

Jeff Bezos of Amazon Is Becoming Washington DC's Biggest Government Contractor

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The Department of Defense invited proposals for a \$10-billion contract called JEDI, short for Joint Enterprise Defense Infrastructure, as they plan to move all of the DOD's data, including classified material, into one place in the cloud, instead of its current state of being strewn across 400 centers. The deal is rigged in favor of Amazon because its specifications are such that only Amazon can meet them. For example, one provision stipulates that bidders must already generate more than \$2 billion a year in commercial cloud revenues, which knocks out most of Amazon's competitors.

Amazon has spent \$67 million on lobbying since 2000, including more this year than Citigroup, JP Morgan Chase, and Wells Fargo combined. Its Washington office employs more than 100 lobbyists, including 68 officials who came there from government employment. Anne Rung, who served as the government's chief acquisition officer, helped pass the so-called "Amazon amendment", a provision buried in a defense authorization bill that establishes Amazon as the go-to portal for every online purchase the government makes—some \$53 billion every year. It is no surprise that she now works for Amazon. -GEG

There's a new scandal quietly unfolding in Washington. It's far bigger than Housing Secretary Ben Carson buying a \$31,000 dinette set for his office, or former EPA chief Scott Pruitt deploying an aide to hunt for a deal on a used mattress. It involves the world's richest man, President Trump's favorite general, and a \$10 billion defense contract. And it may be a sign of how tech giants and Silicon Valley tycoons will

dominate Washington for generations to come.

The controversy involves a plan to move all of the Defense Department's data—classified and unclassified—on to the cloud. The information is currently strewn across some 400 centers, and the Pentagon's top brass believes that consolidating it into one cloud-based system, the way the CIA did in 2013, will make it more secure and accessible. That's why, on July 26, the Defense Department issued a request for proposals called JEDI, short for Joint Enterprise Defense Infrastructure. Whoever winds up landing the winner-take-all contract will be awarded \$10 billion—instantly becoming one of America's biggest federal contractors.

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But when JEDI was issued, on the day Congress recessed for the summer, the deal appeared to be rigged in favor of a single provider: Amazon. According to insiders familiar with the 1,375-page request for proposal, the language contains a host of technical stipulations that only Amazon can meet, making it hard for other leading cloud-services providers to win—or even apply for—the contract. One provision, for instance, stipulates that bidders must already generate more than \$2 billion a year in commercial cloud revenues—a “bigger is better” requirement that rules out all but a few of Amazon's rivals.

What's more, the process of crafting JEDI bears all the hallmarks of the swamp that Trump has vowed to drain. Though there has long been talk about the Defense Department joining the cloud, the current call for bids was put together only after Defense Secretary James Mattis hired a D.C. lobbyist who had previously consulted for Amazon. The lobbyist, Sally Donnelly, served as a top advisor to Mattis while the details of JEDI were being hammered out. During her tenure, Mattis flew to Seattle to tour Amazon's headquarters and meet with [Jeff Bezos](#). Then, as the cloud-computing contract was being finalized, Donnelly's former lobbying firm, SBD Advisors, was bought by an investment fund with ties to Amazon's cloud-computing unit.

Congressional insiders who have reviewed the process question whether Donnelly violated a federal law that bars executive-branch employees from participating in government decisions that affect their personal interests. “We recently became aware of serious and possible criminal violations related to the Amazon cloud DOD contract process,” says a high-ranking congressional staffer who spoke on the condition of anonymity. “We are concerned about the implications of the appearance of conflicts of interest and impropriety related to how Pentagon personnel with close ties to Amazon may have influenced multi-billion-dollar cloud contracts.”

Donnelly, through her lawyer, denies any wrongdoing. “Ms. Donnelly sold her entire stake in SBD Advisors before setting foot in the Pentagon,” the lawyer said. “From that moment forward, she has had absolutely no financial or other interest in SBD Advisors or its clients.”

But whether or not any legal or ethical boundaries were crossed, Amazon's high-ranking connections in the Pentagon underscore how Jeff Bezos continues to wield influence in Washington, even as the president himself rails against the online goliath. It also raises a larger question: How do you drain a swamp when the alligators are bigger than ever? “When you have that kind of access during a \$10 billion procurement, that

compromises the integrity of the procurement,” says John Weiler, an industry expert who runs a trade group that includes many leading IT firms. “Amazon was basically able to write the playbook.”

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