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[Back to previous page](#)

Contractors should resolve to adapt in 2014

By Lindley Ashline, Published: January 5

From shutdowns to changed buying methods, the federal contracting market is evolving. Smart contractors will not only face down these changes, but find the best ways to take advantage of them.

Here is a look at how to get ahead in 2014:

Move past sequestration and the shutdown

The federal sequester and recent budget cuts — in addition to the 2013 shutdown — mean that federal spending is being scrutinized like never before, putting extra pressure on government contractors.

Companies should focus on winning future business, rather than past obstacles. Smart business development strategies include finding new money in the federal budget.

For example, the 2014 federal budget request includes \$76.5 billion in information technology spending. The more important figure could be \$17.9 billion, or the amount of money included for new projects — as opposed to maintenance costs — in the budget number.

Stay ahead of the contract-type curve

Over time, agencies change their contracting practices. Some contract types grow popular while others fall out of favor.

In 2009, General Services Administration schedules and government-wide acquisition contracts began losing market share to agency-specific, indefinite-delivery, indefinite-quantity contract vehicles.

Now, spending patterns are shifting back, with GSA schedule and government-wide acquisition contract spending increasing, while agency-specific vehicles decline in use. Though agencies give up some control by using multi-agency contracts, it's cheaper and easier to rely on a program that's already in place.

Build a GWAC center

Government-wide acquisition contracts are becoming the standard way federal agencies purchase goods and services. In fact, 18 percent of fiscal 2012 spending was done using these task order-based

contracts.

Companies that win GWACs must change gears fast, from contract pursuit to carrying out task orders, all while pursuing other contracts.

Rather than maintain divisions for each contract, many contractors create GWAC centers as hubs for creating smarter bids.

Get friendly with the cloud

Against a backdrop of tightening agency budgets, workforce gaps and policy initiatives is an emphasis on making the federal government more efficient and effective. Agencies have seized on Internet or cloud computing as a way to achieve these goals.

Agency acquisition of cloud services experienced explosive growth from 2011 to 2013, primarily driven by growing comfort with cloud computing, proliferation of vendor offerings, “cloud first” policies and fiscal necessity.

The federal cloud computing market should grow steadily over the next few years. The civilian sector has far outstripped defense in the use of cloud services, but the Defense Department is expected to catch up in the next few years.

In 2014 and 2015, this expansion at the Pentagon will likely include cloud-related analytics, storage and classified programs as well as the integration of defense and intelligence community clouds.

Take advantage of information security opportunities

Federal agencies are faced with an increasingly complex IT environment, exponential growth in the volume of data and declining personnel and dollars.

In response, agencies are adjusting their priorities and methods, focusing on automation, improving continuous monitoring capabilities and strengthening their cyber workforce to comply with new policies.

The size and scope of federal infrastructure and data assets make them a top target for cyberattack. Agencies are increasingly turning to contractors to help them secure these assets.

The demand for vendor-furnished information security products and services by the federal government could increase to \$11.4 billion in 2018, up from \$8.8 billion in fiscal 2013.

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