

12/03/04

**Report: Spending on IT contracts surges in 2004**

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The federal government awarded \$155 billion in IT prime contracts in fiscal 2004—a 60 percent increase over IT-related spending in 2003, according to Reston, Va.-based research firm Input Inc.

Input released its end of the year analysis on federal IT spending yesterday, titled “FY2004: Where Did the Money Go?” The analysis, which reviews over 1,100 IT-related program awards spanning 15 primary IT product and service categories, shows that five federal agencies—the Defense and Homeland Security departments, the Army, Navy and Air Force—accounted for \$118 billion of the total \$155 billion in federal contracts.

The Navy awarded \$36.8 billion in IT prime contracts in 2004, compared with \$34.3 billion from the Army, \$18.3 billion at Defense, \$16.5 billion by the Air Force and \$12.2 billion at Homeland Security.

The prime contracts fell under three main service areas: research and development, professional services and network/telecom services.

Two major military network/telecom contracts accounted for most of the \$19.2 billion in awards issued in 2004. Those two are the Air Force’s \$9 billion Network Centric Solutions program and the Army’s \$7 billion Warfighter Information Network-Tactical System.

The professional services area, which includes such categories as project management, software development, training, and modeling and simulation, more than doubled from \$49 billion in 2003 to \$108.3 billion in fiscal 2004.

Research and development accounted for \$10.4 billion in federal prime contracts, up from \$5.5 billion last year.

Homeland Security entered Input’s top five in fiscal 2004, driven by the \$10 billion U.S. Visitor and Immigration Status Indication Technology system award.