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Space Fence, FAB-T Awards Show an Emboldened DoD

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Related Expert: Natalya Anfilofyeva

On the evening of June 2, the US Air Force announced a pair of contracts worth a total of more than \$1 billion. Both the Space Fence, won by Lockheed Martin, and the Family of Advanced Beyond Line-of-Sight Terminals (FAB-T), won by Raytheon, are major boosts for service capabilities and the business' bottom lines.

What makes the contracts stand out, however, goes beyond just their scope and size. The contracts, as constructed, illustrate how major projects have fared — and will continue to fare — in the sequestered world, representing less tolerance from a Defense Department that is not afraid to apply pressure to contractors.

Boeing initially won the right to produce the FAB-T system a decade ago, but after years of delays, the Air Force brought Raytheon back in to develop an alternative system in 2012. Winning the program away from Boeing gives Raytheon contracts for five advanced extremely high frequency (AEHF) terminal contracts, including programs for the Navy and Army.

That Raytheon won is not surprising, given the service's decision to bring the company in to a competition it had already awarded to Boeing, according to Todd Harrison, an analyst with the Center for Strategic and Budgetary Assessments.

"I don't think anyone viewed Raytheon as an underdog in this competition, even though it was Boeing's to lose," Harrison said. "DoD often sticks by their contracts too long, to a fault. So when you have upset your government sponsor enough that they actually bring in a competitor to try and pressure you, that's not a good situation to be in."

Several years ago, Boeing began focusing on turning out "net-centric" products, said Phil Finnegan of the Teal Group. "They had a series of businesses that they put in that category, and gradually, Boeing has lost a lot of them. In a number of these cases, Boeing had problems with its own performance. That would be the category here.

"Boeing has been working on improving execution," Finnegan said. "They recognized it was a problem years ago as they lost various programs. At the same time ... a lot of their military aircraft lines are going to be shutting down in a few years, so they need to replace that. It definitely is an issue for them."

Harrison notes that the Pentagon has begun using the threat of reopening programs for competition as a cudgel against contractors who are failing to deliver on a project.

"I think we are starting to see a pattern here," he said, citing new leadership at the Pentagon during the Obama administration who have been more willing to push industry. "I think they have taken a much stronger stance of holding industry accountable. They're playing hardball, and on many of these programs, it's warranted."

Finnegan agreed. "It's a real warning for companies that in a time of tight budgetary pressure, performance is absolutely critical."

"Boeing is disappointed by the decision," company spokesman Richard Esposito said in a statement. "We will request a formal debrief from the Air Force and will determine a path forward after that formal debrief is completed."

FAB-T will provide the nation's leaders with secure command-and-control communications, even in the event of a nuclear war. The machines are designed to work with the service's AEHF network of secure satellites.

The FAB-T contract covers 84 command post terminals. That number includes systems for the entire E-4 and E-6 fleets, as well as both fixed and transportable ground systems. The contract is worth \$298 million for the Massachusetts-based company, but any additions could easily push that total up several hundred million dollars more.

Originally, the Air Force intended the FAB-T program to procure another 132 terminals to cover the Pentagon's fleet of B-2, B-52 and RC-135 aircraft, but budget reductions forced the service to abandon that component. Any future systems for those aircraft — or future planes such as the long-range strike bomber — will require another procurement process.

Like FAB-T, the \$914.7 million Space Fence contract won by Lockheed saw its requirements shrink due to the budget environment.

Space Fence consists of a large S-band radar on the Kwajalein Atoll of the Marshall Islands, located in the Pacific Ocean. Due to its proximity to the equator, Kwajalein provides a wide angle for the radar to take in as much of the sky as possible. With the Earth's rotation, the stationary radar creates a "fence" through which everything in space — especially debris — should pass through over the course of 24 hours.

The Space Fence contract initially included a second spot in rural Australia, but budget cuts forced the Air Force to abandon that as part of the contract — at least for now. The contract includes an option to develop that second site after the first site has completed its testing process. That option requires Lockheed to have the Australian site up and running roughly three years after the 2018 date for the Kwajalein location.

Brian Weeden, technical adviser for the Secure World Foundation, notes that the Australian location would offer a different coverage profile than Kwajalein, which already has some older assets in place.

"From a geographic coverage perspective, Australia probably would have been the best place to put it, but there are other factors here," Weeden said. He highlighted the infrastructure on Kwajalein, which will make transferring the massive amounts of data back to the Pentagon's Joint Space Operations Center in California easier, as well as the fact the US would not need to negotiate a basing agreement.

Like the bomber terminals for FAB-T, the second Space Fence location may never come to fruition.

"It totally hinges on what happens with sequestration," Weeden said. "It took a lot of effort to get this one site through the budget planning process, [and] I think the second site is going to really hinge on the success of the first one."