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HOMELAND SECURITY TODAY™

April 2012 Vol. 9, No. 4 \$5.95 USD

INSIGHT & ANALYSIS FOR GOVERNMENT DECISION MAKERS

Are We Ready for

Iran?

*Homeland Security
Today's Annual*

**Top 25
Contractors
of 2011**

**The Rising
10 of 2012**

WWW.HSTODAY.US

As originally published in the April, 2012 issue of

**HOMELAND
SECURITY** TODAY

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The Rising 10 of 2012

Corporate dynamism in the homeland security market is not limited to the Top 25 suppliers to the Department of Homeland Security (DHS). A number of companies that are building up their homeland security work are still not reflected in the Top 25.

Homeland Security Today created the Rising 10 listing to reflect the need to recognize the dynamic companies that are not yet included in the Top 25. This listing, which makes no claim of comprehensiveness, looks at 10 of the companies that show promise as future leaders in homeland security. Many of these companies are likely to reach the Top 25 in coming years. Some already do considerable homeland security business, but as subcontractors to other companies so their contributions are not reflected in direct contract awards from DHS. Others do a considerable amount of work with local law enforcement that is not reflected in the Top 25, while others conduct a considerable amount of business overseas.

The Rising 10 is noteworthy because it includes companies involved in the diverse activities that make up homeland security, including: systems integration, information technology, detection and cutting-edge technologies in sensors and unmanned aerial vehicles. These companies promise to grow quickly in coming years, either because of recent contract wins or their overall positioning in growing areas.

This year's listing includes the United Kingdom's BAE Systems and Cobham plc in a sign of the growing role of European companies in the US homeland security market. Four European companies are already listed in the Top 25, and their rankings have improved considerably over the past several years.

The Rising 10 also includes several large US defense companies, including Northrop Grumman Corp., Raytheon Co. and Harris Corp. Although they already do considerable homeland security business, their subcontract work is not counted in the rankings. Moreover, the timing of contract wins may affect their rankings in the Top 25 from year to year.

In addition to these large companies, the Rising 10 includes small- to mid-size companies that may not reach the Top 25 but show the dynamic and technologically driven nature of homeland security. They include a number of different specialty areas: unmanned aerial vehicles (General Atomics Aeronautical Systems, AeroVironment), cybersecurity (CACI) and unmanned ground systems and sensors (Cobham).

7 American Science and Engineering Co. Billerica, Mass.

American Science and Engineering Co., (AS&E), Billerica, Mass., has demonstrated that it can thrive in the often unstable detection business.

In a segment of the homeland security business in which leading companies are facing a downturn in revenues and implementing a number of cost-cutting measures to try to raise profit margins, AS&E continues to do well. While revenues and profitability are down, AS&E reported operating profit margins of 18 percent for the nine months ending Dec. 31, 2011. That is significantly above the profitability of any independent competitor in detection.

The key to AS&E's success has been its ability to apply Z Backscatter technology to US homeland security. Customs and Border Protection (CBP) began using the company's Z Portal for vehicle screening at the San Ysidro, Calif., border checkpoint. The company's SmartCheck Z Backscatter Personnel Screening System has been tested at New York's JFK International, Los Angeles International and Phoenix Sky Harbor airports.

Z Backscatter is a technology designed to detect different materials than traditional transmission X-ray technology. It can provide photo quality images that can detect contraband, including explosives, smuggled human beings, money and many other items. By combining traditional X-ray and Z Backscatter, AS&E is able to detect a broader range of threats and contraband than many other systems.

Over the past year, AS&E has succeeded in broadening its international market penetration, winning contracts in Europe, the Middle East, Africa and the Caribbean. In all, about 600 Z Backscatter systems have been sold worldwide.

There also have been advances in the US market. In February 2011, AS&E announced a research and development contract award under the DHS Science and Technology Directorate's Small Business Innovative Research program to design and build a prototype to screen general aviation aircraft. The prototype will combine AS&E's advanced Z Backscatter technology with a portable platform to provide complete aircraft coverage with one-man operation.