

State of Indiana's defense business: \$4.6 billion and growing

The mission of *The Hoosier Coefficient*, which appears on *MidwestBusiness.com* every Thursday, is to profile the often-overlooked rich technology development and commercialization in Indiana. The Hoosier state is home to four of the top technology research and engineering universities in the nation and tech pros ignore Indiana at their own peril.

INDIANAPOLIS (July 5, 2007)— Thousands of miles from any ocean, Indiana may not typically be top of mind when it comes to the awareness of a growing defense industry business. Still, the state is well on its way to changing that.

In the past four years, Indiana has more than doubled its state-based contracts with the U.S. Department of Defense, NASA and the [Department of Homeland Security](#). In 2006, the state brought in \$4.6 billion in defense-related contracts, which is more than twice the \$1.8 billion it brought in during fiscal year 2002.

After going zero for six in losing or reducing bases under the Pentagon's former Base Realignment & Closure (BRAC) process, Indiana made a decisive comeback under the administration of Indiana Gov. Mitch Daniels in 2005.

Not only did the state dodge the bullet for the \$2 billion civilian [military](#) facility in southern Indiana (the [Naval Surface Warfare Center at Crane](#)) but Indiana saw a major consolidation of hundreds of new jobs from other out-of-state facilities at the U.S. Army's former Fort Benjamin Harrison finance facility in northeast Indianapolis.

Operations were also saved at military aviation facilities in Fort Wayne and Terre Haute, Ind. The state did such a good job preserving or expanding its defense-related [assets](#) that Daniels was subsequently named "[public official of the year](#)" in 2006 by the national Association of Defense Communities.

Upon receiving the award, Daniels said: "Through active attention to our opportunities, Indiana can play a much larger role." Barely 12 months later, this commercial prophecy has already begun to come to pass.

For the first time in Hoosier history, the Daniels administration has created a dedicated division solely focusing on growing Indiana's military assets and commercial operations. Indiana's [Office of Energy & Defense Development](#) (OED) began work to map out the existing assets within the Hoosier state and also to develop the means to engage Hoosier businesses and university assets more fully with military-related opportunities.

OED brought in [Daniel Denning](#), a former senior Pentagon official and native Hoosier, to further beef up the state's defense savvy. The results of the new OED have been nearly immediate.

The state has linked to and launched a new [online contract database](#) that will enable Hoosier businesses to better get out in front of potential new work with military contracts. OED also recently played host to the first Defense Education [Conference](#), which presented experts in military and federal contracting to further secure potential new business.

While Indiana maintains a reasonably strong military presence, its commercial operations are rapidly growing. In the shadow of the University of Notre Dame, the well-known HMMWV (Humvee) and its civilian counterpart (the [Hummer](#) are designed and built by [AM General](#) in South Bend and Mishawaka, Ind.

A little south and to the east of South Bend is another major concentration of Indiana-based military commercial operations in Fort Wayne, Ind. Indiana's second-largest city, Fort Wayne, is host to major operations of General Dynamics, ITT and Raytheon.

The city is also the corporate home of [Prairie Quest Consulting](#), which recently landed a \$6 million piece of work from a larger contract with [Booz Allen Hamilton](#) for acquisition support services at the Naval Surface Warfare Center at Crane.

Across the state at Purdue University, the \$350 million Discovery Park is home to the [Purdue Homeland Security Institute](#), which is engaged with the Indiana Department of Homeland Security to coordinate and conduct emergency response exercises.

One of these exercises – involving multi-state response to the explosion of a nuclear “dirty bomb” – took place at the [Muscatatuck Urban Training Center](#) in southern Indiana.

This unique facility was converted from a former state center for developmental disabilities into a multi-dimensional urban training facility. The Pentagon and related entities are expected to put upward of \$100 million into this facility. Its use among all branches of the military and the Department of Homeland Security is only expected to grow.

In central Indiana, numerous firms and subsidiaries have long been performing military-related work including a major [Raytheon installation](#) on the east side of Indianapolis that occupies facilities formerly housing the Naval Avionics Center. [Haverstick Consulting](#), which has grown to a \$100 million [enterprise](#) from its former Carmel, Ind. office, announced on July 5 that it was expanding again.

“Over the last 18 months, Haverstick has experienced substantial growth in all lines of business and particularly our work right here in Indiana,” said Haverstick President Howard Bates. “We are very excited about Haverstick’s future. We look forward to continuing to utilize the great human capital resources and business opportunities that Indiana provides a [technology](#)-based services firm.”

Growth at the \$2 billion Naval Surface Warfare Center at Crane facility, which already punches more than \$1.7 million a day into the Indiana economy, is also expected particularly with the expansion of the [WestGate @ Crane Technology Park](#).

As the WestGate grows, it is expected to become “a critical component in advancing the growth of Indiana within the defense community,” according to OED’s Denning. EG&G, a subsidiary of the \$2 billion URS corporation, is already in the WestGate. SAIC, the seventh-largest defense-related corporation, is contemplating a major expansion in the park as well.

With billions already in the bank and billions more on the horizon, Indiana may well find itself in a new leadership role over the coming decade.

Michael Snyder is principal of [The MEK Group](#), a marketing and business development consulting firm that provides communications-driven strategies to increase market share, enhance productivity and build distinctive brand awareness. Snyder can be reached at msnyder@themekgroup.com.