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## Contractors gobble up unmanned-aircraft firms

By Marjorie Censer

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As the market for unmanned aircraft matures, local companies are jockeying for a place within the industry, expecting it to be a resilient part of the shrinking defense budget.

Aircraft equipped with cameras and, in some cases, weapons and operating without pilots are not new to the Pentagon. But government and industry leaders are now focused on improving the systems, trying to make them more technologically sophisticated and able to carry more equipment, according to Mitchell Martin, a senior managing director with the investment firm McLean Group.

That kind of work resonates locally, as area contractors are building up their abilities to develop new relevant technology as well as to assist with maintaining the systems and processing the data they collect.

For instance, the VT Group, which bases its U.S. operations in Gaithersburg, recently bought the unmanned systems division of McMinnville, Ore.-based Evergreen International Aviation.

VT already provides training, maintenance and other services for a variety of military aircraft, but the Evergreen purchase allows the company to offer similar services for unmanned systems, said David Dacquino, VT's chief executive.

Similarly, New York City-based L-3 Communications in August bought Ashburn-based Airborne Technologies, which provides operations support for unmanned aircraft and also builds a small unmanned system, while McLean-based [Science Applications International Corp.](#) purchased Arlington-based Science, Engineering and Technology Corp. at the start of the year.

Gene Colabatistto, senior vice president for program development in SAIC's intelligence, surveillance and reconnaissance group, said SET, founded by former Defense Advanced Research Projects Agency scientists, improves the company's ability to process sensor data and to provide innovative technology designed to detect and track targets.

Analysts and companies say they expect the upgrades and support associated with unmanned systems to be a more lucrative subset of the business.

"The money to be made in unmanned systems isn't necessarily in the airframes themselves," said Michael Misantone, a director with McLean-based investment firm KippsDeSanto. Instead, he said, it's in improving the systems' carrying capacity and offering better analysis of the data they collect.

But firms that don't make the physical frames and want to help with maintenance and processing will face competition from the major unmanned systems builders, Misantone said. Companies such as General Atomics, a San Diego unmanned aircraft manufacturer, are moving to capture all of the related business, he said.

Dacquino said he was confident companies like VT can provide services that the original builders can't.

The system manufacturers "are clearly focused on building the assets," he said. Maintaining the systems and processing their data is "an awfully big market space in an emerging market with lots of uncertainty, and therefore you need the support."