

U.S. Intelligence Plan Could Benefit Va. Satellite Imaging Firm

By Mike Musgrove, Washington Post Staff Writer

National Intelligence Director Dennis C. Blair announced this week that the United States plans to rely more on the private sector for its satellite mapping and reconnaissance needs, a potential boon to Washington area imagery company GeoEye.

"When it comes to supporting our military forces and the safety of Americans, we cannot afford any gaps in collection," Blair said in a statement Tuesday. The National Reconnaissance Office will develop, build and operate a new type of intelligence-gathering satellite, while in the interim the Department of Defense and U.S. intelligence community will supplement and back up its current satellite imagery projects with products from commercial suppliers.

Two commercial satellite imagery firms are best positioned to benefit: Dulles-based GeoEye and Colorado firm DigitalGlobe. According to one industry analyst's calculations, the new policy could amount to about \$750 million for each company over the next five years.

Matthew O'Connell, GeoEye president and chief executive, said the announcement "puts a little wind in our sails." The company's latest satellite went into commission in February, and a more advanced one is on track to launch in 2012.

GeoEye's recently launched satellite, GeoEye-1, orbits the earth in 98 minutes and can capture images from an altitude of 423 miles with high enough resolution to show home plate on a baseball field. O'Connell said the company's next satellite is slated to provide even higher resolution.

"Given the turmoil in the credit markets, this kind of announcement makes us cautiously optimistic that we should go full-speed ahead and get that up in the air if our nation needs it," he said.

Blair's announcement observed that commercially available products could be available much sooner than systems developed by the National Reconnaissance Office because they tend to be less complex than the systems the government builds.

"It would be fair to characterize [the new policy] as a break with what was going on under the Bush administration," said Edward A. Jurkevics, principal at Chesapeake Analytics, an Arlington financial analysis firm.

A previous National Reconnaissance Office program to build a cutting-edge satellite program, called Future Imagery Architecture, was canceled three years ago after it missed deadlines and soared billions of dollars over budget -- a debacle that Blair appeared to refer to in his statement.

"We are living with the consequences of past mistakes in acquisition strategy, and we cannot afford to do so again," he said.

###