

**June 24
2020**



14th Annual Wisconsin Government Opportunities Business Conference (GOBC)



In partnership with Volk Field ANG and Fort McCoy





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HOSTS





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PARTNERS



An open piggy bank is shown from a high angle, tilted so that a large number of coins are spilling out onto a reflective surface. The coins are in sharp focus in the foreground, while the interior of the piggy bank and the background are softly blurred. The lighting is warm, highlighting the metallic textures of the coins and the piggy bank.

WHERE'S THE MONEY?

FEDERAL PRIORITIES, OPPORTUNITIES, AND STRATEGY

AGENDA

WHAT WE'RE COVERING TODAY

- Money
- Opportunities
- Strategy
- The horizon



THE MONEY

HOW MUCH? WHERE'S IT GOING?

ABOUT ME

OBLIGATORY BIO SLIDE

- Partner / Director of Product, Hangar**
- Principal, Zvenyach LLC**
- Former Assistant Commissioner, Federal Acquisition Service**
- Former Executive Director, 18F**
- Former General Counsel, DC Council**
- Current Fitchburg, WI, resident**



“IF NOT FOR THE SHIFT OF SOME FEDERAL PAYMENTS FROM JUNE 2019 TO MAY 2019, TOTAL SPENDING WOULD HAVE BEEN 53 PERCENT HIGHER IN MAY 2020 THAN IN THE SAME MONTH LAST YEAR.”

CONGRESSIONAL BUDGET OFFICE, MONTHLY BUDGET REVIEW FOR MAY 2020 (JUNE 8, 2020)

UNEMPLOYMENT INSURANCE

IT'S ROUGH OUT THERE...

- In the US, unemployment is up from 3.5% in Dec. 2019 to 13.3% in May 2020.
- Wisconsin's rate parallels the US economy: 3.5% in Dec. 2019, 12% in May 2020.
- In WI, UI claims are up >10X, from 21,574 in 2019 to 236,112 in 2020 for "UI Week 24."
- Between 3/15 and 5/30, WI spent \$1.5 billion in FPUC and PUA benefits.
- "Outlays for unemployment compensation increased from \$2 billion in May 2019 to \$93 billion [in May 2020]."

ECONOMIC IMPACT PAYMENTS

(AKA STIMULUS CHECKS)

- “In the past two months, more than 159 million Americans have received Economic Impact Payments **totaling almost \$267 billion**. Of the payments, 120 million were sent to Americans by direct deposit, 35 million by check and 4 million payments were made in the form of a pre-paid debit card.”
- “Payments for refundable tax credits were \$53 billion (compared with \$3 billion in May 2019).”

PPP LOANS

WHO'S DOWN WITH PPP?

According to the SBA:

- Approved \$510.2 billion in loans to 4.4 million recipients
- Wisconsin accounted for \$9.8 billion in PPP loans to 80,341 recipients
- Per business loan: ~\$121,431
- “Outlays by the Small Business Administration increased from \$98 million to \$35 billion, primarily because of loans and loan guarantees to small businesses through the Paycheck Protection Program authorized by the CARES Act and PPPHCEA. (CBO estimates that payments for the program will total \$670 billion during this fiscal year.)”

HHS PUBLIC HEALTH AND SOCIAL SERVICES EMERGENCY FUND

IT IS A PUBLIC-HEALTH CRISIS, AFTER ALL....

“Outlays for the Public Health Social Services Emergency Fund totaled **\$27 billion this May, compared with \$250 million last May.”**

- Of first \$30B in PHSSEF, Wisconsin accounted for \$471.7M**
- Wisconsin accounted for \$908M from the HHS Provider Relief Fund.**

**THESE ARE LARGE
NUMBERS...**

BILLIONS OF DOLLARS, IN FACT.

DISCRETIONARY SPENDING...

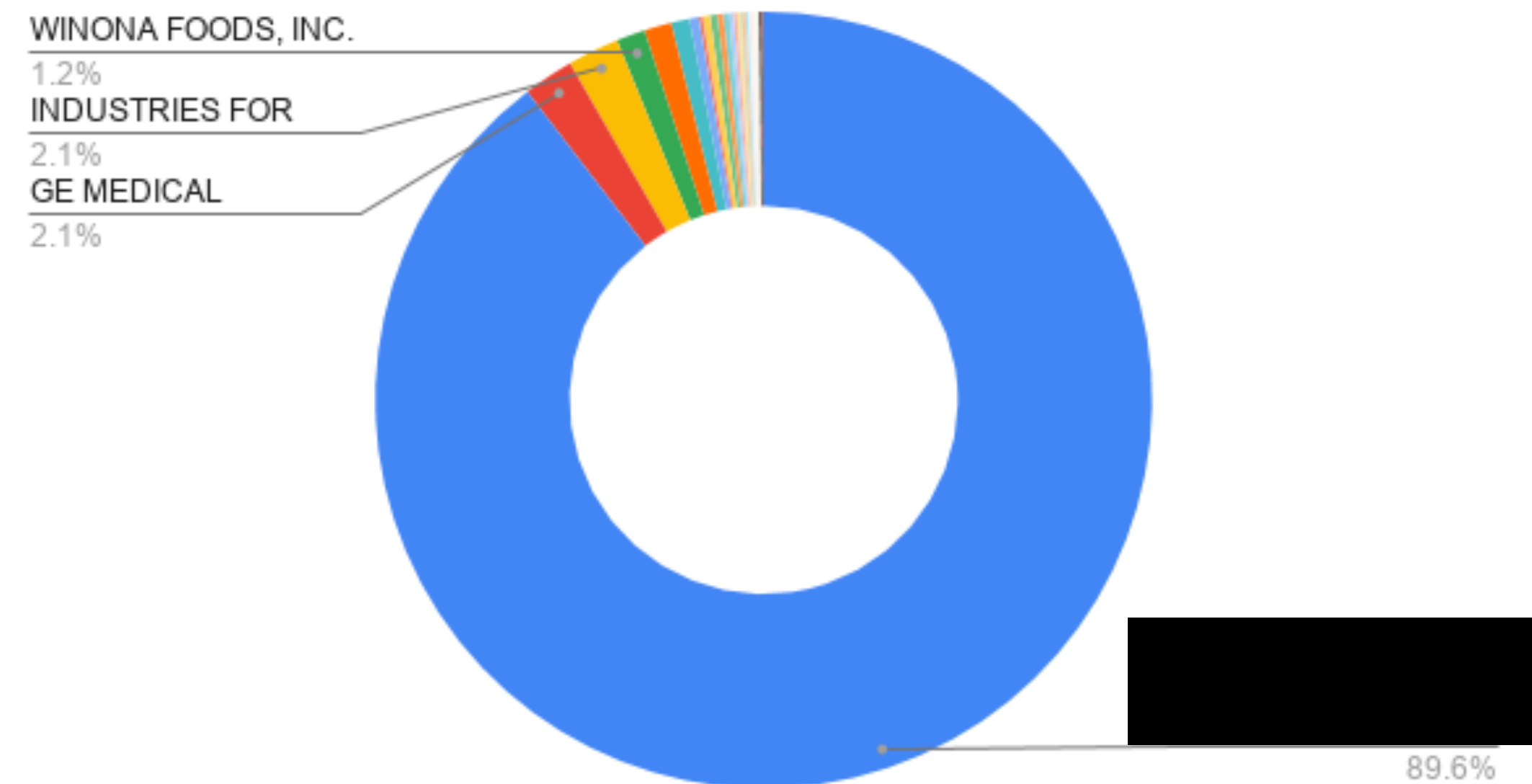
WHO'S THE BIG CHEESE?

Discretionary spending for federal awards attributable to COVID-19 are not as large as you'd think...

- Contract Spending for Pandemic Relief in WI (\$63.4M) <https://pandemic.oversight.gov/track-the-money/contracts/WI/all>

- 66 Wisconsin *entities* have received \$900M in contract awards.

Sum of Action Obligation vs. Vendor Name



A photograph of a cheese display in a store. The display consists of three shelves. The top and bottom shelves hold several bright yellow, oval-shaped cheese wheels. The middle shelf is partially obscured by a semi-transparent white banner that contains the text "WHO'S THE BIG CHEESE?". The background is a light-colored wall with vertical lines, possibly from a display rack or wall paneling.

WHO'S THE BIG CHEESE?

DATEX-OHMEDA INC.

OVER \$400 MILLION IN COVID-19 AWARDS





THE OPPORTUNITY

WHERE TO LOOK?

NON-TRADITIONAL METHODS?

DOES COVID-19 → OTAS?

- On 5 Apr 2020, DoD expands the authority for non-traditional methods, specifically Other Transaction Authority.
 - <https://www.acq.osd.mil/dpap/policy/policyvault/USA000752-20-DPC.pdf>
- As of 23 June 2020, OTAs are well under 2019 levels.
 - Q1-Q2 2019: \$1.28B obligated
 - Q1-Q2 2020: \$589M obligated
- As of 23 June 2020, SBIR are well under 2019 levels... (only 55 TOTAL awards to date...)
- But, it's really still too early to tell...

MY TAKE

THE MORE THINGS CHANGE...

- Multiple Award Contract vehicles continue to be a primary focus
- One of every \$4 dollars flows through a MAC
- The top markets for MAC spending in 2019 are IT at \$38 billion and professional services at \$35 billion.
- It's *possible* for things to change in Q4, but FY20 was already a hard year before COVID-19.



THE STRATEGY

WHAT TO DO?

WINNERS AND LOSERS

- “The trouble is that, for all the common patterns that emerge, there are at least as many confounding variations.” ~ Elizabeth Kolbert, *Pandemics and the Shape of Human History*, The New Yorker (Mar. 30, 2020)
- But we have some indicators about who is winning and losing...
 - Medical + Biotech
 - Computers + Tech Services + ProServ
 - Construction + Manufacturing



“AS WE PASS THE FOUR-MONTH MARK SINCE THIS CRISIS STARTED ROILING FINANCIAL MARKETS IN THE US AND EUROPE, IT IS STILL AN EVOLVING STORY AND THERE WILL BE MORE TWISTS AND TURNS BEFORE IT IS DONE.”

ASWATH DAMODARAN , A VIRAL MARKET UPDATE X: A CORPORATE LIFE CYCLE PERSPECTIVE (JUNE 19, 2020)

					Change in Market Cap (\$)			Change in Market Cap (%)		
<i>Company Age (Decile)</i>	<i>Number of firms</i>	<i>Market Cap (2/14/20)</i>	<i>Market Cap (3/20/20)</i>	<i>Market Cap (6/12/20)</i>	<i>2/14-3/20</i>	<i>3/20-6/12</i>	<i>2/14-6/12</i>	<i>2/14-3/20</i>	<i>3/20-6/12</i>	<i>2/14-6/12</i>
Youngest	3,290	\$ 3,293,812	\$ 2,257,807	\$ 3,197,250	\$ (1,036,005)	\$ 939,443	\$ (96,563)	-31.45%	41.61%	-2.93%
2nd decile	3,289	\$ 4,260,977	\$ 3,111,165	\$ 4,137,437	\$ (1,149,812)	\$ 1,026,272	\$ (123,540)	-26.98%	32.99%	-2.90%
3rd decile	3,007	\$ 3,876,231	\$ 2,914,757	\$ 3,753,816	\$ (961,474)	\$ 839,059	\$ (122,416)	-24.80%	28.79%	-3.16%
4th decile	3,222	\$ 8,216,219	\$ 6,262,223	\$ 7,761,659	\$ (1,953,996)	\$ 1,499,437	\$ (454,560)	-23.78%	23.94%	-5.53%
5th decile	3,361	\$ 6,607,178	\$ 5,079,510	\$ 6,510,297	\$ (1,527,668)	\$ 1,430,788	\$ (96,881)	-23.12%	28.17%	-1.47%
6th decile	3,531	\$ 6,745,317	\$ 4,928,358	\$ 6,077,167	\$ (1,816,959)	\$ 1,148,809	\$ (668,150)	-26.94%	23.31%	-9.91%
7th decile	3,307	\$ 9,177,848	\$ 6,538,028	\$ 8,631,375	\$ (2,639,820)	\$ 2,093,347	\$ (546,473)	-28.76%	32.02%	-5.95%
8th decile	3,373	\$ 7,665,001	\$ 5,090,833	\$ 6,665,011	\$ (2,574,168)	\$ 1,574,178	\$ (999,990)	-33.58%	30.92%	-13.05%
9th decile	3,321	\$ 12,355,697	\$ 8,936,023	\$ 10,898,326	\$ (3,419,674)	\$ 1,962,303	\$ (1,457,370)	-27.68%	21.96%	-11.80%
Oldest	3,338	\$ 24,221,699	\$ 16,142,833	\$ 20,308,253	\$ (8,078,866)	\$ 4,165,419	\$ (3,913,446)	-33.35%	25.80%	-16.16%



THE HORIZON


WHAT'S NEXT?

FOCUS ON FUNDAMENTALS

CH CH CH CH CHANGES...

(TURN AND FACE THE STRANGE)

- SBA WOSB/EDVOSB certifications
- CMMC
- FPDS → beta.sam.gov

A man with a mustache, wearing a dark blue suit, white shirt, and patterned tie, is seated in an office. He has a serious expression. The background includes a wooden desk with a lamp, a tissue box, and a window with blinds. The scene is lit with warm, indoor lighting.

NO. I HAVE NO IDEA.

THANK YOU!

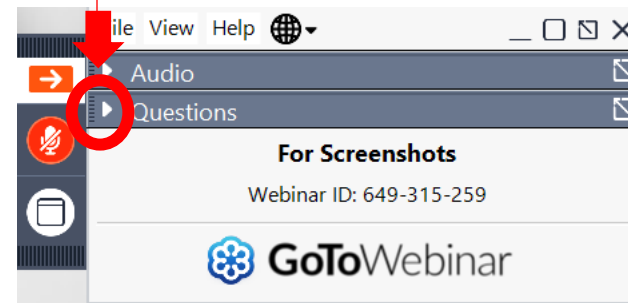
DAVE@ZVENYACH.COM

QUESTIONS?



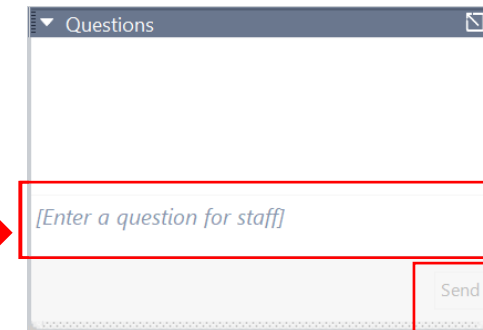
OPENING THE QUESTIONS BOX

Click here to access
within the Control Panel



USING THE QUESTIONS BOX

Type questions
here at any time
during a
presentation



Click Send when ready to submit a question





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AGENDA

8:00 am	Briefings from Volk Field ANG, Ft. McCoy, and Wisconsin National Guard
9:30 am	Legal Update for Federal Contractors and Subcontractors
11:00 am	Where is the Money – Priorities, Opportunities and Strategy
11:40 am	Update for Federal Contractors from the US Small Business Administration
Noon	Lunch
12:30 pm	U.S. Navy Shipbuilding Outlook presented by Leonardo DRS & Update from Fincantieri Marinette Marine
1:30 pm	Briefing from Fort McCoy, the 88th Readiness Division (29 states), and the 84th Training Division
2:30 pm	DOD Contract Management Update
3:30 pm	Business Development, The New Normal
4:00 pm	Emergency and Disaster Contracting

UP NEXT...

Update for Federal Contractors from the US Small Business Administration

Presented by...

Eric Ness,

US Small Business Administration (SBA)

- SAVE THE DATE -



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October 15, 2020

In-person at Volk Field in Camp Douglas, WI