

## Top 10 Predictions for the Second Half of the Fiscal Year

1. *Federal employee retirements outpace federal contractor layoffs by 2:1*
2. *The Department of State achieves its goal of 127% small business utilization*
3. *Cybersecurity spending will exceed the total of all dollars ever spent by the Federal Government*
4. *Prevailing commodity IT services wrap rates converge around  $[1 + (\pi - e)]$*
5. *A defense-industrial base study confirms 73% of acquisitions are only accretive to Corp Dev bonuses*
6. *ACG gives an award to the Fairfax Chamber for giving the most awards*
7. *28% of all official ObamaCare enrollees are revealed to be occupants of Chicago cemeteries*
8. *PSC broadens its charter to include "unprofessional" services as well*
9. *McLean Hilton and Tysons Ritz feed nation's homeless with conference leftovers*
10. *Commander-in-Chief renames the BRAC Commission the "BaRAC" Commission*

## Midyear Review – GFY '14

- 🐾 "Big data" will be phased out in the second half of 2014, replaced by "small data." "No data" analysis remains on the horizon.
- 🐾 "Pacific Pivot" will be replaced by the similarly alliterative "Black Sea Bollocks" to address continuing U.S. ambivalence towards Crimea.
- 🐾 A joint committee of DoD, GSA, OPM, and NASA will rewrite the FAR to conform to SEC plain English requirements.
- 🐾 Despite lobbying from large businesses, the SBA will establish a new SBSA category, one focused on aiding nutritionally deficient contractors.
- 🐾 OPM is establishing a new consulting line of business to insource lobbying and advisory roles to retiring senior government executives.
- 🐾 The FTC is expected to increase oversight of the burgeoning sell-side M&A industry by evoking "truth in advertising" laws.

### Big Data Backlash

It is no secret that data volumes are expanding logarithmically and are quickly exceeding the human capacity for recall and analysis, resulting in a flood of interest in "big data" technologies. With promises like "finding the needle in the haystack" and "knowing the unknowable," this area has received a fast-moving current of funding. The constant talk about the size of data — paired with fears of inadequacy and underperformance — has caused many in industry to forget what really matters: how you use it. As the bloom comes off the big data rose, the new frontier is "small data." Groundbreaking research on Poisson limit theorem has shown that examining small data sets can be far more effective at predicting rare events than previous big data constructs. In turn, Platonic cave theory and Lebowskian nihilist approaches will move industry practices toward a yet underutilized "no data" approach.

### Additional Set-Asides

After a more than two-year delay, the SBA has officially announced its latest revisions to the NAICS code size standards and small business set-aside regulations, including the addition of a lactase deficient socio-economic category with a government-wide procurement goal of 4.8%, roughly equal to the percentage of lactose found in milk. Like the often debated gluten intolerant set-aside standard, business owners will be asked to self-certify, as testing would be unpleasant for all involved parties. Unlike the Small Disadvantaged Business (SDB) designation, the new category does not stipulate any personal wealth maximums, but does limit the designation to companies with less than \$25.5M in revenue averaged over the past three calendar years.

### A New Federal Agency

As federal executives depart for the for-profit sector, many find themselves lobbying on K Street, sitting on corporate boards, and hiring out their rolodexes. The response from industry has been a game of one-upmanship to see who can collect the most impressive menagerie of recently departed senior officials, but the prospect of hiring the right consultant is still daunting for most companies. It is precisely this problem that prompted federal officials to create the new Center for Retired or Non-Involved Executives (CRONIE). Administered by OPM, CRONIE will allow the federal government one more bite of the apple. By hiring every SES and above as they retire, CRONIE will instantly become

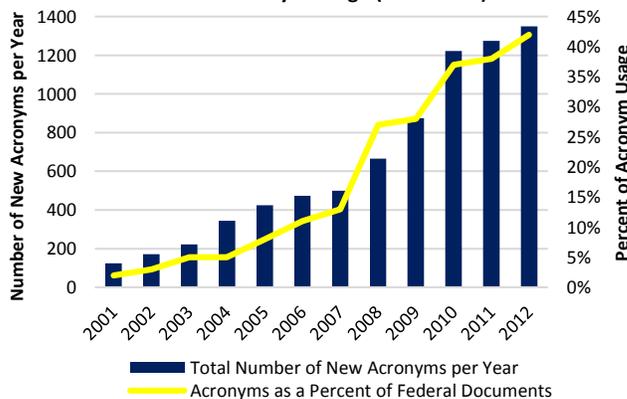
the leading lobbying and advisory firm, with a combined 4.83 million years of civil service and unparalleled access.

### Adapting M&A Practices

As the federal market rebounds off historic lows in recent years, M&A valuations have become a hotly debated topic. Sellers still expect top dollar and buyers think they should get a discount, resulting in record number of broken deals. Consequently,

sell-side M&A advisors have adapted the traditional sale process to a new "Drive-by M&A" that streamlines to the barest minimum, enabling both parties to quickly arrive at a meeting of the minds, or not. Combining the best attributes of speed dating and cattle auctions, Drive-by M&A involves a 60-second meeting between the seller and all prospective buyers. Buyers get to check the sellers' teeth, then submit non-binding offers on cocktail napkins. After a cursory glance, bankers then grant a 48-hour window of exclusivity for the highest bidder to complete due diligence, secure financing, and plan the post-merger integration.

Federal Acronym Usage (2001-2012)



Total use of Federal Acronyms, including new agencies, focus groups, and inter-Department book clubs

Source: Library of Congress, back alleys, and the Office of Vision Executives – Regional K street Intersection for Local Lobbying (OVERKILL)