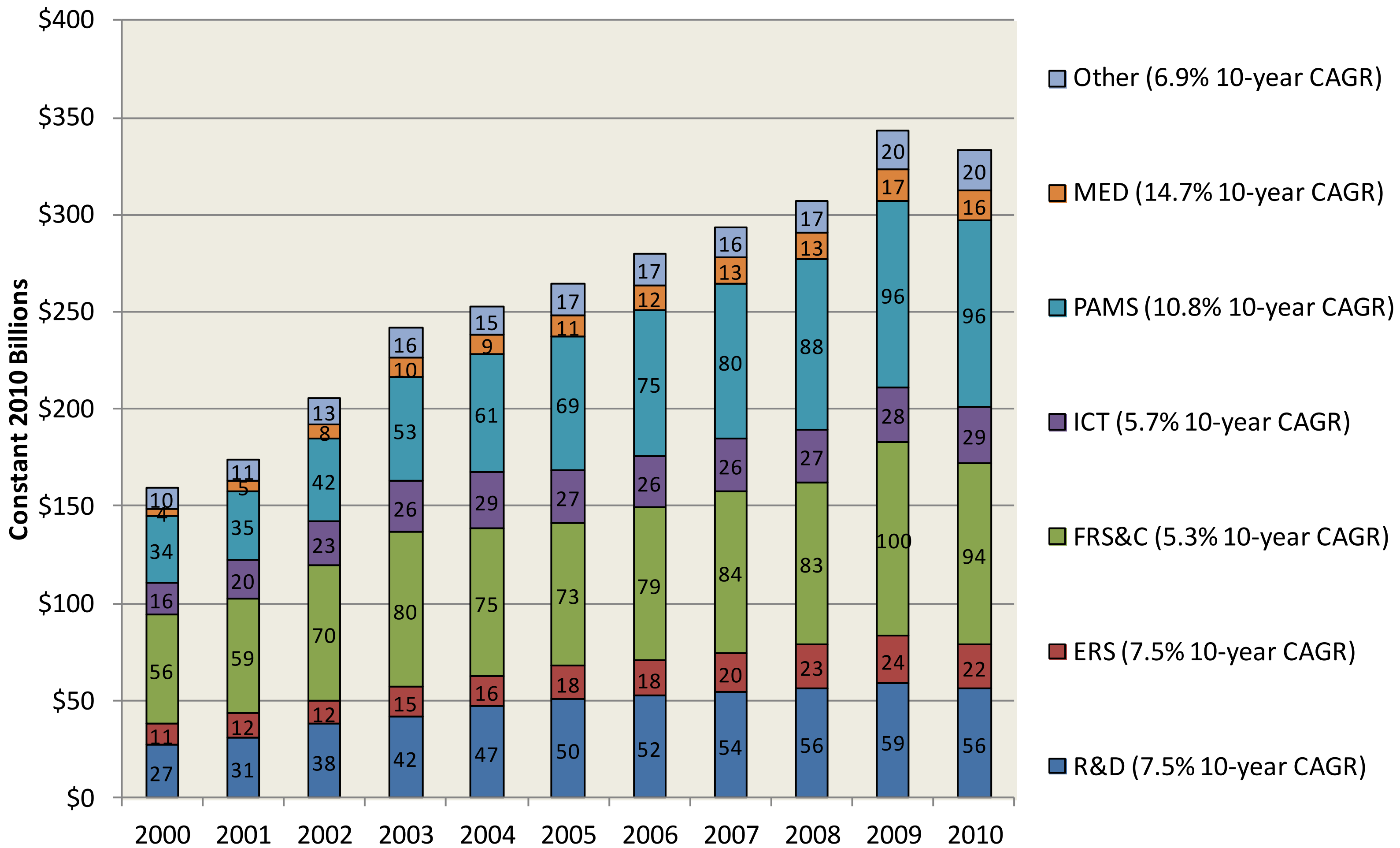
Figure 2.1 (p. 6). The Federal Services Market, 2000-2010



Note: Certain contract actions obligated by VA in 2005-2008 have been due to non-standard reporting practices.

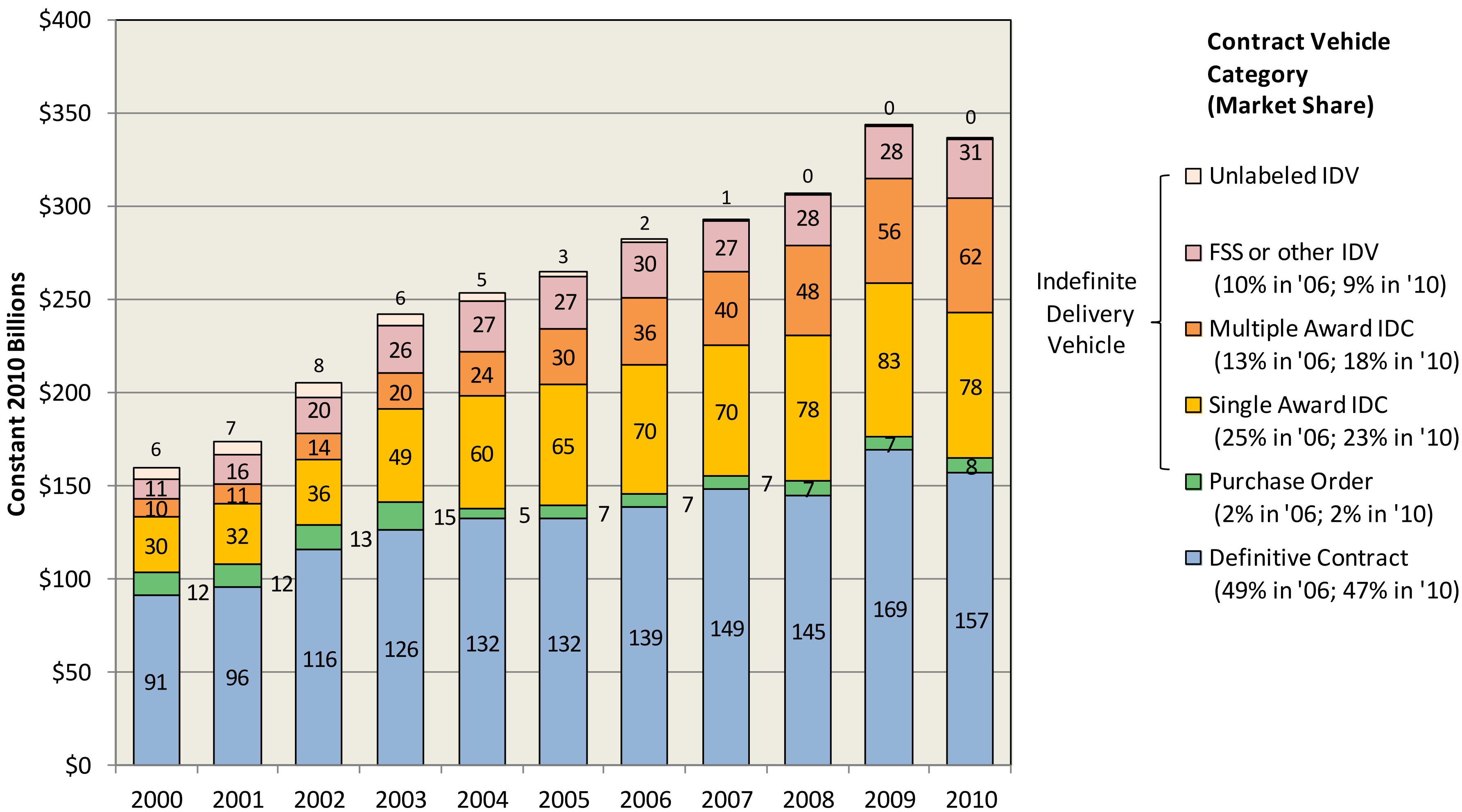
Source: Federal Procurement Data System; analysis by CSIS Defense-Industrial Initiatives Group.

Figure 2.2 (p. 7). The Federal Services Market, by Service Area, 2000-2010



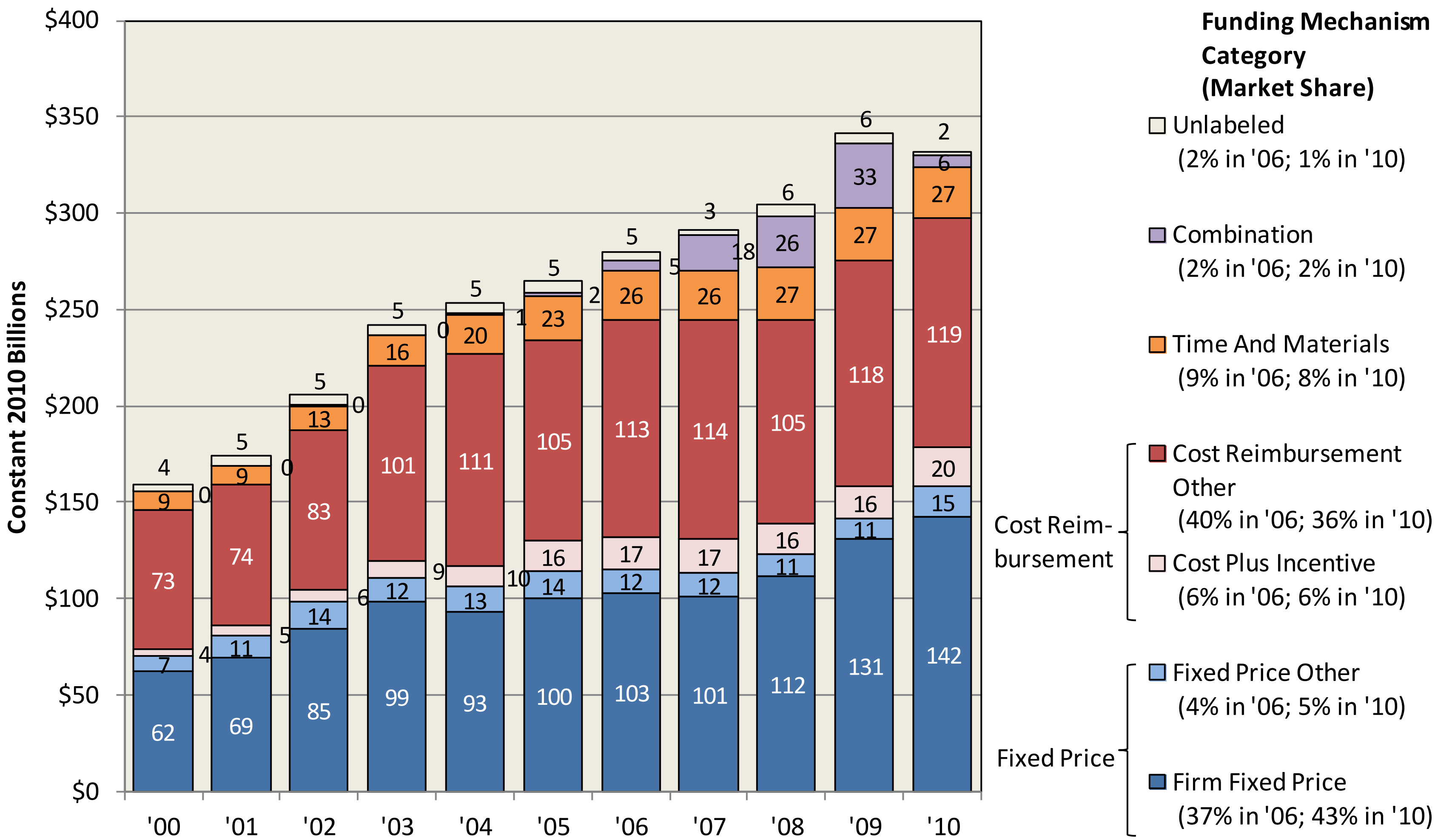
Source: Federal Procurement Data System; analysis by CSIS Defense-Industrial Initiatives Group.

Figure 2.3 (p. 8). Contract Vehicles for Federal Services Contract Actions, 2000-2010



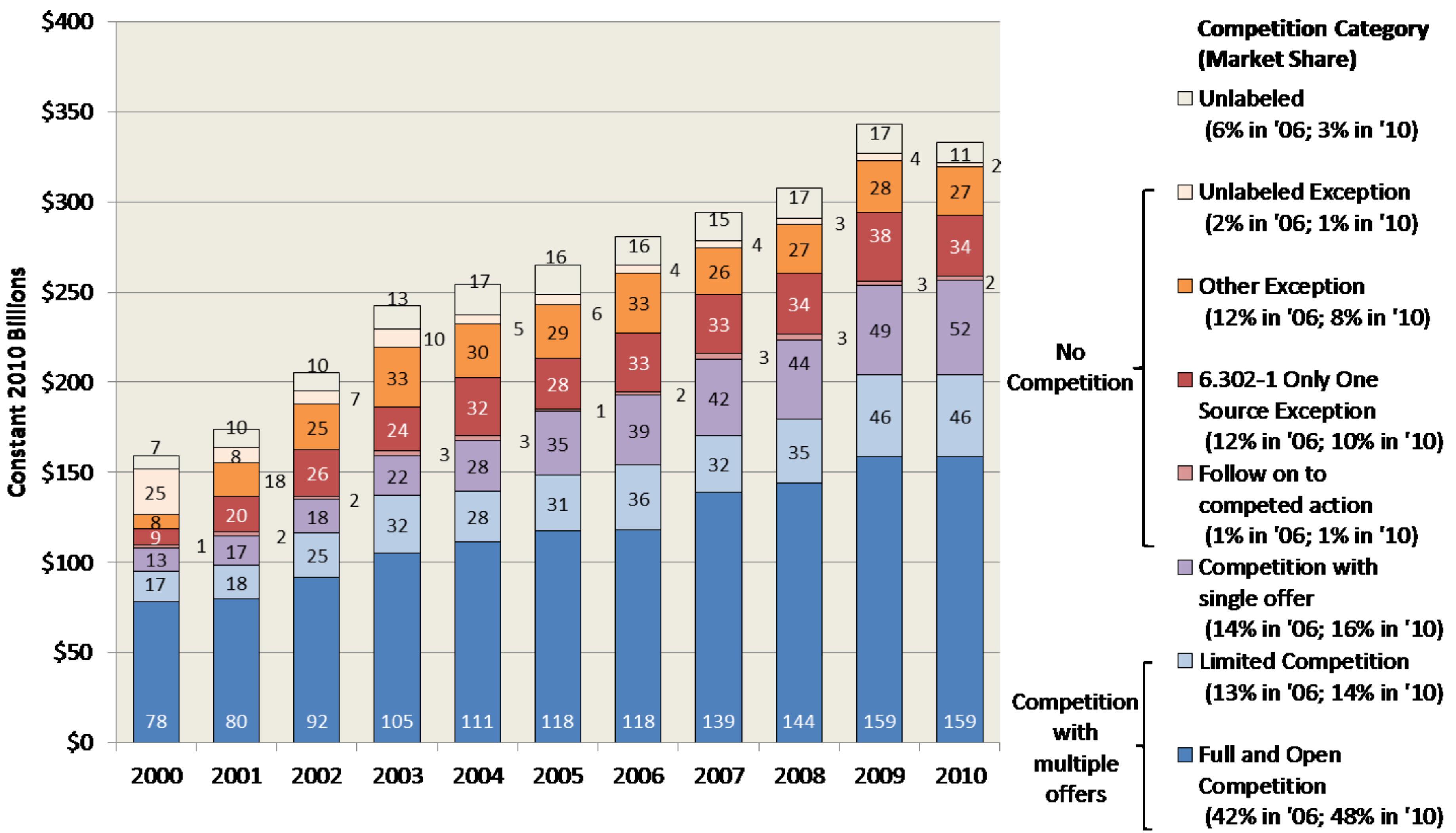
Source: Federal Procurement Data System; analysis by CSIS Defense-Industrial Initiatives Group.

Figure 2.4 (p. 10). Funding Mechanism of Federal Services Contract Actions, 2000-2010



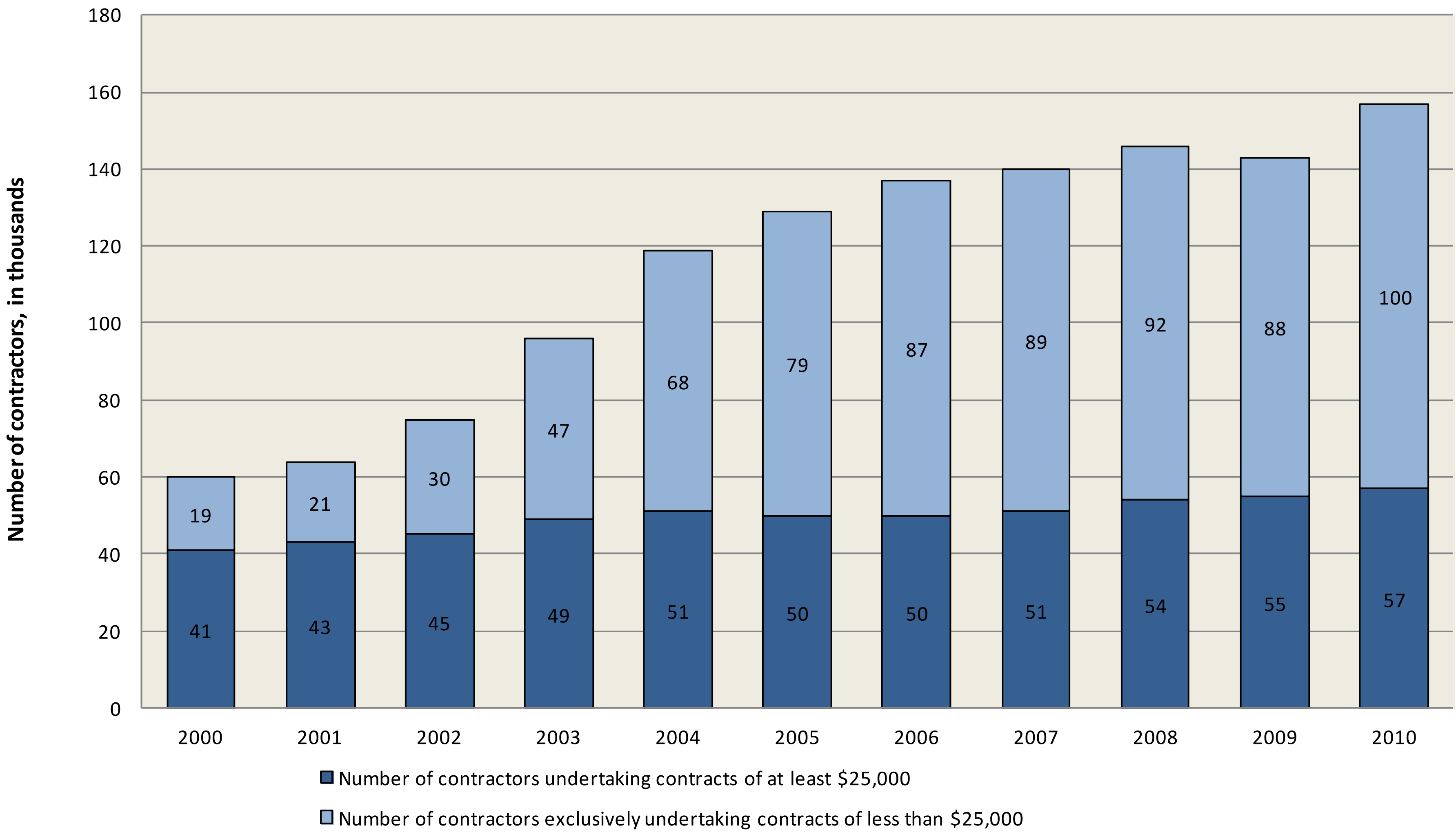
Source: Federal Procurement Data System; analysis by CSIS Defense-Industrial Initiatives Group.

Figure 2.5 (p. 11). Competition in Federal Service Contract Actions, 2000-2010



Source: Federal Procurement Data System; analysis by CSIS Defense-Industrial Initiatives Group.

Figure 2.7 (p. 13). Number of Federal Services Contractors, 2000-2010



Source: Federal Procurement Data System; analysis by CSIS Defense-Industrial Initiatives Group.

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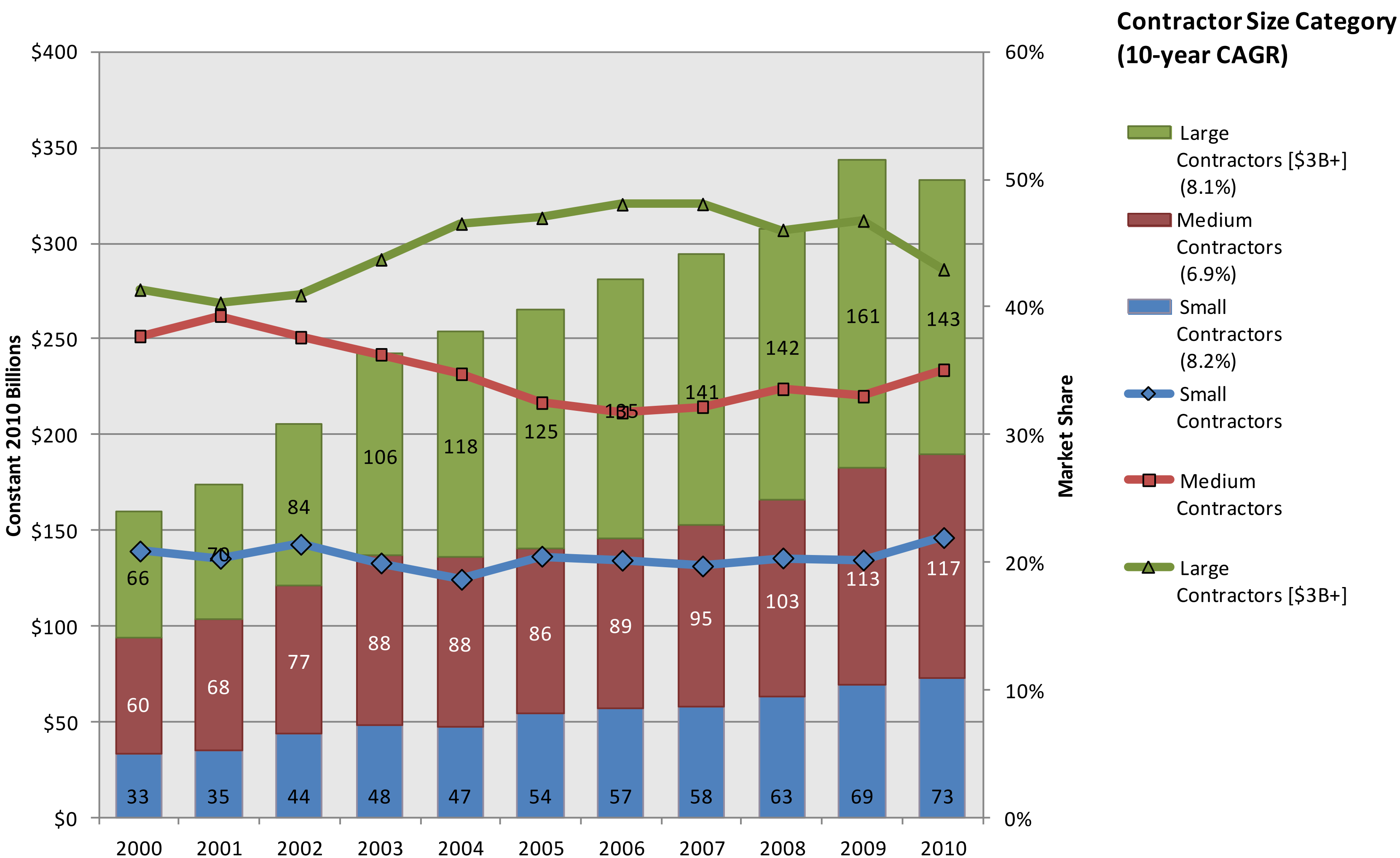
Figure 2.10 (p. 17). Market Share of Small, Medium, and Large Contractors in the Federal Services Market, 2000-2010



Source: Federal Procurement Data System; analysis by CSIS Defense-Industrial Initiatives Group.

Table 2.1 (p. 18). Top 20 Federal Services Contractors, 2000 and 2010

	2000 Contractors	2000		2010 Contractors	2010
Rank	**Top 20 Contractors in 2000**	**Obligations in 2010 Millions**		**Top 20 Contractors in 2010**	**Obligations in 2010 Millions**
1	Lockheed Martin	10,450		Lockheed Martin	19,400
2	University Of California	7,840		Northrop Grumman	11,030
3	Boeing	4,820		Boeing	7,650
4	Raytheon	3,640		Raytheon	6,370
5	Bechtel	3,400		SAIC	5,800
Subtotal for Top 5	-	30,150		-	50,260
6	TRW	3,020		General Dynamics	4,600
7	SAIC	2,180		L3 Communications	4,490
8	Northrop Grumman	1,930		Computer Sciences Corp.	4,350
9	Computer Sciences Corp.	1,860		Booz Allen Hamilton	3,850
10	General Dynamics	1,770		KBR	3,580
11	Washington Savannah River Company*	1,660		Health Net	3,260
12	Fluor	1,480		Humana	3,240
13	University of Chicago	1,220		Bechtel	3,100
14	Dyncorp International	990		Dyncorp International	2,960
15	Electronic Data Systems	940		BAE Systems	2,900
16	Halliburton	860		TriWest Healthcare	2,720
17	Booz Allen Hamilton	850		URS	2,590
18	AT&T	830		CACI	2,520
19	Kaiser Hill*	820		Battelle	2,290
20	Battelle	760		Los Alamos National Security*	2,200
Total for Top 20	-	51,310		-	98,930
Total for all industry	-	159,350		-	332,880

*** Joint Ventures**

Source: Federal Procurement Data System; analysis by CSIS Defense-Industrial Initiatives Group.

Table 3.2 (p. 39) Cross-Area Participation by Federal Services Contractors, 2000 and 2010

	2000					
	ICT	PAMS	R&D	ERS	FRS&C	MED
ICT	100%	33%	14%	17%	10%	2%
PAMS	8%	100%	11%	5%	9%	2%
R&D	10%	31%	100%	7%	5%	3%
ERS	10%	13%	6%	100%	17%	1%
FRS&C	2%	6%	1%	4%	100%	1%
MED	1%	4%	2%	1%	2%	100%

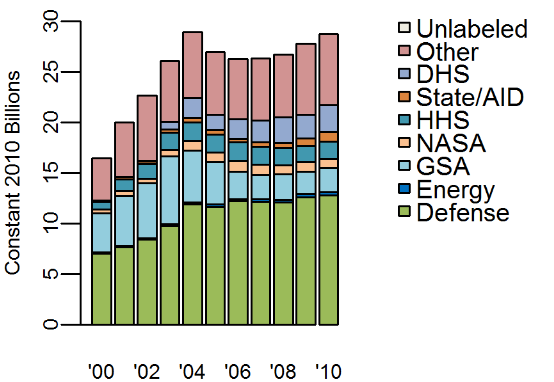
	2010					
	ICT	PAMS	R&D	ERS	FRS&C	MED
ICT	100%	46%	12%	24%	17%	4%
PAMS	8%	100%	8%	9%	11%	4%
R&D	8%	33%	100%	13%	15%	6%
ERS	8%	19%	7%	100%	19%	3%
FRS&C	3%	11%	3%	9%	100%	1%
MED	3%	16%	6%	6%	5%	100%

Source: Federal Procurement Data System; analysis by CSIS Defense-Industrial Initiatives Group.

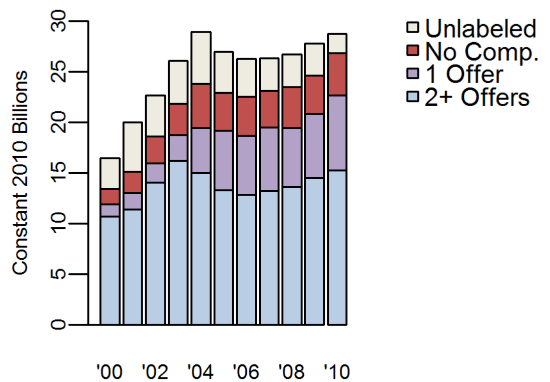
Federal Services Areas, 2000-2010

Figure 3.1 (p. 21) The Federal Information and Communications Technology Services Market, 2000-2010

Government Customer



Extent of Competition

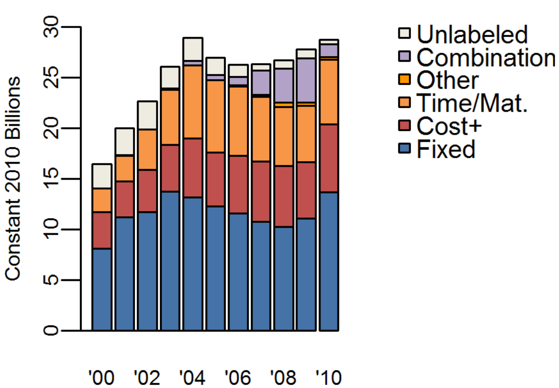


Top 10 Contractors

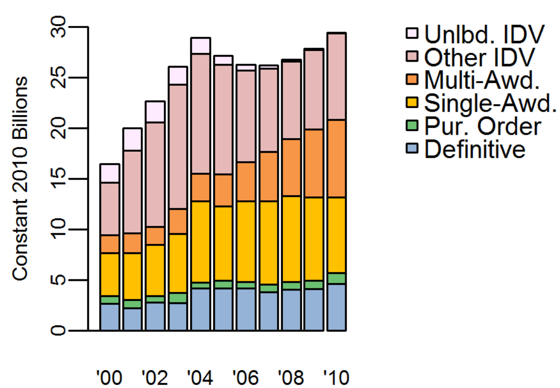
Contractor	2010 Millions
Lockheed Martin	1,860
Computer Sciences Corp.	1,550
SAIC	1,510
Northrop Grumman	1,370
Hewlett-Packard	1,210
IBM	970
General Dynamics	940
Unisys	640
Harris	620
Booz Allen Hamilton	550
Top 10 ICT Obligations	11,240
Total ICT Obligations	28,790

* Joint Venture

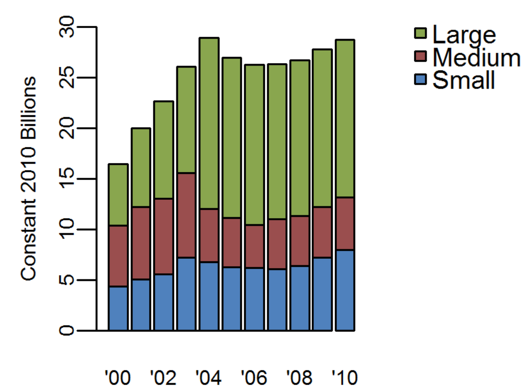
Funding Mechanism



Contract Vehicle



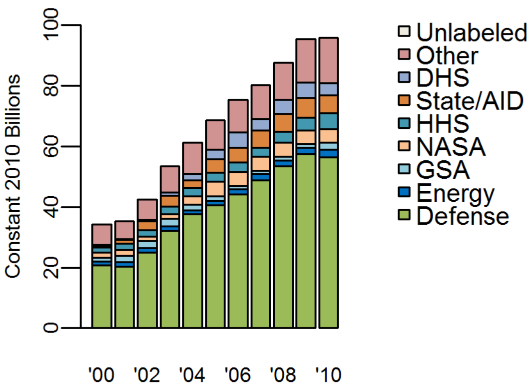
Contractor Size



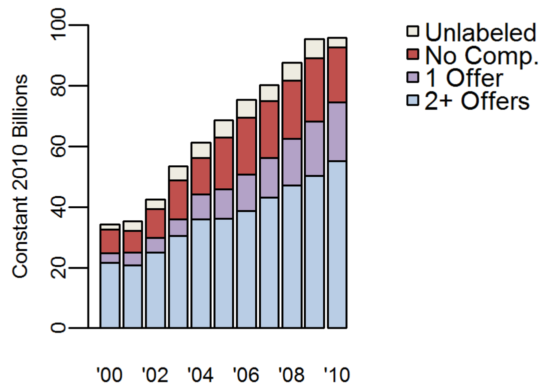
Source: Federal Procurement Data System; analysis by CSIS Defense-Industrial Initiatives Group.

Figure 3.2 (p. 24) The Federal Professional, Administrative and Management Support Services Market, 2000-2010

Government Customer



Extent of Competition

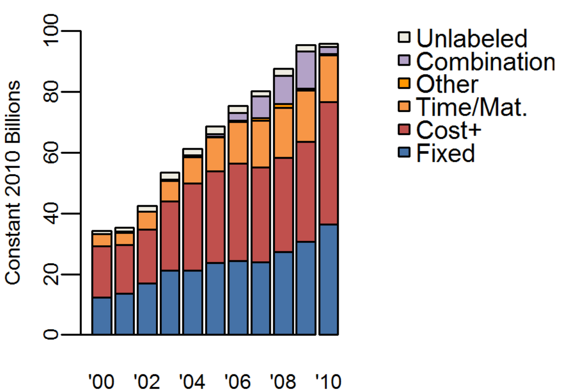


Top 10 Contractors

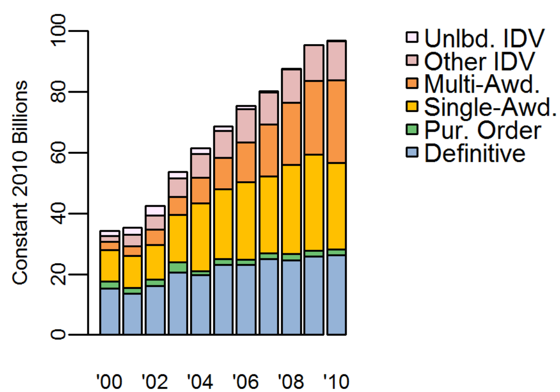
Contractor	2010 Millions
KBR	3,570
Northrop Grumman	3,130
Lockheed Martin	2,730
SAIC	2,540
Booz Allen Hamilton	2,070
United Space Alliance*	1,800
Dyncorp International	1,760
L3 Communications	1,730
Computer Sciences Corp.	1,690
Fluor	1,650
Top 10 PAMS Obligations	22,670
Total PAMS Obligations	95,780

* Joint Venture

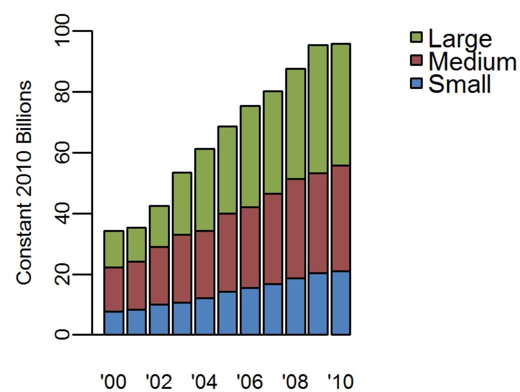
Funding Mechanism



Contract Vehicle



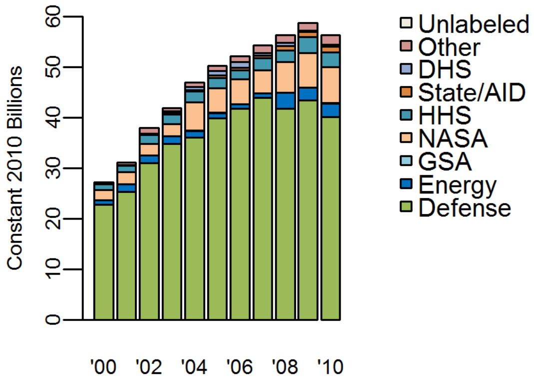
Contractor Size



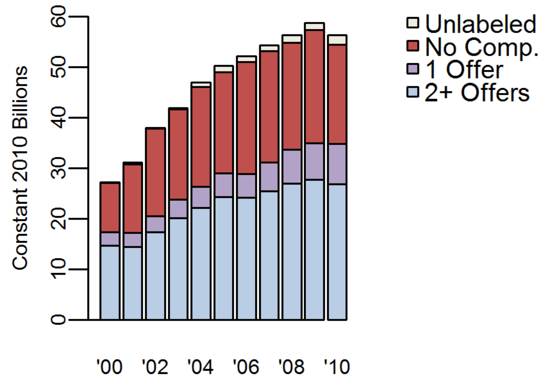
Source: Federal Procurement Data System; analysis by CSIS Defense-Industrial Initiatives Group.

Figure 3.3 (p. 27) The Federal Research and Development Services Market, 2000-2010

Government Customer



Extent of Competition

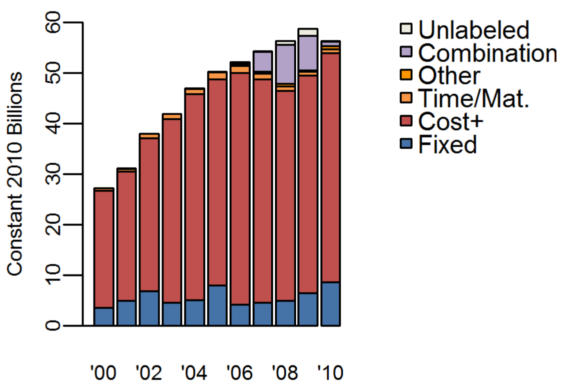


Top 10 Contractors

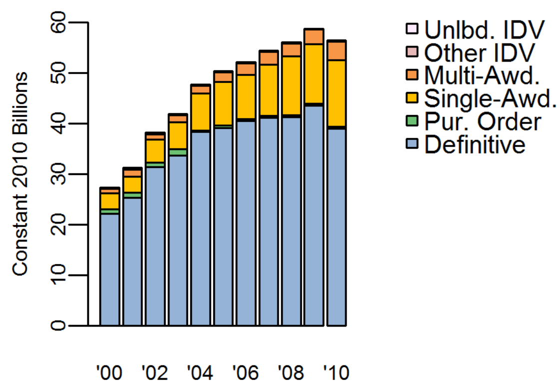
Contractor	2010 Millions
Lockheed Martin	9,750
Boeing	5,720
Northrop Grumman	4,990
Raytheon	3,110
California Institute Of Technology	1,650
Lawrence Livermore Nat'l Sec.*	1,530
United Technologies	1,280
Battelle	1,240
General Dynamics	1,060
Booz Allen Hamilton	950
Top 10 R&D Obligations	31,300
Total R&D Obligations	56,390

* Joint Venture

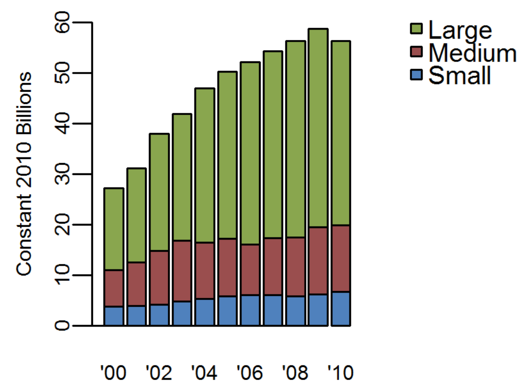
Funding Mechanism



Contract Vehicle



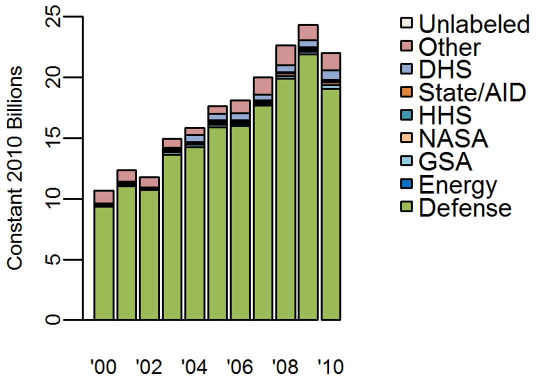
Contractor Size



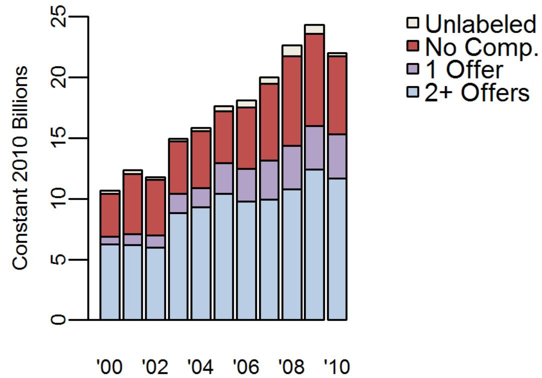
Source: Federal Procurement Data System; analysis by CSIS Defense-Industrial Initiatives Group.

Figure 3.4 (p. 30) The Federal Equipment-Related Services Market, 2000-2010

Government Customer



Extent of Competition

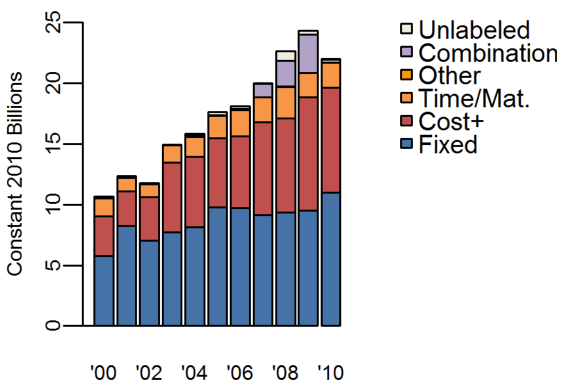


Top 10 Contractors

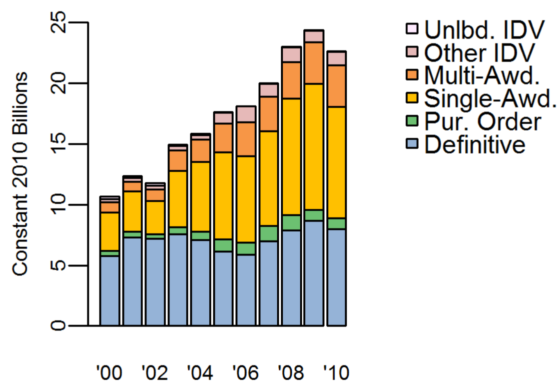
Contractor	2010 Millions
Lockheed Martin	2,240
Raytheon	1,420
L3 Communications	1,390
Northrop Grumman	1,250
BAE Systems	850
General Dynamics	770
Computer Sciences Corp.	680
United Technologies	650
Boeing	530
Dyncorp International	490
Top 10 ERS Obligations	10,270
Total ERS Obligations	22,030

* Joint Venture

Funding Mechanism



Contract Vehicle



Contractor Size

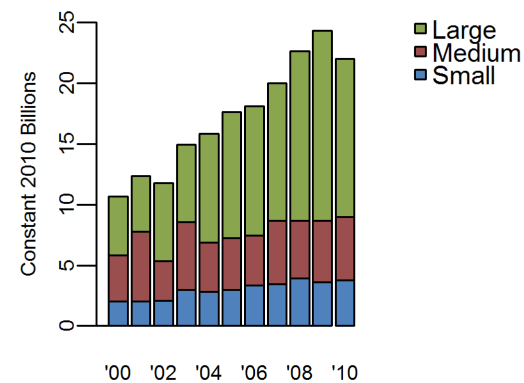
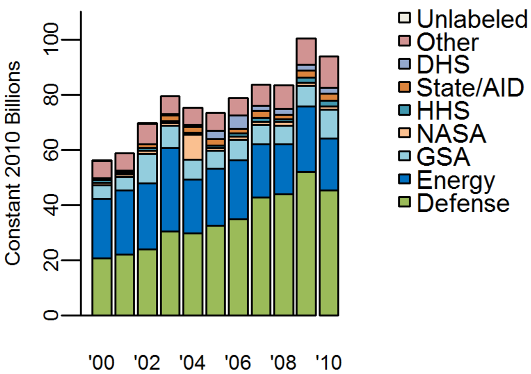
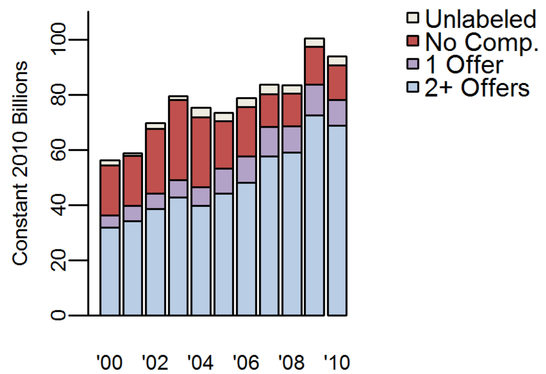


Figure 3.5 (p. 33) The Federal Facility-Related Services and Construction Market, 2000-2010

Government Customer



Extent of Competition

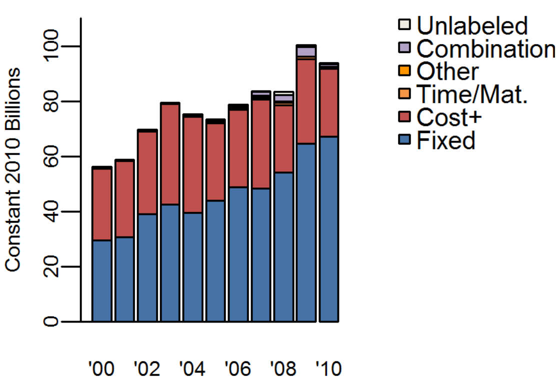


Top 10 Contractors

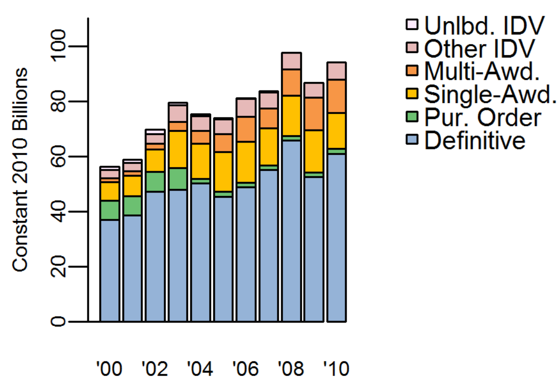
Contractor	2010 Millions
Lockheed Martin	2,560
Los Alamos National Security*	2,200
UT-Battelle Joint Venture*	1,550
URS	1,040
CH2M Hill	1,030
Hensel Phelps	1,010
McDermott International	900
Savannah River Nuclear Solutions*	880
Battelle	840
Bechtel	800
Top 10 FRS&C Obligations	12,830
Total FRS&C Obligations	93,770

* Joint Venture

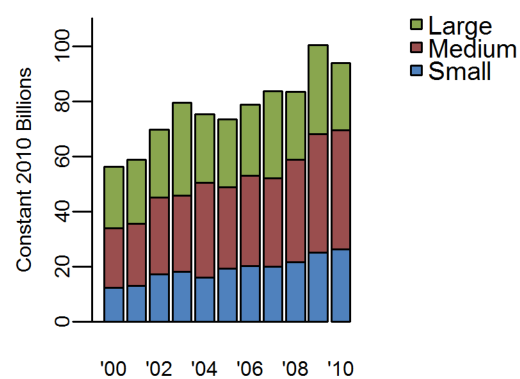
Funding Mechanism



Contract Vehicle



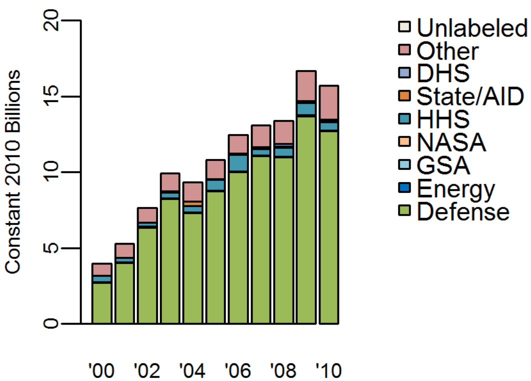
Contractor Size



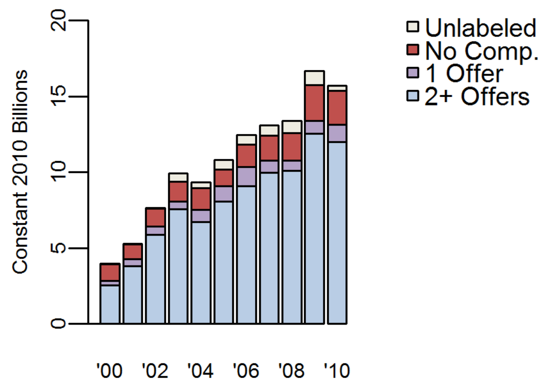
Source: Federal Procurement Data System; analysis by CSIS Defense-Industrial Initiatives Group.

Figure 3.6 (p. 36) The Federal Medical Services Market, 2000-2010

Government Customer



Extent of Competition

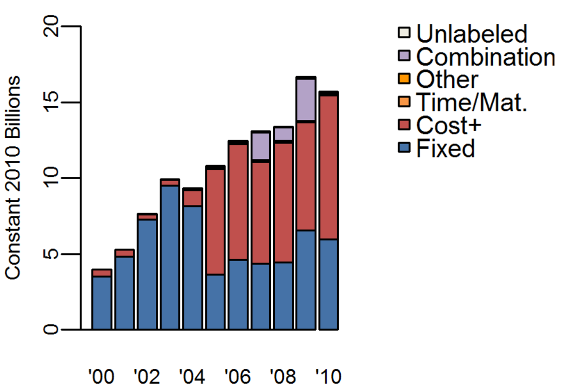


Top 10 Contractors

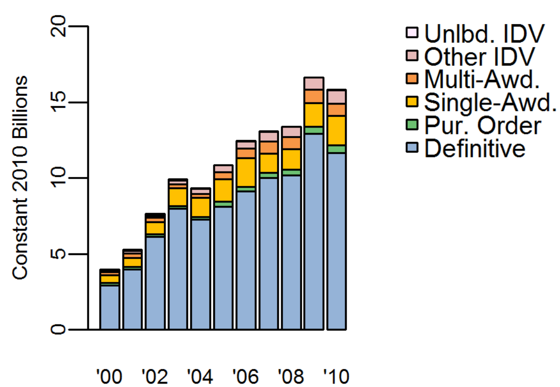
Contractor	2010 Millions
Humana	3,240
Health Net	3,000
TriWest Healthcare	2,720
Highmark	510
Express Scripts	300
Johns Hopkins University	270
Martin's Point Health Care	240
Qtc Management	150
Christus Health	140
Brighton Marine Health Center	130
Top 10 MED Obligations	10,710
Total MED Obligations	15,720

* Joint Venture

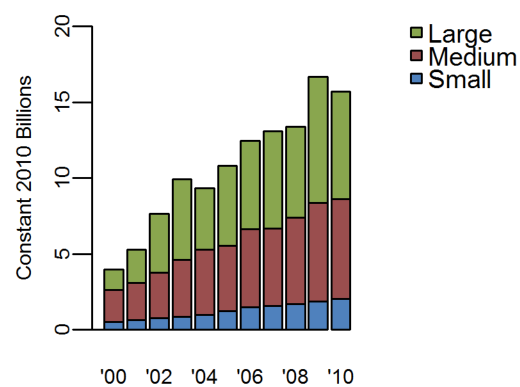
Funding Mechanism



Contract Vehicle



Contractor Size

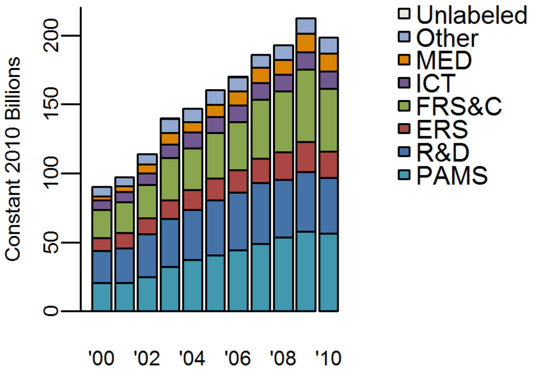


Source: Federal Procurement Data System; analysis by CSIS Defense-Industrial Initiatives Group.

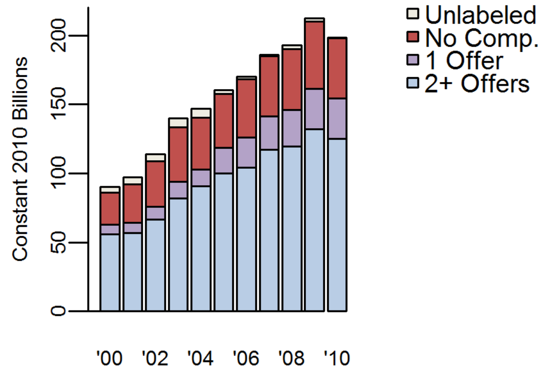
Top Government Services Customers, 2000-2010

Figure 4.1 (p. 43) Services Contracting by the Department of Defense

Services Area



Extent of Competition

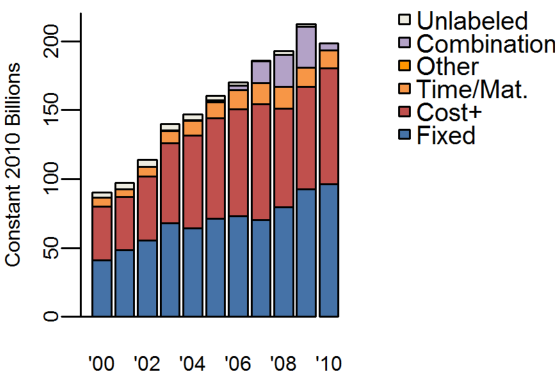


Top 10 Contractors

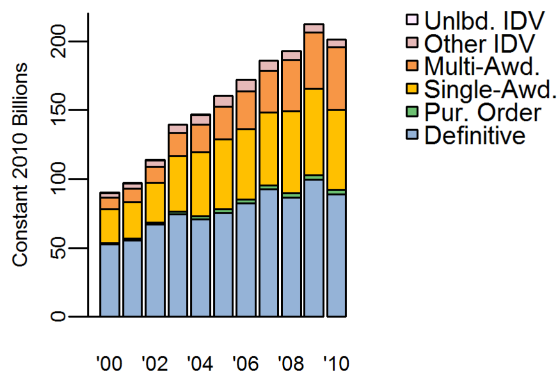
Contractor	2010 Millions
Lockheed Martin	12,820
Northrop Grumman	9,750
Boeing	6,320
Raytheon	5,860
General Dynamics	3,960
L3 Communications	3,960
SAIC	3,910
KBR	3,570
Humana	3,240
Health Net	2,990
Top 10 Defense Obligations	56,370
Total Defense Obligations	198,450

* Joint Venture

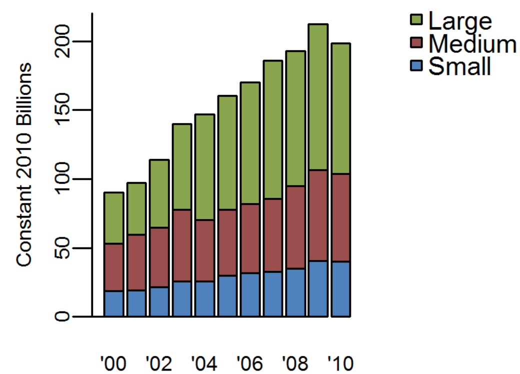
Funding Mechanism



Contract Vehicle



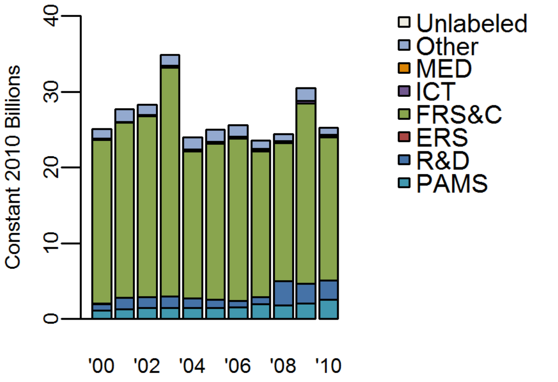
Contractor Size



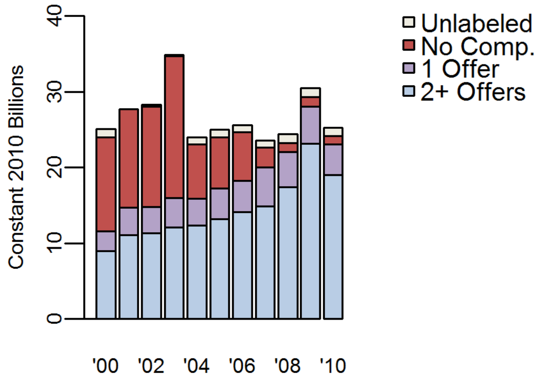
Source: Federal Procurement Data System; analysis by CSIS Defense-Industrial Initiatives Group.

Figure 4.2 (p. 46) Services Contracting by the Department of Energy

Services Area



Extent of Competition

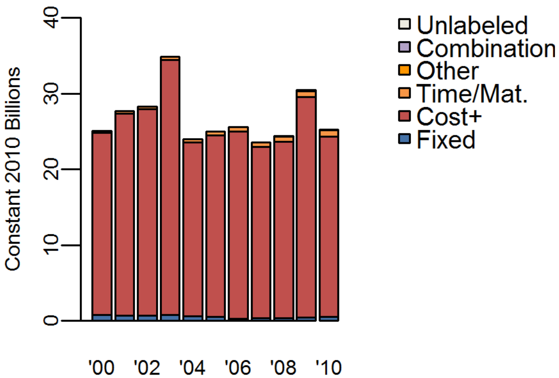


Top 10 Contractors

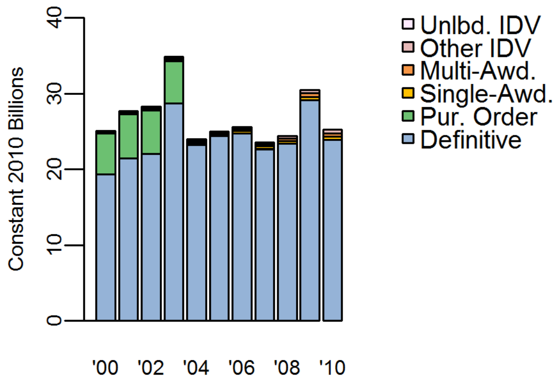
Contractor	2010 Millions
Lockheed Martin	2,370
Los Alamos National Security*	2,200
Bechtel	1,850
Battelle	1,760
UT-Battelle Joint Venture*	1,550
Lawrence Livermore Nat'l Sec.*	1,530
McDermott International	900
Savannah River Nuclear Solutions*	880
CH2M Hill	820
University Of California	780
Top 10 Energy Obligations	14,650
Total Energy Obligations	25,280

* Joint Venture

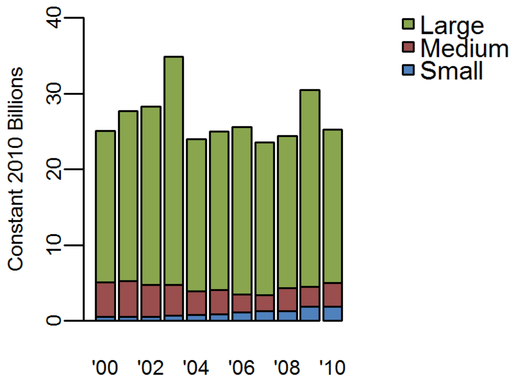
Funding Mechanism



Contract Vehicle



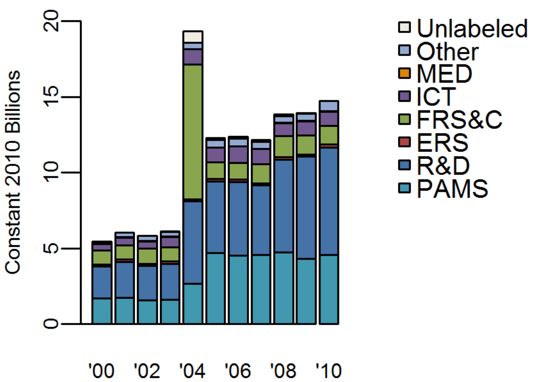
Contractor Size



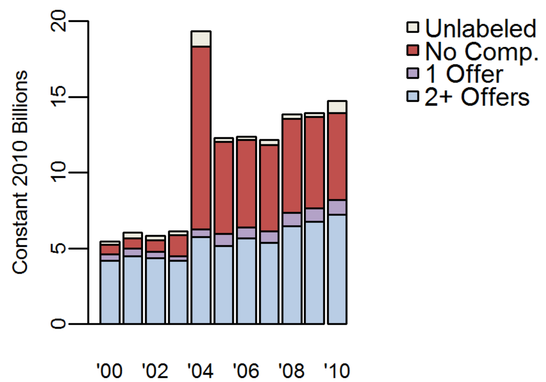
Source: Federal Procurement Data System; analysis by CSIS Defense-Industrial Initiatives Group.

Figure 4.3 (p. 49) Services Contracting by the National Aeronautic and Space Administration

Services Area



Extent of Competition

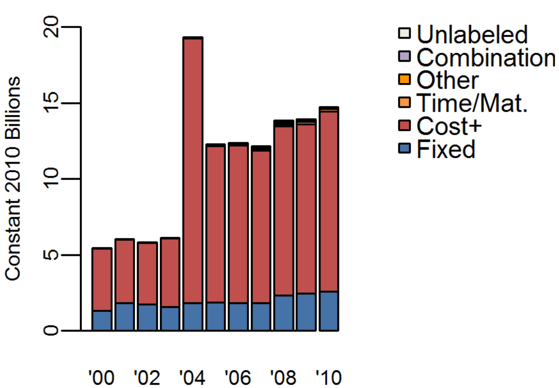


Top 10 Contractors

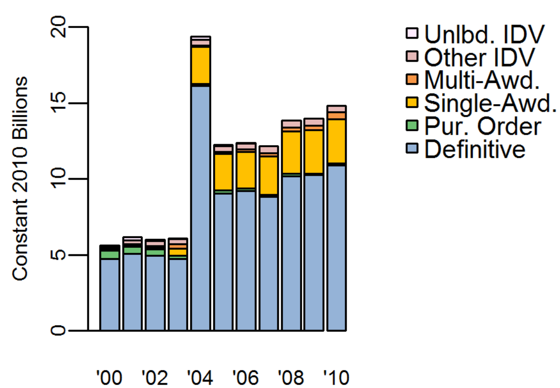
Contractor	2010 Millions
United Space Alliance*	1,810
Lockheed Martin	1,720
California Institute Of Technology	1,650
Boeing	1,090
Jacobs Engineering Group	810
ATK	450
United Technologies	410
Roscosmos	340
Northrop Grumman	310
SAIC	310
Top 10 NASA Obligations	8,900
Total NASA Obligations	14,760

* Joint Venture

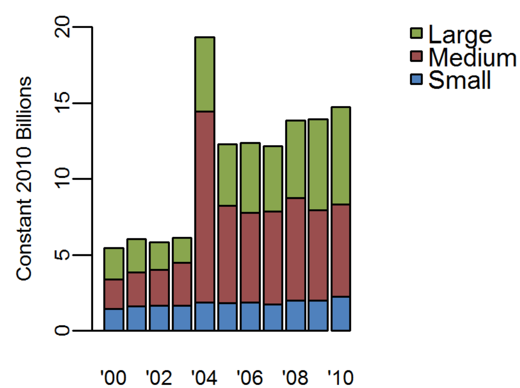
Funding Mechanism



Contract Vehicle



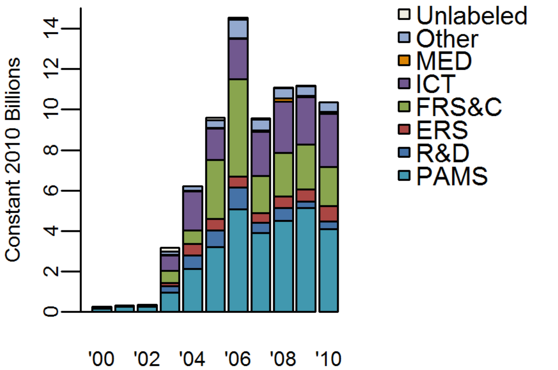
Contractor Size



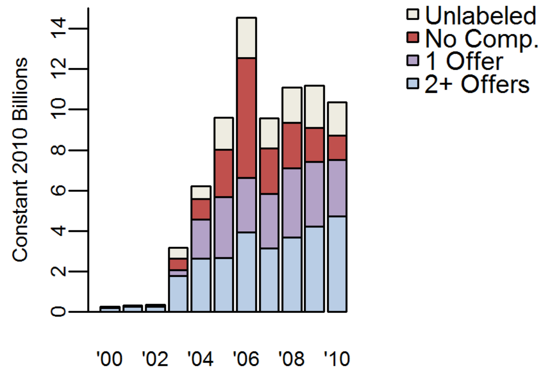
Source: Federal Procurement Data System; analysis by CSIS Defense-Industrial Initiatives Group.

Figure 4.4 (p. 52) Services Contracting by the Department of Homeland Security

Services Area



Extent of Competition

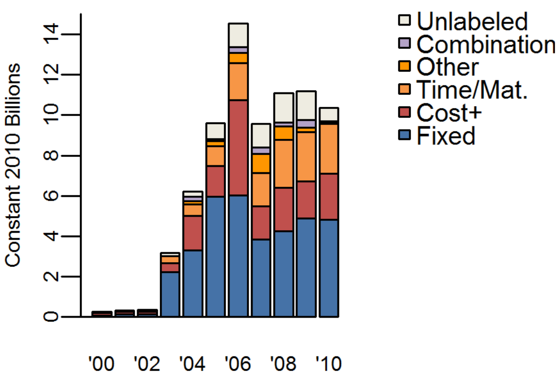


Top 10 Contractors

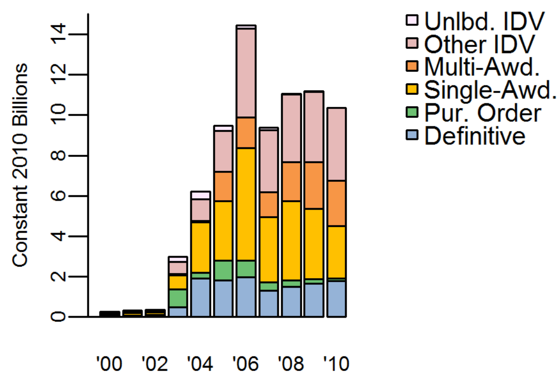
Contractor	2010 Millions
IBM	490
Unisys	400
Computer Sciences Corp.	380
Lockheed Martin	320
General Dynamics	290
SAIC	280
Booz Allen Hamilton	250
Boeing	220
Accenture	160
Hewlett-Packard	150
Top 10 DHS Obligations	2,940
Total DHS Obligations	10,360

* Joint Venture

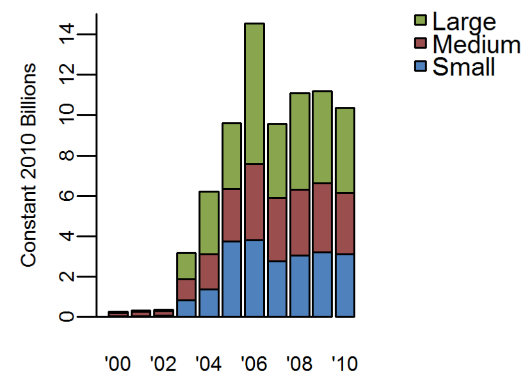
Funding Mechanism



Contract Vehicle



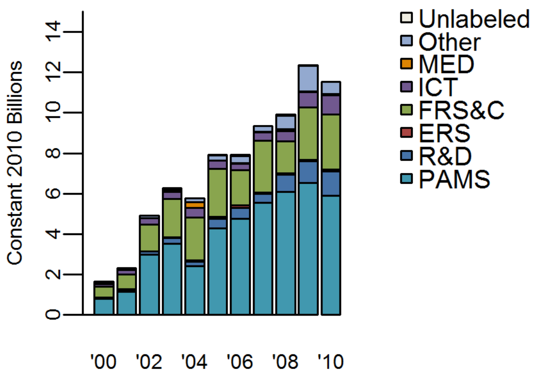
Contractor Size



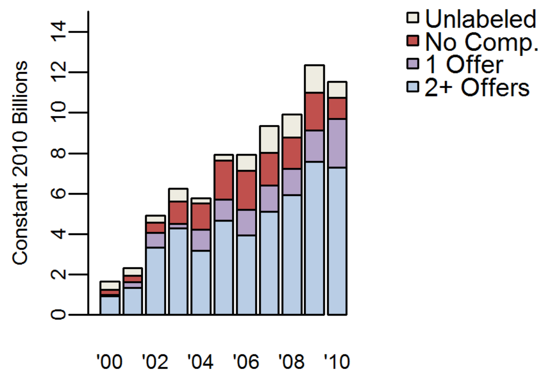
Source: Federal Procurement Data System; analysis by CSIS Defense-Industrial Initiatives Group.

Figure 4.5 (p. 56) Services Contracting by the Department of State and USAID

Services Area



Extent of Competition

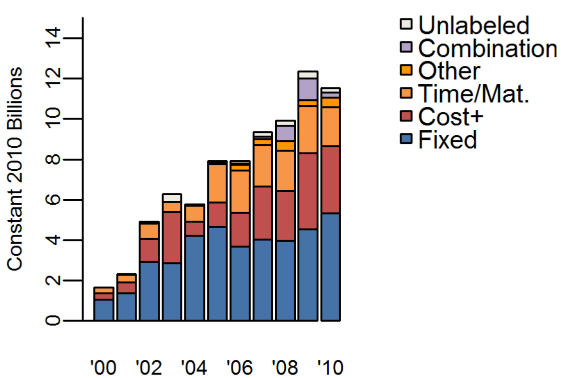


Top 10 Contractors

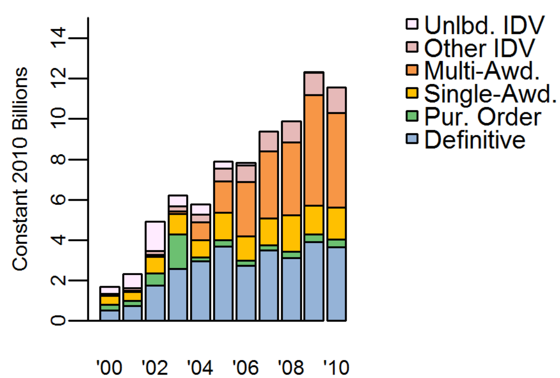
Contractor	2010 Millions
Dyncorp International	780
BL Harbert International	710
Caddell Construction	610
Chemonics International	500
Development Alternatives Group	470
PFSCM*	430
John Snow	300
Triple Canopy	280
Creative Associates International	270
Louis Berger Group	220
Top 10 State&USAID Obligations	4,570
Total State&USAID Obligations	11,550

* Joint Venture

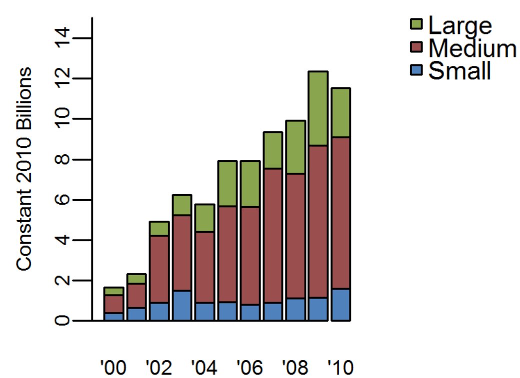
Funding Mechanism



Contract Vehicle



Contractor Size



Source: Federal Procurement Data System; analysis by CSIS Defense-Industrial Initiatives Group.

Questions:

- How can the government improve its evaluation sourcing decisions?
- How will growing pressure to reduce federal spending affect services contracting?
- In service contracts, is competition always beneficial to the government?
- What are the trends shaping the structure of the services industrial base?
- Will revisions of organizational conflicts of interest (OCI) rules affect the structure of the services industrial base?
- What steps have been taken to create separate regulations to govern services contracting?
- How are existing regulations and guidance on services contracting implemented?
- What are the key data challenges for analyzing the federal services industrial base?

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