Business Opportunities in DOT's Fiscal 2015 IT Budget

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The Department of Transportation's information technology (IT) budget request for fiscal year 2015 is $3.3 billion, an amount almost identical to that enacted in FY 2014. Of this total 51%, or $1.7 billion, is slated to be development, modernization, and enhancement (DME) funding. Compare this to $1.6 billion in operations and maintenance (O&M) funding for FY 2015 and what appears is yet another year that DME spending on IT surpasses spending on legacy IT assets at the DOT.

This remarkable situation (remarkable because IT budgets have stagnated everywhere) makes the DOT one of the more attractive business development targets in FY 2015. This post takes a look at a few of the programs receiving the highest percentage of DME funding at the DOT and examines the competitive environment surrounding some those programs.

Federal Aviation Administration

Programs	2014 (Enacted) $M	2015 Budget ($M)	2015 DME ($M)
Automatic Dependent Surveillance-Broadcast (ADS-B)	$300	$264	$253
Terminal Automation Modernization and Replacement Program (TAMR-P)	$320	$341	$193
NextGen R&D Portfolio	$169	$162	$162
Data Communications NextGen Support (DataComm)	$118	$153	$153
Wide Area Augmentation System (WAAS)	$131	$126	$107
Next Generation Air/Ground Communications (NEXCOM) Segment 2	$28	$50	$48
ERAM System Enhancements and Tech Refresh	$65	$47	$47
NextGen Weather (Wx) Processor (NWP)	$26	$46	$46
Terminal Flight Data Manager (TFDM)	$24	$42	$42
Runway Status Lights (RWSL)	$38	$44	$41

Table 1: Top 10 FAA IT Programs with DME funding   *Source: OMB*

Not surprisingly, all of the top programs receiving 2015 DME funding are at the Federal Aviation Administration (FAA). I noted in a previous post that the FAA is slated to receive $836 million in FY 2015, plus an additional $186 million if Congress chooses to fund the president's so-called "Opportunity, Growth, and Security Initiative" for the Department of Transportation. The programs listed in Table 1 will benefit from those DME dollars, as all are related to either the Next Generation Air Transportation System or the legacy National Airspace System that preceded it. Table 2 below shows that major support contracts related to some of those programs are due to expire by the end of fiscal 2015, providing a potential business opportunity for competitors and follow-on opportunity for incumbents.

Relevant Program	Contract #	Vendor	Expiration Date	Requirement
ADS-B	DTFAWA10C00119	Evans Incorporated	9/30/2015	Program Management Support for NextGen and Operations Planning
DataComm	DTFAWA03C00015	Lockheed Martin	9/30/2015	En Route Automation Modernization (ERAM)
ERAM	DTFAWA03C00015	Lockheed Martin	9/30/2015	En Route Automation Modernization (ERAM)
ERAM	DTFAWA11D00011	Price Waterhouse	8/14/2015	Real Property Inventory Management Support Services
ERAM-D	DTFAWA03C00015	Lockheed Martin	9/30/2015	En Route Automation Modernization (ERAM)

Table 2: Incumbent Contracts for Top 10 Programs Expiring in 2015   *Source: Deltek*

Non-FAA Programs

Having looked at NextGen/NAS related programs at the FAA, what about other programs across the DOT that may be of interest and have DME funding in FY 2015? Table 3 below lists several programs offering potential business opportunities based on new funding in FY 2015.

Programs	2014 (Enacted) ($M)	2015 Budget ($M)	2015 DME ($M)
DOT Common Operating Environment (DOT COE)	$62	$54	$13
FMCSA Unified Registration System (URS)	$6	$8	$8
DOT Cybersecurity Program	$8	$8	$7
PHMSA National Pipeline Information Exchange (NPIX)	$0	$6	$6
PHMSA Hazardous Materials Information System (HMIS)	$8	$9	$5
FMCSA Drug and Alcohol (D&A) Clearinghouse	$3	$4	$4
FMCSA Integrated Inspection Management System (IIMS)	$2	$4	$4
MARAD Ready Reserve Force (RRF) Support	$6	$6	$4
DOT Departmental Procurement Platform (DP2)	$2	$3	$3
MARAD Operating Environment	$3	$4	$2

Table 3: Non-FAA IT Programs Receiving DME Funding in 2015   Source: OMB

Contract information for the DOT Common Operating Environment is readily available, but the opportunity here is limited given the long-term support contracts (#DTOS59D1000008 and #DTOS59D1000009) held by ActioNet which don't expire until 2019. This leaves the remaining programs to consider. Of these, available details are hit or miss. Here is what could be found.

- **National Pipeline Information Exchange (NIPX)** – A program planned by the Pipeline and Hazardous Materials Safety Administration, the NIPX is an integrated database of state and non-PHMSA data sources tracking "unregulated miles, inspection results, enforcements, SRCR and incident investigation on operators" that will enable information sharing between the PHMSA and state partners. No incumbent contract could be found, suggesting this may be a new requirement.
- **FMCSA Drug and Alcohol Clearinghouse** – A program planned by the Federal Motor Carrier Safety Administration to create a controlled substances and alcohol test results database for Commercial Driver's License holders, the D&A Clearinghouse is part of MAP-21 legislation requirements intended to improve safety by ensuring the effectiveness of testing programs. No incumbent contract could be found.
- **MARAD Ready Reserve Force (RRF) Support** – Automation capabilities provided by the Nautical System 5 (NS5) and Ready Reserve Force Management System (RMS) for the Maritime Administration's RRF program. The current support contract (#DTMA91C20120008) held by Management Systems and Consultants expires in December 2016.
- **DOT Departmental Procurement Platform** – A program for which the DOT last **carried out market research** in 2010, the DPP consolidates departmental procurement systems that integrate with DOT's Delphi financial system. An incumbent contract for DPP support couldn't be found.

Summing up, this handful of programs illustrates that there are pockets of opportunity in the DOT's $3.3 billion IT budget for FY 2015. These aren't multi-million dollar programs the size of many FAA investments, but winning contracts for this work would provide respectable revenue for small and mid-sized businesses in particular.