



Where are the defense bucks in 2015?

- By Mark Hoover
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Defense agencies across the Defense Department have made their budget requests for fiscal 2015, and with those requests come a slew of defense opportunities for the contracting community.

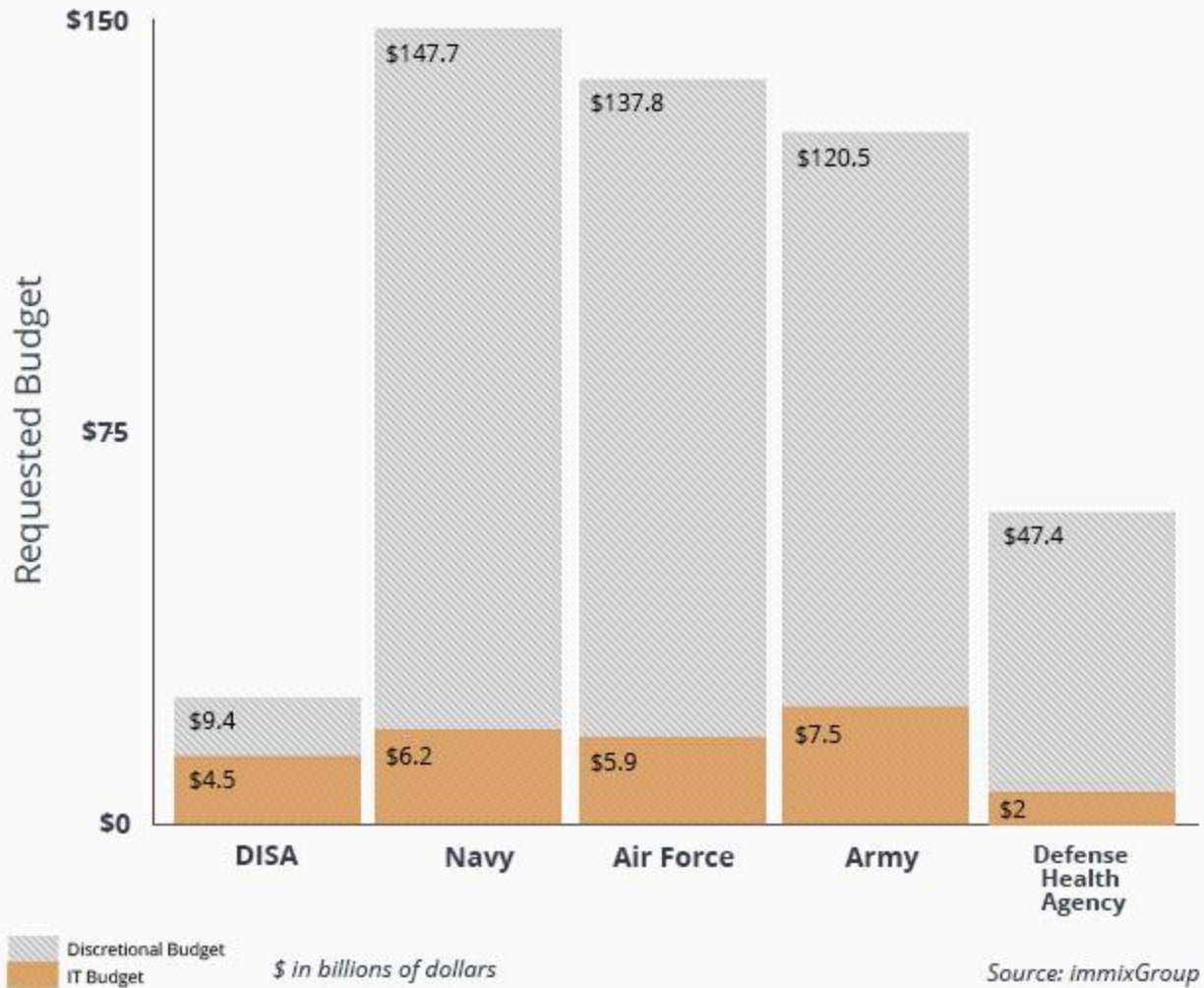
Speaking at immixGroup's Government IT Sales Summit on Thursday, industry analysts broke down each defense agency's budget request and discussed where the money is going to be for companies looking to do business.

Defense Information Systems Agency (DISA)

- FY15 IT Budget: \$4.5B
- FY15: Discretionary Budget: \$9.4B

DISA's fiscal 2015 budget request is about even with last year, said Lloyd McCoy Jr., consultant, market intelligence at immixGroup. "Fortunately for those selling to DISA, [the agency is] somewhat unscathed by spending cuts and is actually expected to grow over the next couple of years," he said.

Requested Fiscal 2015 Defense Budgets



One of the reasons behind DISA's safety is where its funding comes from: the Defense Working Capital Fund, through which other agencies such as the Army pay DISA for services like cloud hosting, McCoy said. Since the Army and Air Force in particular have been moving more of their applications and systems to DISA, he added, the agency has more money that it can spend on initiatives related to mobility, cloud and cybersecurity.

On the topic of DISA, there will be some drivers that companies should know. For one, contractors have been hearing about the Better Buying Power initiative for years, said Stephanie Meloni, senior analyst, market intelligence at immixGroup, but one of the more tangible things to come out of it is the emergence of joint enterprise licensing agreements. In terms of cloud computing, industry will soon have the chance to help DISA store highly

classified data as the agency looks to expand use of its internal cloud, called milCloud, Meloni said.

Navy:

- FY15 IT Budget: \$6.2B
- FY15 Discretionary Budget: \$147.7B

The Navy has requested the largest amount of money of all the defense agencies, McCoy said, but compared to fiscal 2014, there is a dip in the amount of IT spending that the Navy requested for fiscal 2015. This is partly because the Navy has found a way to achieve cost savings through the use of enterprise licensing agreements, infrastructure consolidation and cloud computing, McCoy said, all areas emphasized by Navy CIO Terry Halvorsen.

In terms of drivers, the Defense Department is insisting that the shift to the Pacific is happening even despite budget stagnation, giving the Navy and Marine Corps a greater focus. But a shift to the Pacific is a tall order, Meloni said, and the Navy is therefore trying to do more with less.

One way is by rationalizing their cyber practices and trying to figure out a way to improve the service's defensive cyber posture and cyber resiliency. Another driver is the Navy's focus on rapid acquisition. The agency has stood up what it calls an Innovation Cell, which Meloni said will serve as a platform allowing the Navy to rapidly acquire and introduce new technologies.

"The innovation cell is set up to get your products to market faster," she said. The first industry day for this will take place within the first two months of the 2015 calendar year.

Air Force:

- FY15 IT Budget: \$5.9B
- FY15 Discretionary Budget: \$137.8B

"The Air Force is the only service that has seen an increase in their IT budget for fiscal 2015 in their request," McCoy said, "So, of course, that's good news for contractors."

With this budget, the Air Force is looking to embrace innovation and explore technologies that help them do two things: achieve cost savings in their operations, allowing them to divert money to modernization programs, and achieve innovation and development of new capabilities, McCoy said.

The agency will also be relying on technology to help mitigate the pressure they have felt due to downsizing headquarters staff, Meloni said. With reduced staff, the Air Force is looking to move their personnel away from IT systems management and toward the service's warfighting mission, McCoy added. In a way, the agency is looking to get out of the IT business and rely on DISA to provide enterprise email, enterprise capabilities and IT capabilities as a service; this will help save money.