

Analysis of the Department of Justice \$1.1B Top Contractor Landscape

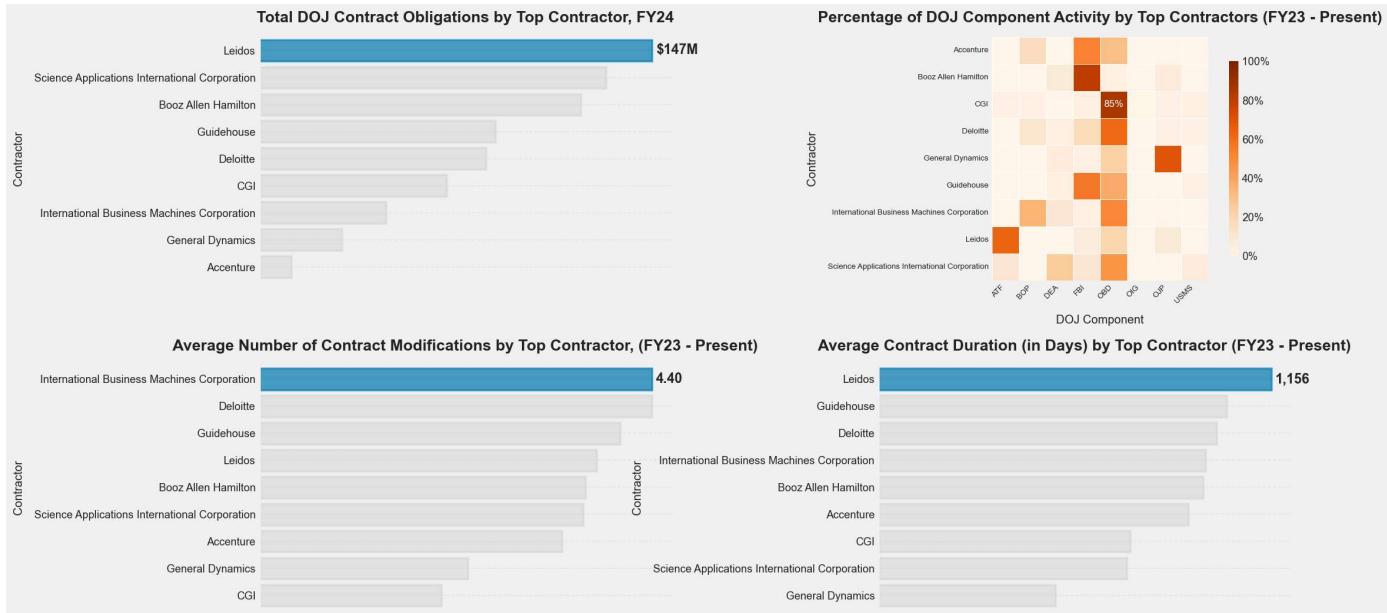
How the top contractors contribute to agency spending

March 10, 2025

The Department of Justice (DOJ) faces uneven contract obligation distribution, inconsistent federal contract engagement models, and clear quarterly spending trends. The top contractors exhibit specialized relationships with DOJ components that vary in competitiveness and contract duration, while modification patterns reveal their ability to expand contract scope.

Key Insights

Of the top contractors who have done business with DOJ in FY24, **Booz Allen Hamilton** leads contracting volume within DOJ with \$231.5 million in obligations, a 92.1% increase from FY23. **Booz Allen Hamilton** shows high specialization, focusing 83.0% of its DOJ work with **FBI**. **Guidehouse** leads with the most frequent expansion of their DOJ contracts, with an average of 4.86 modifications. **Leidos** holds the longest average contract durations with DOJ at 1,227 days.



Recommendations

- **Identify High-Concentration Risk Areas:** Target DOJ Components showing excessive reliance on single contractors like **CGI Federal** at **OBD**; implement supplier diversification strategies to reduce operational vulnerabilities.
- **Redistribute Procurement Timing:** Eliminate the pattern of concentrated Q4 spending surges, especially with contractors like Booz Allen Hamilton; implement quarterly procurement targets to distribute actions evenly throughout the fiscal year.
- **Strengthen Requirements Definition:** Address the high volume of contract modifications, particularly with contractors like Guidehouse, by improving initial scoping documents. Better requirements definition will minimize costly modifications and reduce contractor leverage.
- **Scrutinize Contractor Teaming Arrangements:** Review existing teaming relationships for potential anti-competitive practices. Break up concentrated contractor teams to increase competition and reduce costs.
- **Implement Insourcing Assessment:** For routine services with predictable workloads, conduct cost-benefit analyses for bringing functions in-house. Target areas where contractor premiums no longer represent good value.
- **Standardize Contract Vehicles:** Replace contractor-specific agreements with standardized, competitive vehicles that allow for easier vendor substitution and increased negotiating leverage.

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Contract Volume and Value

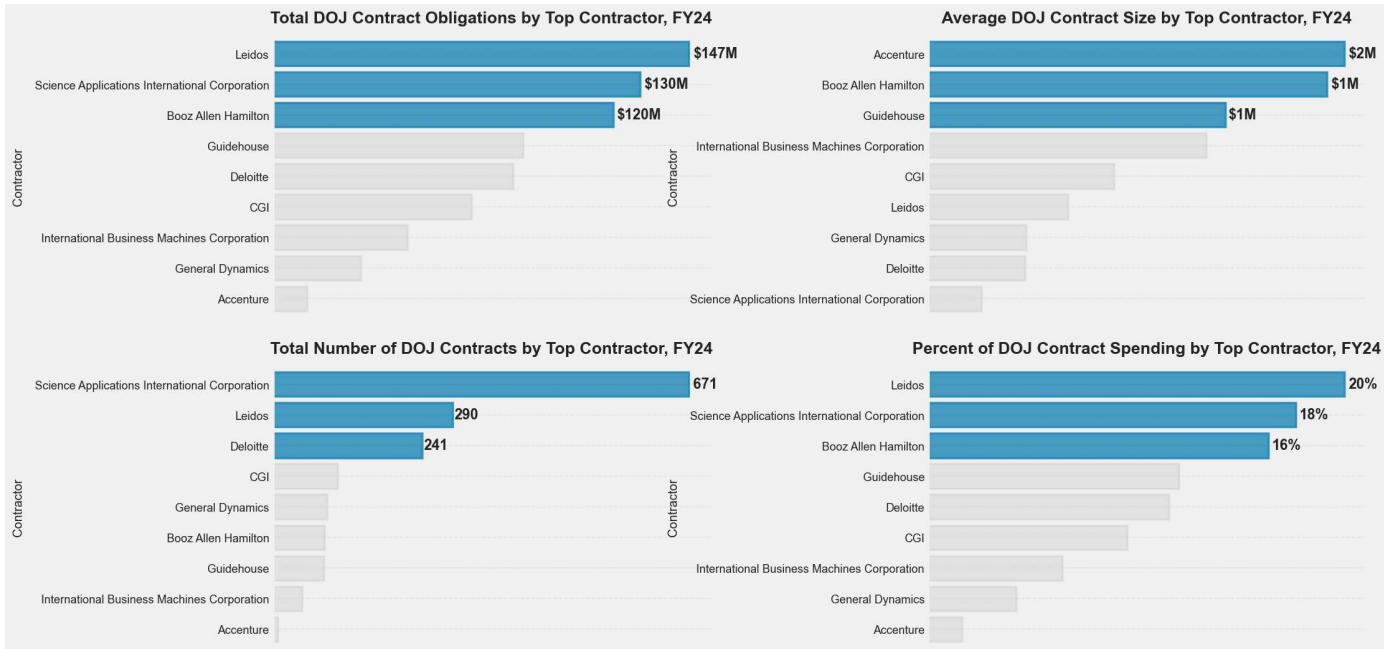
SUMMARY

- Total DOJ contract obligations are distributed unevenly across contractors, with significant concentration among the top 10 U.S. federal government performers
- Average contract sizes vary substantially between contractors, indicating different engagement models
- The analysis reveals which contractors capture the largest percentage of DOJ's overall contract spending

Contract Obligation Skew

The distribution of DOJ contract obligations is heavily skewed towards the top 10 contractors, who capture a disproportionately large share of overall spending. This concentration suggests varying engagement models among contractors, as evidenced by the substantial differences in average contract sizes.

Booz Allen Hamilton leads in total obligations (\$231.5 million), accounting for 18.1% of DOJ top contractor spending. **CGI Federal** follows with \$191.4 million in obligations, representing 15.0% of top contractor totals. **SAIC** leads with the number of contracts (319). **Booz Allen Hamilton** has the largest average contract size (\$4 million).



Recommendations for Addressing Contract Obligation Skew

- Expand and Diversify Vendor Base:** Encourage the inclusion of smaller and mid-sized contractors to reduce dependency on the top 10.
- Review and Optimize Contract Award Strategies:** Reassess the awarding process to balance total obligations and contract counts, and explore unbundling high-value contracts (e.g., **Booz Allen Hamilton's** average of \$4M) to stimulate competition.
- Standardize Engagement Models:** Establish consistent evaluation criteria to normalize disparities in contract sizes and distribute risk fairly across contractors.
- Streamline Contract Administration:** Consolidate fragmented contracts (such as **SAIC's** high volume of smaller contracts) to reduce administrative burden and leverage economies of scale.
- Implement Monitoring and Control Mechanisms:** Regularly assess contractor concentration and spending distribution, enforce spending caps for each DOJ component, and develop contingency plans for contractor transition.

Temporal Patterns

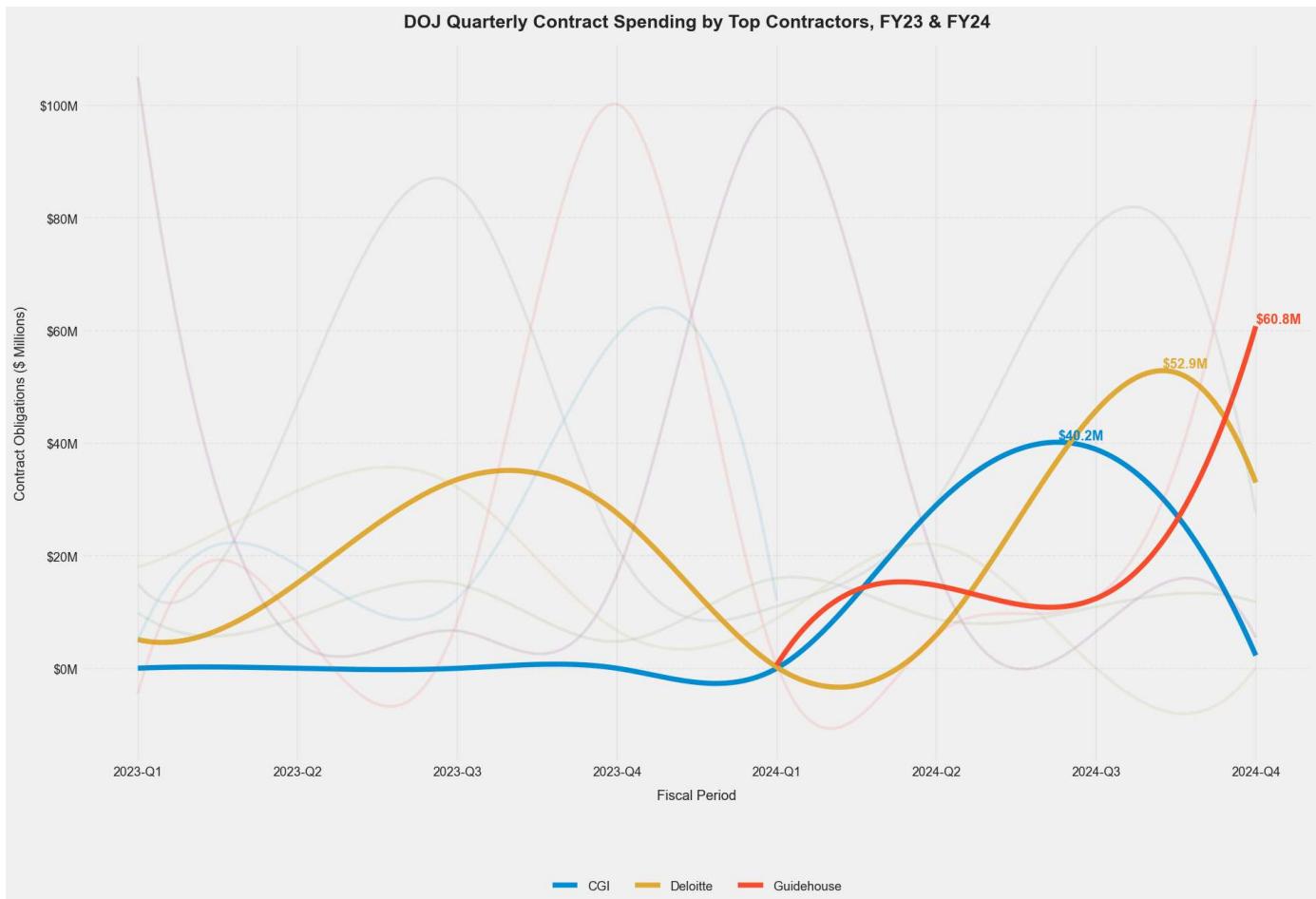
SUMMARY

- Contract awards show distinct quarterly patterns throughout the fiscal years
- Year-over-year growth rates between FY23 and FY24 highlight evolving contractor relationships
- Several contractors demonstrate consistent quarter-over-quarter growth in contract value

The following reveals distinct patterns in DOJ contract spending, which highlights strategic contractor positioning and agency spending behaviors.

Q4 Peaks and Risks

Quarterly spending patterns show significant concentration in Q4, particularly for **Booz Allen Hamilton**, indicating potential "use it or lose it" budget execution at fiscal year-end. Several other contractors demonstrate quarter-to-quarter volatility rather than steady growth, suggesting project-based rather than retainer-based engagement models. **SAIC** maintains consistent high-value engagement across multiple quarters, indicating stable, long-term contractual relationships.



Recommendations for Addressing Q4 Peaks and Risks

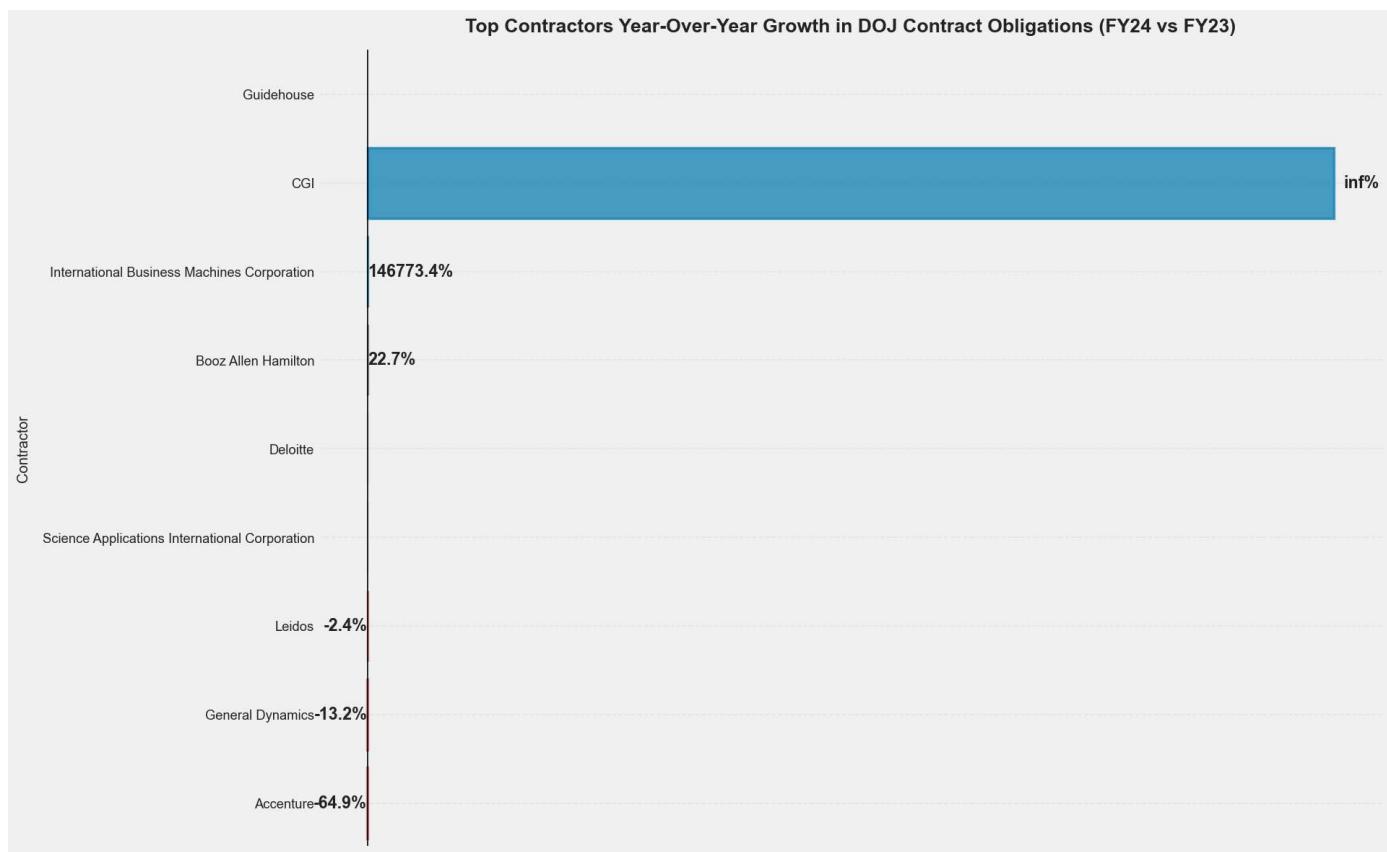
- 1. Implement Quarterly Spending Targets:** Combat the "use it or lose it" mentality by establishing mandatory quarterly spending distribution targets, particularly addressing the excessive Q4 concentration seen with contractors like **Booz Allen Hamilton**.
- 2. Develop Multi-Year Procurement Planning:** Create rolling three-year procurement forecasts to smooth out quarter-to-quarter volatility and reduce rushed end-of-fiscal-year contracting decisions.
- 3. Establish Retainer-Based Contract Models:** Transition from project-based to retainer-based engagement models where appropriate to create more predictable spending patterns and reduce administrative burden.
- 4. Adopt Budget Carryover Provisions:** Work with appropriations committees to implement limited budget carryover authority, reducing the pressure to spend remaining funds before fiscal year-end.
- 5. Replicate Successful Engagement Models:** Study and replicate the stable contractor relationship model demonstrated with **SAIC** across other DOJ Components to promote consistency and long-term

value.

6. **Implement Performance Penalties for Rush Orders:** Introduce contract clauses that discourage last-minute spending by applying stricter performance requirements and reduced fees for contracts executed in the final weeks of the fiscal year.

Outsized Year-over-Year Growth

Year-over-year spending growth varies dramatically between contractors, with **Booz Allen Hamilton** showing considerable expansion between FY23 and FY24 at 92.1%. **General Dynamics** experienced a notable decline (-19.3%) in DOJ contract obligations year-over-year. The average growth across all top 10 contractors was 30.4%.



Recommendations for Addressing Outsized Year-over-Year Growth

1. **Conduct Growth Trend Analysis:** Investigate the drivers behind the substantial growth of contractors like **Booz Allen Hamilton** and **Guidehouse** to determine whether it reflects increased value delivery or potential over-billing.
2. **Negotiate Volume-Based Discounts:** Leverage the increased contract volume with high-growth contractors to negotiate volume-based discounts and improved service level agreements.
3. **Promote Competitive Bidding:** Ensure that DOJ Components regularly solicit competitive bids for services provided by high-growth contractors to prevent vendor lock-in and promote cost efficiency.
4. **Implement Performance-Based Incentives:** Restructure contracts to tie contractor compensation to measurable performance outcomes, incentivizing value delivery rather than simply rewarding increased

spending.

5. **Diversify Contractor Portfolio:** Actively seek opportunities to engage new contractors and reduce reliance on a small number of high-growth vendors, mitigating risks associated with over-dependence.

Portfolio Composition

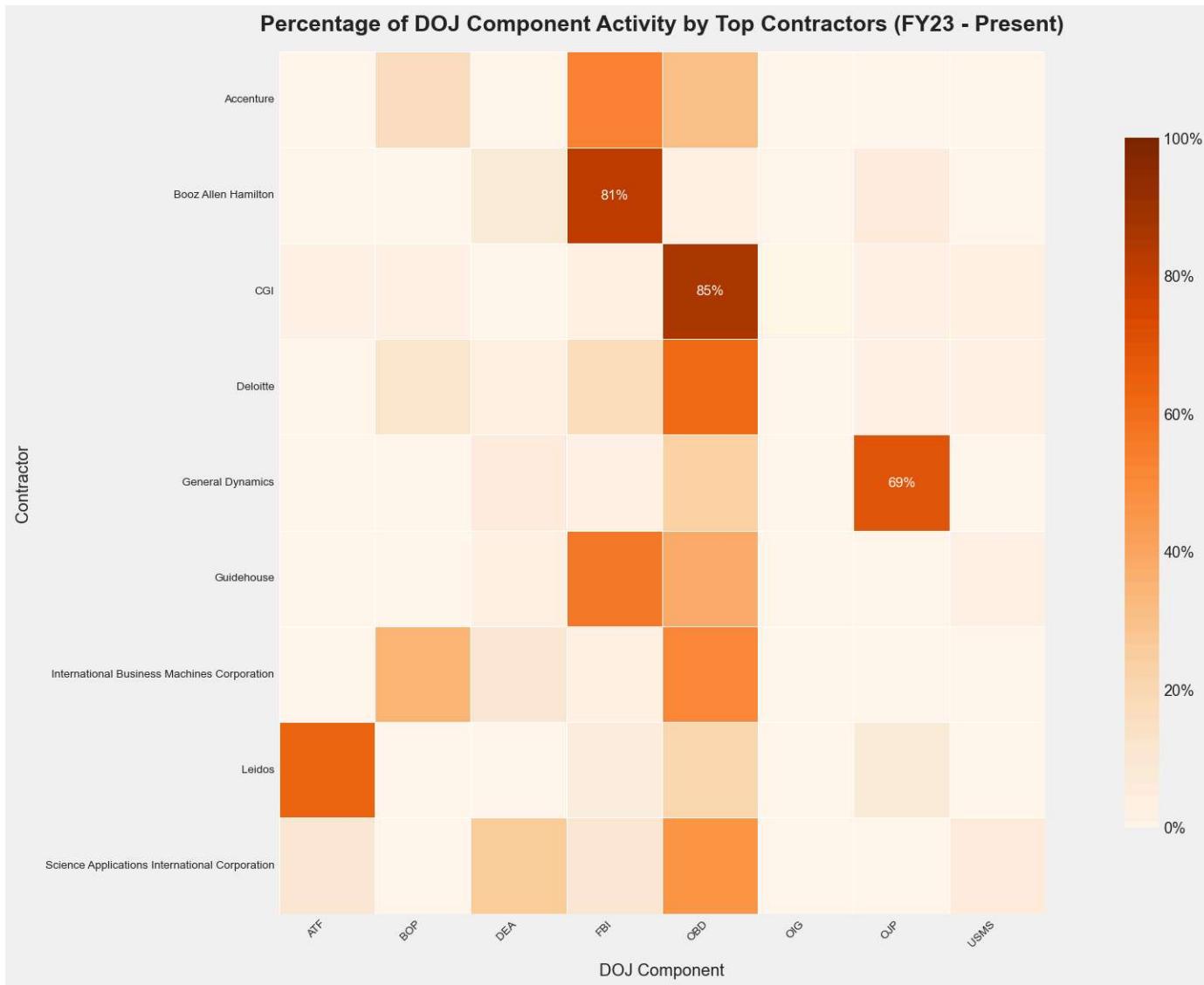
SUMMARY

- DOJ Component analysis reveals specialized relationships between certain contractors and specific DOJ Components.
- This specialization allows certain contractors to be well-positioned, securing a consistent stream of awards and potentially limiting competition.

Top contractors have strategically positioned themselves within DOJ to secure a consistent stream of awards and potentially limit competition. This is achieved through specialization within specific DOJ Components and a focus on particular contract types. The concentration of awards among a few key players raises concerns about potential vendor lock-in and reduced opportunities for new entrants.

Component Specialization

The distribution of contractor activity across DOJ Components reveals clear specialization patterns. **CGI Federal** has a dominant presence within **OBD**, **Booz Allen Hamilton** at **FBI**, and **General Dynamics** is heavily involved with **OJP**.

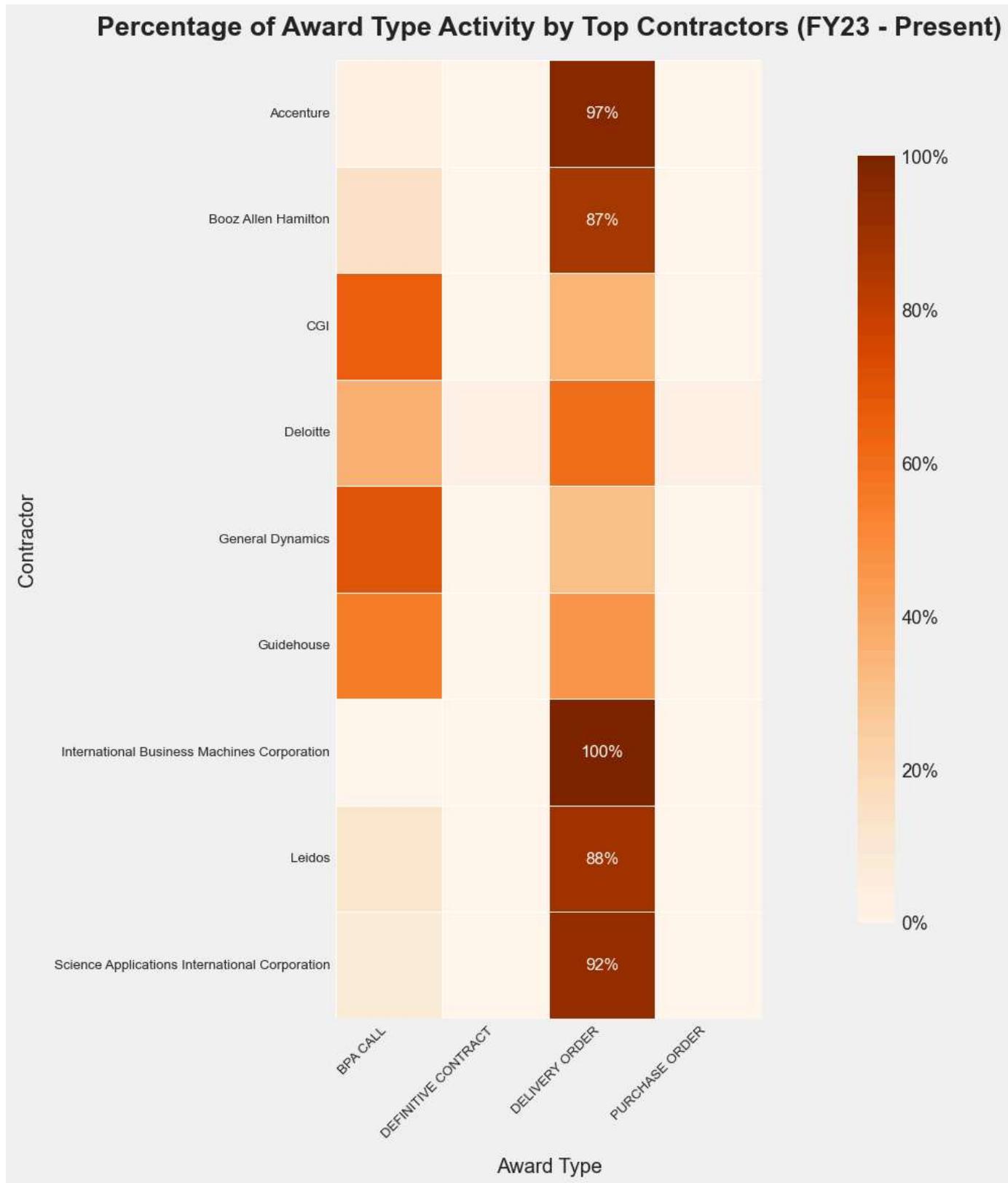


Recommendations for Addressing Component Specialization

- Promote Cross-Component Bidding:** Encourage contractors to bid on projects across multiple DOJ Components to reduce specialization and foster competition.
- Rotate Contractors Across Components:** Implement a rotation program where contractors are periodically reassigned to different DOJ Components to prevent vendor lock-in and promote knowledge transfer.
- Standardize Requirements Across Components:** Develop standardized requirements and procurement processes across DOJ Components to reduce the advantages of specialized contractors and level the playing field for new entrants.
- Establish Knowledge Transfer Protocols:** Require incumbent contractors to document and transfer institutional knowledge to DOJ personnel and incoming contractors to mitigate the risks associated with specialization.
- Incentivize New Entrants:** Offer incentives, such as set-aside contracts or technical assistance, to encourage new contractors to enter specialized markets within DOJ Components.

Award Type Dominance

The distribution of contractor activity by award type further illustrates strategic positioning. It reveals the dominance of certain contract types among the top contractors. This suggests a preference for specific procurement methods, potentially limiting the use of other contract vehicles that could foster broader competition or innovation. **IBM** and **Accenture** secure virtually all of their contracts through delivery orders (100% and 97%, respectively).



Recommendations for Addressing Award Type Dominance

- 1. Diversify Award Types:** Encourage DOJ Components to utilize a broader range of contract vehicles to avoid over-reliance on specific award types favored by incumbent contractors, such as definitive contracts with **Deloitte**.

2. **Incentivize Innovative Solutions:** Implement pilot programs that incentivize contractors to propose innovative solutions through less conventional award types (e.g., prize challenges, Other Transaction Authorities).
3. **Establish Performance Metrics for Award Types:** Develop performance metrics for each award type to assess their effectiveness and identify opportunities for optimization.
4. **Promote Knowledge Sharing:** Facilitate knowledge sharing across DOJ Components regarding the benefits and drawbacks of different award types to encourage informed decision-making.
5. **Regularly Review Award Type Usage:** Conduct regular reviews of award type usage to identify trends and ensure that DOJ Components are utilizing the most appropriate contract vehicles for their needs.

Performance Metrics

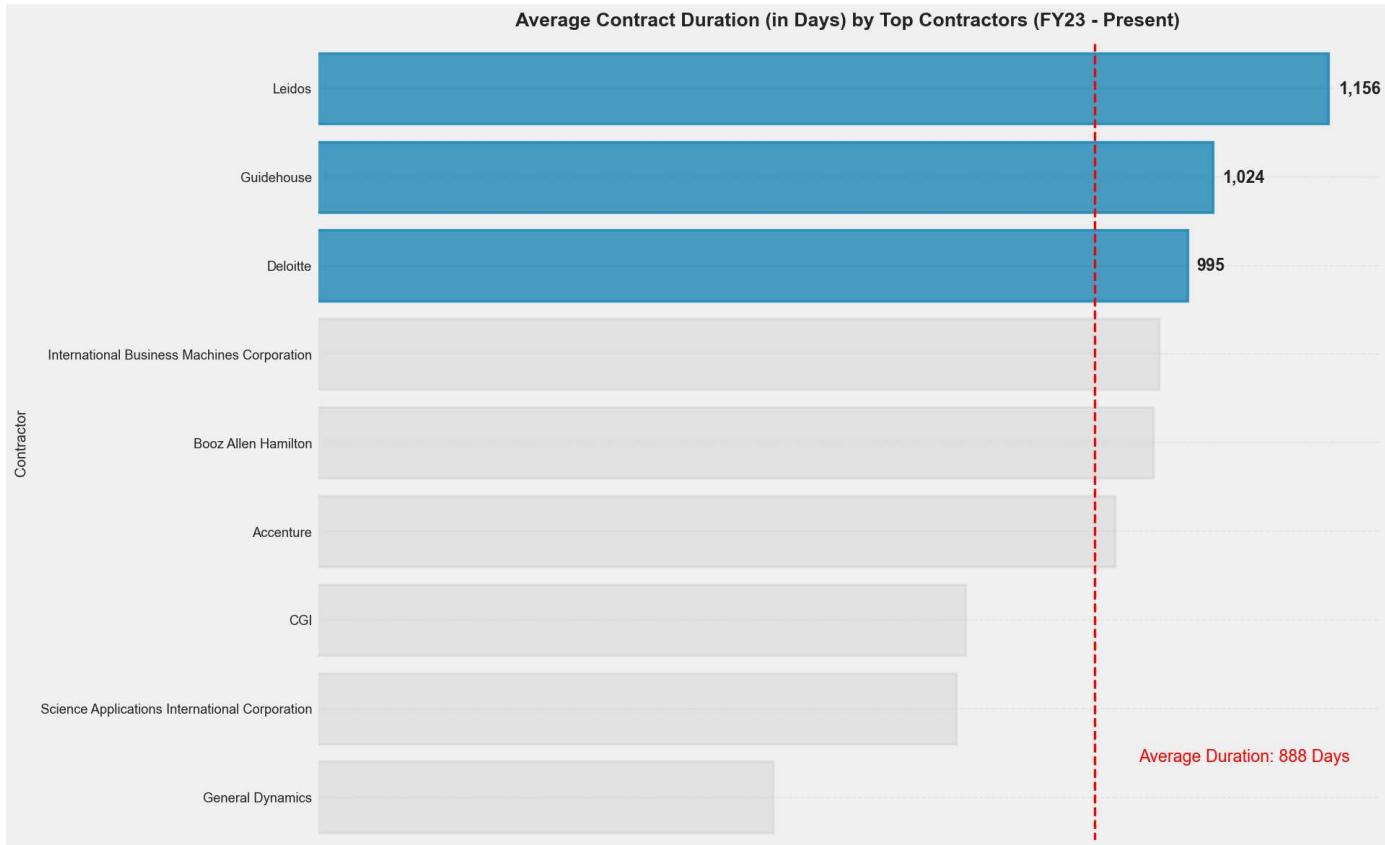
SUMMARY

- Contract duration statistics reveal differences in engagement length across contractors
- Modification patterns indicate which contractors are more successful at expanding initial contract scope

Contract duration statistics highlight variations in engagement length across different contractors, while modification patterns reveal which contractors are more adept at expanding the scope of their initial agreements.

Contract Durations

Average contract durations highlight contractors with potentially inefficient long-term engagements. **Leidos** holds the longest average contract durations with DOJ at 1,227 days, suggesting entrenched relationships or projects lacking clear end dates. **Deloitte** and **Guidehouse** also exhibit long average contract durations, each exceeding 815-day average.

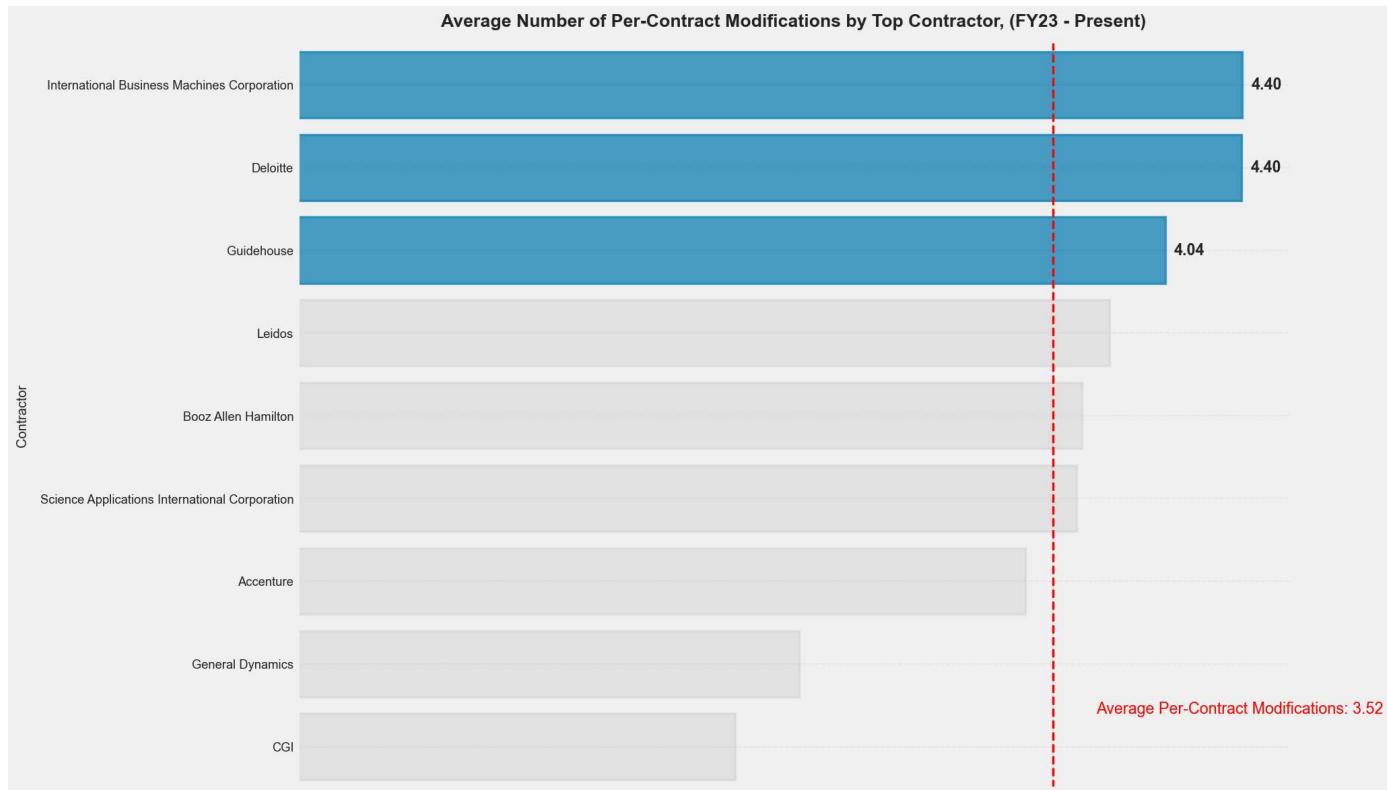


Recommendations for Addressing Contract Durations

- Implement Regular Performance Reviews:** Conduct frequent performance reviews for long-duration contracts, particularly those held by **Leidos**, to ensure continued value delivery and alignment with DOJ objectives.
- Incorporate Milestone-Based Payments:** Restructure contracts to include milestone-based payments, incentivizing contractors to achieve specific outcomes within defined timeframes and allowing for earlier termination if milestones are not met.
- Establish Clear End Dates:** Define clear end dates for all contracts, avoiding evergreen clauses or automatic renewals that can lead to inefficient long-term engagements.
- Promote Competitive Re-Bidding:** Regularly re-bid long-duration contracts to ensure that DOJ is receiving the best possible value and to encourage new entrants to compete for the work.
- Develop Transition Plans:** Create detailed transition plans for long-duration contracts, outlining the steps necessary to transfer knowledge and responsibilities to new contractors or DOJ personnel at the end of the contract term.

Contract Modifications

Contract modifications indicate how well the initial contract scope is managed, and high modification rates can signal issues with requirements definition, project management, or contractor performance. **Guidehouse** leads with the most frequent expansion of their DOJ contracts, averaging 4.89 modifications per contract.



Recommendations for Addressing Contract Modifications

- 1. Negotiate Fixed-Price Modifications:** Where possible, negotiate fixed-price modifications to control costs and incentivize contractors to manage scope effectively. This shifts the risk of cost overruns from DOJ Components to the contractor.
- 2. Track and Analyze Modification Trends:** Monitor modification patterns to identify root causes and implement corrective actions. This includes tracking the number, cost, and type of modifications, as well as the contractors and DOJ Components involved.