



## Government Inc.

By Robert O'Harrow Jr.

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### Defensive Contracting?

Post reporter Dana Hedgpeth has been receiving a flurry of missives about Pentagon contracting in the last 24 hours. Here's what she has to say:

Guess what?

Defense companies are hawk-eyed about the coming changes to contracting from the Obama administration. So are the analysts who track the jobs and titles of Pentagon procurement like raptors looking for prey - and threats.

Here are some of the thoughts already put into circulation. NeoSystems chief executive Michael Tinsley believes the change in the White House will spur necessary re-evaluation.

"Obama's election may indeed serve as a wake-up to contractors to make sure they have highly effective management practices and procedures," Tinsley writes in a paper called "Obama, Government Contractors & the DC Region." He goes on to say, "This will be increasingly important to keep business, and to compete for new business."

"The Obama years, for better or for worse, will likely lead to change," Tinsley said. His advice: Focus on the core business.

Heidi Wood, a defense industry analyst at Morgan Stanley, said to expect cutbacks in defense spending growth in the coming years.

In her analysis, she writes that "the days of large year-over-year DOD budget increases may be over."

Among the possible victims: the Army's expensive Future Combat System (FCS) and missile defense.

Her winners: the Air Force's F-35 Joint Strike Fighter, Navy ships, and space and unmanned systems.

The deciders (okay, that's going to be a stale phrase before long) could be people from the Clinton days, including Richard Danzig, Jacques Gansler, Rudy deLeon and others. Sure this is all preliminary stuff. We'll find out before long how it's going to unfold.

Thoughts? Government Inc. is all ears.