Defense Daily's
TR2 Terror Response Technology Report
Business Opportunities for Critical Infrastructure Protection

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Briefing

► **The Western Hemisphere Travel Initiative** takes effect on Jan. 23, 2007, requiring citizens of the U.S., Canada, Mexico, and Bermuda to present a passport or other accepted document to enter the U.S. when arriving by air from any part of the Western Hemisphere. Acceptable alternative documents are the Merchant Mariner Credential (MMD), issued by the Coast Guard to U.S. merchant mariners, and the NEXUS Air card, issued to citizens of Canada and the U.S., lawful permanent residents of the U.S. and permanent residents of Canada. The MMD will be accepted when used on official business and the Air card will be accepted when used in conjunction with the NEXUS Air program. U.S. military personnel may continue to present their military ID and orders when traveling on official orders.

► **Senate Homeland Security Committee** Chair Susan Collins (R-Me.) and ranking member Joseph Lieberman (D-Conn.) have written DHS Secretary Michael Chertoff asserting that DHS is can't provide adequate situational awareness during a disaster. They say few emergency management officials bother to use the Homeland Security Information Network (HSIN) on a regular basis. They point out that the HSIN, which is the DHS real-time information sharing tool, contains the Common Operating Picture database intended to improve situational awareness by helping first responders and decision makers work together.

Lockheed Martin Zeroes in on Supply Chain Solutions

Building on its acquisition of Savi Technology this past spring, **Lockheed Martin** [LMT] has formed a new business group that will provide comprehensive supply chain management and security solutions for government and commercial customers.

Lockheed Martin's Savi Group combines Savi Technology's Radio Frequency Identification (RFID)-based container tags and its network of wireless information services with Lockheed Martin's high level command and control software and systems integration capabilities to be able to offer either turnkey or even limited supply chain solutions, Vic Verma, the former CEO of Savi Technology and head of the new Savi Group, tells *TR2*.

Savi has the data collection and transmission capabilities but, Lockheed Martin brings capabilities that will better allow customers to respond to the information they are collecting on their shipments, Verma says.

"We will offer customers complete, integrated solutions, including powerful analysis tools that will enhance their situational awareness, security, and decision making in tracking and managing shipments every step along the way as they move through global supply chains from point of origin to destination," Verma says. "To meet these significant challenges for our customers, Savi Group is being 'turbocharged' with Lockheed Martin resources, technical expertise and seasoned leadership in managing large complex systems integration projects."

Those resources include a doubling of the size of Savi to about 500 employees by adding engineering talent in the

► *continued on p.6*

Inside

L-1's ComnetiX Buy Opens Canadian Market, Expands U.S. Presence

L-1 Identity Solutions [ID] has agreed on yet another acquisition, this time acquiring Canada's **ComnetiX** in a $12.5 million cash deal that provides of host of strategic benefits.

ComnetiX gives L-1 an entrée into the Canadian market, expand its geographic footprint of fingerprint centers in the U.S., boost its marketing efforts in the U.S. and complement its existing customers, particularly in law enforcement. ComnetiX is located near Toronto.

The deal is expected to close early next year. ComnetiX is publicly traded on the Toronto Stock Exchange and posted a $4.1 million net loss on $9.7 million in sales for the first nine months of its current fiscal year. ComnetiX is expected to add $13 million to L-1's sales next year and be cash flow positive.

Just under 80 percent of ComnetiX' sales are in the U.S. The company has an installed base of live scan fingerprint products and services with "hundreds and hundreds" of agencies in Georgia and New York that L-1 will be able to leverage to provide additional services,

► *continued on p.4*

BlastGard Nabs Small Award for Marines; Developing Vehicle Protection Solution

BlastGard International [BLGA] received an initial $46,000 contract from Colt Rapid Mat LLC as part of a Marine Corps order for blast mitigation products to be used in Iraq, giving BlastGard a toe-hold in a new but potentially significant market for its technology.

The Marine's contract with Colt Rapid Mat, part of **Colt Defense**, is for $186,000, and calls for the immediate delivery of 200 pieces of a casing material made by Colt and BlastGard that contains BlastGard's BlastWrap technology for use in protecting fortification walls, overhead areas of bunkers, temporary shelters, traffic checkpoints and other things. In addition the two companies will also deliver the Blast and Thermal Suppression (BATS) casing material for seven Rapid Deployment Fortification Wall (RDFW) JEFF Kits supplied by **Geocell Systems, Inc.**, to the Marines.

BlastGard's BlastWrap, which is SAFETY Act certified, is the core technology behind its best selling product, which is blast mitigating trash receptacles. The material, which somewhat resembles bubble wrap used in packaging, absorbs blast pressures and the fire caused by an explosion.

The contract follows demonstrations of the BATS and RFDW at the Marine Air Ground Combat Center at Twentynine Palms, Calif. Rather than continue testing there Marines in Fallujah, Iraq, said they "know" the product works and wanted to put it to use against the enemy, Jack Waddell, president and chief operating officer of BlastGard, tells *TR2*. While the casing material will be put to operational use the initial purchase is still for test articles, he says.

Waddell says the market potential comes down to "how many square feet in a military theater need protection from attack." A lot, he says.

The demonstrations at Twentynine Palms showed significant improved protection from severe improvised explosive devices (IEDs) and vehicle-borne IED threats, BlastGard says.

Fortified walls, whether made with sandbags, earthen materials or manmade materials, can stop bullets and bomb fragments but blast pressures and fireballs often go over and around the ends of these structures causing damage to whatever and whoever is behind them, Waddell says. The BATS material not only enhances the protection of these structures against bullets and fragments but dramatically limits the blast pressure a bomb creates behind these fortifications, he says.

In the tests at Twentynine Palms pressure transducers and high speed video cameras were used to gauge the effects of a 101 pound TNT charge placed against a wall. The scenario was set up at the suggestion of explosive ordnance disposal-trained Marines in Iraq to simulate either a vehicle borne IED threat or a very large backpack charge at zero standoff.

"The pressure and video results from the…demonstrations suggest that a 101-pound TNT blast in contact with a standard soil filled wall could generate potentially lethal results as far as 40 feet behind the wall," Waddell says. "The same blast against a BATS-protected RDFW wall reduces the probability of physiological injury 40 feet behind the wall to zero."

There are four different iterations of the BATS product that are being supplied to the Marines. One is for the enhanced RDFW. Another is for top-side bunker protection against mortar and rocket attacks. A third is a "post form" for pressure mitigation at the sides of a wall and another is for use with "Texas Barriers," which are similar to the "Jersey Barriers" used as highway dividers but only larger. Texas Barriers are used extensively in military areas in Iraq for traffic control, anti-breach protection, and other uses, Waddell says.

BlastGard's Numbers

	3Q06	3Q05
Sales	$4.4K	$481.1K
Net Inc.	($708.7K, $0.03)	($378.3K, $0.02)

Vehicle Protection

Military fortifications happen to be just one of the new markets BlastGard is seeking for its technology. Another is tactical wheeled vehicle armoring, Waddell says.

BlastGard is helping to design its BlastWrap technology for installation underneath and on the sides of military vehicles to provide both blast and thermal mitigation, Waddell says. Traditional vehicle armoring "doesn't do any good" in mitigating blast and thermal pressures, which can cause neck, head and spinal injuries to the occupants inside the vehicle, he says.

Colt Rapid Mat will be working with BlastGard on the vehicle armoring effort, which will be led by **VSE Corp.** [VSEC], who is responsible for the overall engineering effort. VSE contracts with the Army and Marines in the Iraqi war theater to maintain and repair military vehicles. The company also does similar work in the U.S.

"VSE understands all of the U.S. military vehicles," Waddell says.

Testing of the new armoring solution is expensive and will require military funding, Waddell says. BlastGard expects testing to begin at the Nevada Automotive Test Center later this year and vehicle testing for retrofit kits to also take place this year in the Middle East. He expects the development work to move ahead quickly. Adding the BlastGard/Colt technology solution will not add much mass or weight to the vehicles, he adds.

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Access Intelligence

ASP Engineering Models Delivered to DHS

Canberra Industries, Raytheon [RTN] and **Thermo Fisher Scientific, Inc.** [TMO] have each delivered their standard Advanced Spectroscopic Portal (ASP) engineering and development models to the Department of Homeland Security to begin operational testing. Most of the ASPs have been delivered to the Nevada Test Site where they will undergo tests involving real nuclear threat materials, a spokeswoman for the DHS Domestic Nuclear Detection Office says. All three companies have also delivered ASPs to the New York Container Terminal where they will be used in actual stream of commerce testing, she says. The tests are critical as Congress has fenced monies set aside for production models until DHS certifies that the ASPs show a significant increase in operational effectiveness over current generation Radiation Portal Monitors (RPM). The ASPs are supposed to dramatically reduce the false alarms generated by the RPMs by better discriminating between innocuous and threat materials. The standard ASPs are fixed-site portals that trucks would haul containers through on their way out of a port terminal. Mobile and rail variants are also expected to be built under the program.

Guardian's PinPoint Software Advances in Russia

Guardian Technologies International, Inc. [GDTI] says its PinPoint threat detection software has completed the second phase of a four-phase certification process in Russia that the company hopes will result in a commercial deployment at airports throughout that country. PinPoint analyzes images taken by conventional X-Ray machines at checkpoints and alerts for potential explosives threats. Phase three of the certification process will begin in early December and entails final testing of PinPoint's detection capabilities by Cryptocom, a Russian certification laboratory. Phase four will be a final report submitted by Cryptocom to the Russia Federation for certification recommendation. Guardian Technologies estimates the addressable Russian market for PinPoint at $48 million.

Smiths Detection, Telops Team on Optical Detection Technology

Smiths Detection and **Telops, Inc.,** a developer and producer of optical systems for the aerospace and defense industries, have signed a technical and marketing agreement allowing Smiths to introduce electro-optical technology for standoff detection to enhance its range of chemical and biological agent detection products. Telops has developed Fourier Transform technology for use in lightweight and portable chemical imaging products, enabling detection, identification and quantification of airborne chemical agents a few kilometers away in a variety of environments. Telops' technology can be used as standalone and unmanned sensors to complement Smiths' handheld and portable detectors for continuous monitoring.

RPI Researchers Modeling Organizational Response to Disasters

Researchers at Rensselaer Polytechnic Institute (RPI) in New York are developing a computer simulation to model the responses of organizations and their decision makers to extreme disaster situations such as Hurricane Katrina. Following the Katrina last year, three RPI students traveled to New Orleans and gathered paperwork, e-mails, reviews, assessments and other documents to help provide them with information on the culture of the Department of Homeland Security's Federal Emergency Management Administration and Coast Guard and their responses to the hurricane. "FEMA's fatalist culture, coupled with the loss of its cabinet-level position and budget and rulemaking authority, crippled the agency's ability to fulfill its normal repertoire of emergency coordination and response during Katrina," says William Wallace, professor of decision sciences and engineering systems at RPI and principal investigator on the project. "On the other hand, the Coast Guard had undergone minimal organizational changes and had its pre-existing routines supported, thus it was better equipped to fulfill its duties during the disaster. Additionally, because of the Coast Guard's hierarchical culture, action orders continually disseminated through the organization's chain of command to the response team." Wallace says the model could serve as a diagnostic tool that could help local, state, and federal governments shed light on the vulnerability of certain organizational features.

Lenel Releases Identity Credential Management Solution

Lenel Systems International has released IdentityDefender, a commercial off-the-shelf solution for issuing identity credentials using a secure process. IdentityDefender meets the federal requirements of FIPS 201 and HSPD-12. Lenel says IdentityDefender's modular design permits government and commercial organizations to implement either an end-to-end solution or individual components. Once an identity credential has been issued IdentityDefender manages the life-cycle of the credential for the existing physical and logical security systems. Lenel is a unit of **United Technologies** [UTX].

► L-1 [cont'd from page 1]

Bernard Crotty, ComnetiX' chairman and CEO, tells *TR2*.

"They are a very formidable competitor to us in the state and local market," Robert LaPenta, L-1's chairman, president and CEO, says of ComnetiX. He tells *TR2* that ComnetiX is one of the companies L-1 beat recently for a five-year, $22 million contract to provide fingerprint enrollment services in Florida to more than 70,000 resident and non-resident insurance agents annually.

ComnetiX' customers in Georgia and New York complement L-1's customer base elsewhere in the country, particularly in law enforcement. "And they help us in the prison market where we are trying to establish a presence," LaPenta says.

ComnetiX operates over 40 fingerprinting locations through the United States and maintains 10 fingerprint centers across Canada. LaPenta says that footprint complements L-1's existing 350-plus fingerprinting centers it has in the United States that enroll over 1 million people annually. Biometric enrollment centers will be necessary as the Transportation Security Administration rolls out the Transportation Worker Identification Credential program and as U.S. and Canadian governments meet mandates for new pass cards and e-passports.

The Canadian market for electronic fingerprint services is just beginning to emerge as it transforms from its traditional ink and roll capture processes to live scan. Crotty estimates the size of the Canadian market for live scan devices as being similar to California's, which has about 2,500 of the devices. In Canada there are currently just about 100 devices, most of which are older systems that capture a fingerprint and then print out a fingerprint card, Edward Escubedo, president of ComnetiX, says.

There are few live scan networks in Canada that are actually transmitting captured fingerprint data to the Royal Canadian Mounted Police (RCMP), Escubedo says.

The movement to live scan and electronic transmission of fingerprint records is being driven by an RCMP initiative call Real Time Identification (RTID).

"The RCMP is going to administratively push people into the electronic fingerprint world," Crotty says. "And we think on both of these levels, on the services basis where we have right a 35 to 40 percent market share and as a result of the growth on the live scan marketplace, that we're very well positioned to maintain our market share and to get the lion's share of the growth in those two sectors."

RTID is slated to roll out in early 2007. ComnetiX has been certified by the RCMP to participate in RTID, Crotty says.

Currently about 20 percent of ComnetiX' sales are in Canada. The company does about 1 to 2 percent of its business outside the U.S. and Canada.

In addition to fingerprinting services, ComnetiX resells live scan units it customizes with its own software for customized applications. It also provides a card scan solution and biometric enabled servers. LaPenta says there is no product or service overlap between the two companies.

ComnetiX also brings with it advanced technology capabilities. The company helped the U.S. FBI and other organizations to develop standard protocols for the transmission of electronic fingerprints. The company was the first in the U.S. to transmit federally compliant electronic fingerprints to the FBI and the first in Canada to establish a national distributed criminal intelligence database.

Hollis-Eden Expects BioShield Award for ARS

The Department of Health and Human Services (HHS) has notified one company, Hollis-Eden Pharmaceuticals [HEPH], that it is still in the bidding for a award expected early next year for Acute Radiation Syndrome (ARS).

The award would be made under Project BioShield and mark the first time the federal government has purchased a drug developed specifically for ARS, Hollis-Eden says.

Humanetics Corp. and Novelos Therapeutics, Inc. [NVLT] had also been in the running for the ARS contract. Novelos said last month that it had been notified by HHS that its proposal for the use of NOV-002 was no longer eligible for procurement for the ARS award.

Hollis-Eden has been developing NEUMUNE to treat the affects of radiation following a nuclear or radiological attack. The drug is capable of treating both neutropenia and thrombocytopenia. Neutropenia is a condition when the number of white blood cells (specifically neurtrophils) is too low, making it harder for the body to fight bacterial infection. Thrombocytopenia refers to the loss of platelets, which are essential for blood clotting, faster than bone marrow can replace them.

When HHS originally issued Requests for Information they sought drug candidates that could treat both neutropenia and thrombocytopenia, which are the hematopoietic syndromes of ARS. However, when the Request for Proposals (RFP) went out last December, HHS said it was primarily interested in an ARS candidate to treat neutropenia, which opened the competition to more potential firms.

Still, while combating neutropenia is the main requirement, competitors were scored on their ability to fight thrombocytopenia, Bob Marsella, senior vice president at Hollis-Eden tells TR2. That may be why NEUMUNE is the only drug candidate left that's eligible for the ARS award, he says.

The main side effect of radiation is getting sick and throwing up because there aren't enough white cells to fend off infection but a person will also lose platelets, Marsella says. "If you look back at the victims of Hiroshima at least as many people died of bleeding as did of infection."

Hollis-Eden estimated the price of NEUMUNE at $100 per treatment course per patient based on a purchase of 10 million treatments. However, HHS is currently planning to purchase between 20,000 and 100,000 treatments and possibly less. HHS has said it would eventually purchase more treatments.

That's not exactly "establishing the market" as envisioned under BioShield but at least the company is on the "homestretch" of getting a contract, Marsella says.

► *continued on p. 5*

Earnings News & Notes

Cepheid

	3Q06	3Q05
Sales	$22.6M	$19.2M
Net Inc.	($4M, $0.07)	($3.3M, $0.08)

Losses widened due to accounting for stock compensation expense although costs for R&D and selling, general and administrative were also up, contributing to the continuing losses. Sales increase on Cepheid's Clinical and Industrial products, more than offsetting an expected 7% decline in Biothreat product revenues to $12.1M. Cepheid completed installation of GeneXpert module sales under the U.S. Post Office Bio-hazard Detection System (BDS) program in 4Q05. Current Biothreat sales stem from consumable cartridges used in the BDS.

Implant Sciences [IMX]

	1Q07	1Q06
Sales	$5.6M	$4.7M
Net Inc.	($1.8M, $0.16)	($2.4M, $0.22)

Sales increased 19 percent on gains in each of the business segments, Medical, Security and Semiconductor. Despite a 20 percent increase in security sales to $481K, Implant's management says that the 2006 calendar year hasn't been good, in part because some country's have been slipping procurements to the right, but expects 2007 to be a "banner" year. The company has built a $1 million inventory the past six months, the bulk of which it expects to ship in the second quarter. That inventory consists of 15 of the new H150 Quantum Sniffer handheld explosives trace detectors and 30 of the older H100 series. Once those devices are shipped Implant's cash position, which stands at over $1 million, will double, says Anthony Armini, CEO. Moreover, the company has done little work so far under a $3.6M Army contract it won in September to develop stand-off explosives detection capabilities using a vortex sampling technique, but beginning in the second quarter Implant expects to begin ramping up revenues on the project. As a sign of the potentially strong outlook for the trace detection market, there are published requirements in Asia, the Middle East, the U.S. military and the transportation security sector for over 3,500 trace instruments versus just 500 earlier this year, Joanne Arsenault, vice president of sales and marketing for Security, says. Implant's sales representatives have spent the past few months in over 30 countries making sure the company's equipment is eligible to compete for these opportunities, she adds. Implant has delivered a backpack-variant of the Quantum Sniffer to the Navy but that won't be tested until later this year or early next, Armini says. The company is also just about finished developing a passenger trace portal for the Transportation Security Administration (TSA) and is currently testing the system for TSA, he says.

RAE Systems [RAE]

	3Q06	3Q05
Sales	$18.6M	$16.2M
Net Inc.	$512K, $0.01	$397K, $0.01

Revenues jumped 15% on higher industrial volumes in China and Europe and also due to the RAE's $2.5M contract with the National Guard to supply AreaRAE wireless Rapid Deployment Kits for all 55 Civil Support Teams. The company recognized $2M in sales in the quarter from the Guard sale with the remainder to be tallied during the next four years for service and training. RAE continues to see slower sales to first responders who rely on federal homeland security grants for the purchase of chemical, biological, radiological, nuclear and explosives detection equipment, says Robert Chen, RAE's CEO. Sales by region: Americas, $9.4M; Asia, $6.8M; and Europe, $2.4M. Chen says there has been concern in China about radioactive materials passing through country's border with North Korea but didn't say if this represents a business opportunity for RAE. Earnings increased on the higher volumes. RAE maintained its 2006 sales guidance range of $64M to $68M.

Saflink [SFLK]

	3Q06	3Q05
Sales	$1.7M	$2.4M
Net Inc.	($21.5M, $0.24)	($26.1M, $0.30)

Losses narrowed as the company began a drive to curtail operating expenses, one of interim-CEO Steve Oyler's key management initiatives. That will help lower Saflink's cash burn, which has been $5M quarterly, down to $2M per quarter, Oyler says. Saflink currently has $5.2M in cash. Saflink appears in desperate need of some near-term, but steady revenue flow, and a win at one airport soon in the Registered Traveler (RT) program may be its most promising near-term opportunity. A win on RT would "secure a beachhead" in the program and provide an immediate revenue stream, Oyler says. To help lower costs Saflink is moving from a direct sales force and leveraging indirect sales through its partners, which include Johnson Controls and Lenel Systems, which makes the company less dependent on the federal government's long sale cycles, Oyler says. That means giving up some margin in return for a better distribution network, he adds. He also says the company's SureAccess biometric smart card reader is currently going through the General Services Administration's FIPS 201 approved product list process.

▶ ARS [cont'd from page 4]

He says that statistical analyses show that a 10-kiloton nuclear bomb detonating in Manhattan would kill tens of thousands of people instantly from the blast itself and high doses of radiation in an immediate one-mile radius but that around one million would die out to a six mile radius due to radiation poisoning.

"Our drug is cheap enough to stockpile millions of doses in cities like New York and Washington, D.C., which is what they should do, which is what BioShield is all about," Marsella says.

BioShield is a $5 billion fund created by Congress to show the pharmaceutical industry that the federal government is putting enough money on the table to stockpile enough drugs that could save people from biological and radiological attacks. Without this money industry won't develop many of these drugs because there is no commercial market for them.

Hollis-Eden is still seeking Food and Drug Administration (FDA) approval for NEUMUNE, which

► Lockheed [cont'd from page 1]

areas of logistics and software, Verma says. Lockheed Martin has also bolstered the leadership of the new group, adding Ron Nakamoto, previously vice president of intelligence systems for Lockheed Martin Integrated Systems and Solutions (IS&S), as chief operating officer, and Jerry Lindstrom, previously vice president of strategic development at IS&S, as vice president of business development and strategy.

One of the programs that Lockheed Martin plans to leverage for Savi Group is the Global Transportation Network (GTN) for the U.S. Transportation Command (TRANSCOM), Lindstrom tells *TR2*. The company won GTN two years ago to provide In-Transit Visibility for DoD assets as they are shipped globally.

"It's that type of decision support software that we're talking about being added to Savi Group to provide a complementary capability to the information developing the data assets that Savi had originally," Lindstrom says.

Savi Technology basically has two components to its business. One is a suite of RFID tag solutions that can be externally or internally mounted on shipping containers to provide shippers, importers and other customers information on the location of their cargo. The tags can also be equipped with sensors that measure humidity, temperature, light and vibration, which let the shippers know the condition of their goods or whether security may have been breached.

Savi Technology also has a joint venture with **Hutchison Port Holdings**, the world's largest port operator, called **Savi Networks**, which provides information services via wireless transmission on the data provided by the RFID tags.

The wireless transmission systems that form the infrastructure of Savi Networks are being exclusively deployed at Hutchison-operated ports, which account for between 40 to 50 percent of all ocean cargo departing for the United States, Verma says.

Most of Savi's customers are in the government arena, primarily for the U.S. and international militaries. Savi does do business in the commercial sphere as well, most recently with **Unipart**, a European-based logistics service provider that is tracking the shipment of Jaguar car parts from the United Kingdom to the U.S.

"The Department of Homeland Security (DHS), TRANSCOM, and the Defense Logistics Agency are all major customers that are clamoring for commercial like, entrepreneurial like ways of doing this business," Lindstrom says. "We have now formed a group that can service that need."

Indeed, Congress recently approved and President Bush signed into law the SAFE Port Act of 2006, which among other things calls for DHS to develop a strategic plan for international supply chain security, including "the security of commercial operations from point of origin to point of destination. The new law also calls for the Commissioner of Customs and Border Protection, which is responsible for examining all cargo entering the United States, to provide incentives for additional "voluntary" steps shippers and importers might take to further cargo security.

Lindstrom also notes that DoD is relying more and more on commercial carriers to manage its supply chains, demonstrating a convergence of the management of both government and commercial supply chains.

Formation of Savi Group also appears to fit well with another Lockheed Martin effort underway in the area of Maritime Domain Awareness. Lockheed Martin has been leveraging its systems integration capabilities in bringing together a variety of products and systems for vessel traffic management, vessel threat assessments and critical infrastructure monitoring for potential use by ports authorities, and other government and commercial customers.

The Savi Group is "tightly integrated" with this effort as well, Lindstrom says.

As result of the post-9/11 push for greater supply chain security, more than a few companies are developing new, or more robust, means to improve supply chain management and at the same time enhance security. **General Electric** [GE] soon is expected to fully launch its CommerceGuard container security device for the commercial market. CommerceGuard is mounted inside shipping containers.

IBM [IBM] is also developing an internally mounted device for better container visibility and security.

Verma believes that what gives Savi an edge over its customers are the open standards its RFID devices have been built to, ensuring network interoperability.

"So when you go out and build a network, which is what we are doing, in essence anyone can build a device as long as they follow these standards that are compatible with the network," Verma says.

The GE and IBM devices are not being built to these open standards developed by the International Standards Organization, he notes.

► ARS [cont'd from page 5]

Marsella believes will take another two years. However, he says the HHS contract is not contingent upon FDA approval due to emergency use clauses in the RFP. He says NEUMUNE has already shown enough safety and animal efficacy data to demonstrate that humans can safely take the drug and that it provides a "significant difference in survival."

Separately, Cleveland BioLabs [CBLI], another company developing an ARS drug, is negotiating with the Pentagon's Defense Threat Reduction Agency to complete development of Protectan CBLB502. Successful development would "establish a path for procurement within DoD," says Michael Fonstein, Cleveland BioLabs's president and CEO. CBLB502 can be utilized as both a prophylactic and therapeutic.

ClevelandBioLabs will respond to a recent sources sought notice from the Pentagon's Joint Program Executive Office for Chemical and Biological Defense seeking prime contractors for an ARS drug that can prevent or reduce damage to soldiers' gastrointestinal (GI) tract due to a radiological event. Cleveland BioLabs says CBLB502 is the only drug capable of responding to the GI syndrome of ARS. The company says that CBLB502 protects against hematopoietic syndrome as well.

MTC to Modify Coast Guard Planes Under $8.4M Award

MTC Technologies [MTCT] received a potential five-year, $8.4 million contract from the Coast Guard to modify HC-130H and HU-25 aircraft by installing a flight Data Acquisition Unit (FDAU) and integrating it with a Crash Survivable Data Recorder. MTC will perform program management and integration engineering and subcontractory Teledyne Control Systems [TDY] will provide the FDAU systems. A total of 47 FDAU systems may be installed.

GE Gets China Contract for CTX 9000 Inline EDS

Beijing Capital International Airport has purchased seven **General Electric** [GE]-built CTX 9000 DSi Explosives Detection Systems (EDS) for inline checked baggage screening as part of the Chinese capitol city's infrastructure investment for the 2008 Olympic Games. Terms of the deal were not disclosed.

HSARPA Awards RedX Advanced Development Contract

RedXDefense has received a contract from the Homeland Security Advanced Research Projects Agency (HSARPA) worth about $1 million for advanced development and integration work for the company's XPro Kiosk and RedEXPert software. The one-year contract covers late stage development work to be done just prior to initial fielding. XPro is an explosives trace detection kiosk based on an optical imaging technique of samples that are treated with proprietary fluorescent detection inks. XPro Kiosks could be used to screen patrons outside the gates of stadiums and theme parks, giving security personnel more time and space to react to potential threats, RedX says. The company is developing XPro to fit in with the theme of a venue it is helping to protect. The kiosks also print out a souvenir "keepsake" that can double as a security pass for entrance into an event. RedEXPert software ties the XPros together to allow security personnel to observe guest interactions with the kiosk, to provide system alerts, and maintain historical records.

Isonics, DualDraw Upgrade Inspection Workstations

Isonics Corp. [ISON] has received a purchase order from its partner **DualDraw LLC** to upgrade six DualDraw AirCHX mail inspection workstations with chemical and explosives detection capability using Isonics' ion mobility spectroscopy (IMS) instruments at a federal facility. The first two upgrades have been completed and the remaining four units are slated for installation this month. The companies are also installing an AirCHX unit for a state agency. The IMS-equipped AirCHX workstations can identify homemade explosives, toxic chemicals and chemical warfare agents. The new installations are pilots that could lead to additional sales depending on performance and customer satisfaction.

L-1 to Get HIIDE Contract from Army

The Army's Northern Region Contracting Center intends to negotiate a contract with **L-1 Identity Solutions** [L-1] for the development and delivery of the Handheld Interagency Identity Detection Equipment (HIIDE)-tethered device. The Army's goal is to be able to use the HIIDE tethered to a Windows-based personal computer via USB cable.

Ukraine Group Orders zNose

The Macrochem Group, the largest trading corporation in the Ukraine, has ordered a zNose explosive detection device, expanding its services into the Russian Security market. **Electronic Sensor Technology, Inc.** [ESNR], which developed the zNose chemical vapor analyzer, has already trained some of Macrochem's technical salesmen to present its interests in the security market. Macrochem also markets in Germany and Ukraine.

Army Awards Nearly $1M to Nano-Proprietary, Inc.

Nano-Proprietary, Inc. [NNPP] has recived a one-year, $949,483 contract from the Army to further develop PhotoScrub, an air purification technology concept originally developed by one of the company's strategic partners, Andes Electric Co., Ltd. The award funds efforts to improve efficiency of application and explor other air purification concepts by the Army. "Our goal with this contract is to develop technology that is more effective and reliable in fighting airborne biological and chemical contaminants, while at the same time being more affordable than existing methods," says Dan Burck, Nano-Proprietary's CEO. Photoscrub uses nano-structured photocatalyst materials that decompose air contaminants and pollutants at the molecular level in solid, liquid and gaseous samples. So far Nano-Proprietary has received nearly $2.8 million in government contracts.

Business Opportunities

DoD Seeks Sources for Potential ARS Drugs

The Pentagon's Joint Program Executive Office for Chemical and Biological Defense has issued a sources sought notice to identify companies that believe they have viable candidate drugs that can be expeditiously developed and will provide a safe and effective countermeasure against radiation injury. Specifically the notice says the drugs should decrease incapacity and prolong survival by treating the gastrointestinal syndrome of Acute Radiation Syndrome (ARS). When administered following exposure to ionizing radiation, the products should either prevent/reduce the extent of incipient radiation injury or promote repair of manifest radiation injury to allow preservation/restoration of the anatomic integrity and normal physiologic functioning of the GI tract. Sol. No. W9113M07S0001. Respond by Dec. 1. Contact: Susan Dell, U.S. Army Space and Missile Defense Command, 301-619-2383, susan.dell@det.amedd.army.mil.

Joint PM Seeks Sources for Bio-Detection Systems

The Joint Product Manager (PM) for Biological Detection Systems is seeking market research, potential sources, and best practice information for handheld and one-man portable biological aerosol detection, identification and sampling technologies in preparation for the Joint Biological Tactical Detection System Analysis of Alternatives. Technologies that may reasonably be expected to reach Technology Readiness Level 6 or higher by April 2008 are of interest as are lightweight, low cost, autonomous, battery operable systems requiring minimal training and consumables. Sol. No. M678540713014. Respond by Dec. 27. Contact: Belinda Toews, contract specialist, 703-432-3359.

USTDA Seeks Technical Assistance for Latvian Port Security

The U.S. Trade and Development Agency (USTDA) plans to award a small grant to a U.S. firm to provide technical assistance to the Latvian Ministry of Transport for a comprehensive review of port security leading to an overall security plan that would cover the Ports of Riga, Ventspils and Liepaja. The value of the award will be $390,740. The grantee will provide recommendations for introducing integrated port security systems, network support, and upgraded security infrastructure and equipment. The Request for Proposals is available through the USTDA. Sol. No. 0681042A. Respond by Jan. 10, 2007. Contact: Evangela Kunene, procurement data manager, 703-875-4357, elunene@ustda.gov.

Navy EOD Division Seeks Explosives Detection Gear

The Naval Explosive Ordnance Disposal (EOD) Technology Division is seeking commercial off-the-shelf colorimetric, handheld, and additional trace explosive detection equipment capable of confirming the presence of explosives contained in mail parcels, cargo, vehicles, and on personnel. Colorimetric systems are lightweight kits or devices consisting of reagents that will reach with explosive residues to provide a color change. Additional trace systems are not considered desktop, handheld, colorimetric or portals but analyze specific target sites such as fingertips, passports, boarding passes, and others. The EOD Technology Division plans to test and evaluate up to eight systems in each of the three categories. Sol. No. N0464A070002. Respond by Jan. 31, 2007. Contact: Jim Knesel, 301-744-6886, james.e.knesel@navy.mil.

Small Business Support Sought for Bio-Defense, WMD Programs

The Assistant to the Secretary of Defense for Nuclear and Chemical and Biological Defense Programs and the Special Assistant for Chemical and Biological Defense & Chemical Demilitarization Programs is conducting a market survey and sources sought of small businesses capable of providing them support for management, organizational and business improvement services to oversee the Joint DoD Chem/Bio Defense Program and DoD Weapons of Mass Destruction (WMD) Programs. A draft Statement of Work is available at: http://dccw.hqda.pentagon.mil/services/RFP1.asp. Sol. No. W91WAW-07-R-0006. Respond by Dec. 6. Contact: Maria Hayes, Army Contracting Agency Contracting Center of Excellence, 703-695-8651, maria.hayes@hqda.army.mil.

DITCO Seeks Counter-Intelligence Support Element Support

The Defense Information Technology Contracting Organization (DITCO) at Scott AFB, Ill., plans to purchase Counter-Intelligence Support Element support to orchestrate DoD Counter-Intelligence efforts to systematically identify and degrade foreign intelligence and terrorist threats at various sites to include the National Capital Region, Hawaii, Florida, Germany, North Carolina, Illinois, Nebraska, Colorado and other locations as deemed necessary. Sol. No. H9CI0170016. Respond by Jan. 9, 2007. Contact: Jacqueline Johnson, contract specialist, 618-229-9351, Jacqueline.johnson@disa.mil.