Defense Acquisition University

Certification Training | Knowledge Sharing | Continuous Learning | Mission Assistance

Market Research

What's in it for Us?

Date: 08/12/2015
Presented by: Brian Schultz
Moderator: Tom Thomas
www.DAU.mil

Agenda

- What is it?
- Why should we do it?
- How do we do it?
- Proven Practices
- Available Resources
- Summary

Market Research Definition

- FAR 2.101: “Collecting and analyzing information about capabilities within the market to satisfy agency needs.”
  - Market research is a continuous process for gathering data on product and service provider characteristics, suppliers’ capabilities, and the business practices/trends that surround them – also need analysis of that data to enable smart acquisition decisions.

Why Should We do It?

- It's required by law as implemented in the Federal Acquisition Regulation (FAR) – see Part 10 and Part 12 (Acquisition of Commercial Items)
- Enables acquisition team to get understanding of:
  - Potential material solutions
  - Technology maturity of possible solutions
  - Potential sources
  - Strategies for acquiring products and/or services
  - Availability of small business sources
  - Availability of commercial offerings
- Key input in developing acquisition strategy

How do We Use the Results?

- Determine if sources capable of satisfying the agency's requirements exist;
- Determine if commercial items or, to the extent commercial items suitable to meet the agency's needs are not available, nondevelopmental items are available that --
  - (A) Meet the agency's requirements;
  - (B) Could be modified to meet the agency's requirements; or
  - (C) Could meet the agency's requirements if those requirements were modified to a reasonable extent;
- Determine the extent to which commercial items or nondevelopmental items could be incorporated at the component level;

REF: FAR Part 10

How do We Use the Results? (Cont)

- Determine the practices of firms engaged in producing, distributing, and supporting commercial items, such as type of contract, terms for warranties, buyer financing, maintenance and packaging, and marking;
- Ensure maximum practicable use of recovered materials (see Subpart 23.4) and promote energy conservation and efficiency; and
- (vi) Determine whether bundling is necessary and justified (see 7.107) (15 U.S.C. 644(e)(2)(A)).
- (vii) Assess the availability of electronic and information technology that meets all or part of the applicability standards issued by the Architectural and Transportation Barriers Compliance Board at 36 CFR part 1194 (see Subpart 39.2).

What We Need to Find Out

- Who's buying this product or service?
  - Both in the government and private industry
- Who's providing this product or service?
  - To government and private industry
- How is the product or service being acquired?
  - Types of contracts, incentives, how they are structured
- How are the contractors delivering the service?
  - Address performance results, measures/metrics, customer satisfaction, cost and value assessments
- What outcomes have others achieved?
  - Can provide insights into lessons learned and risks

How is Market Research Conducted?

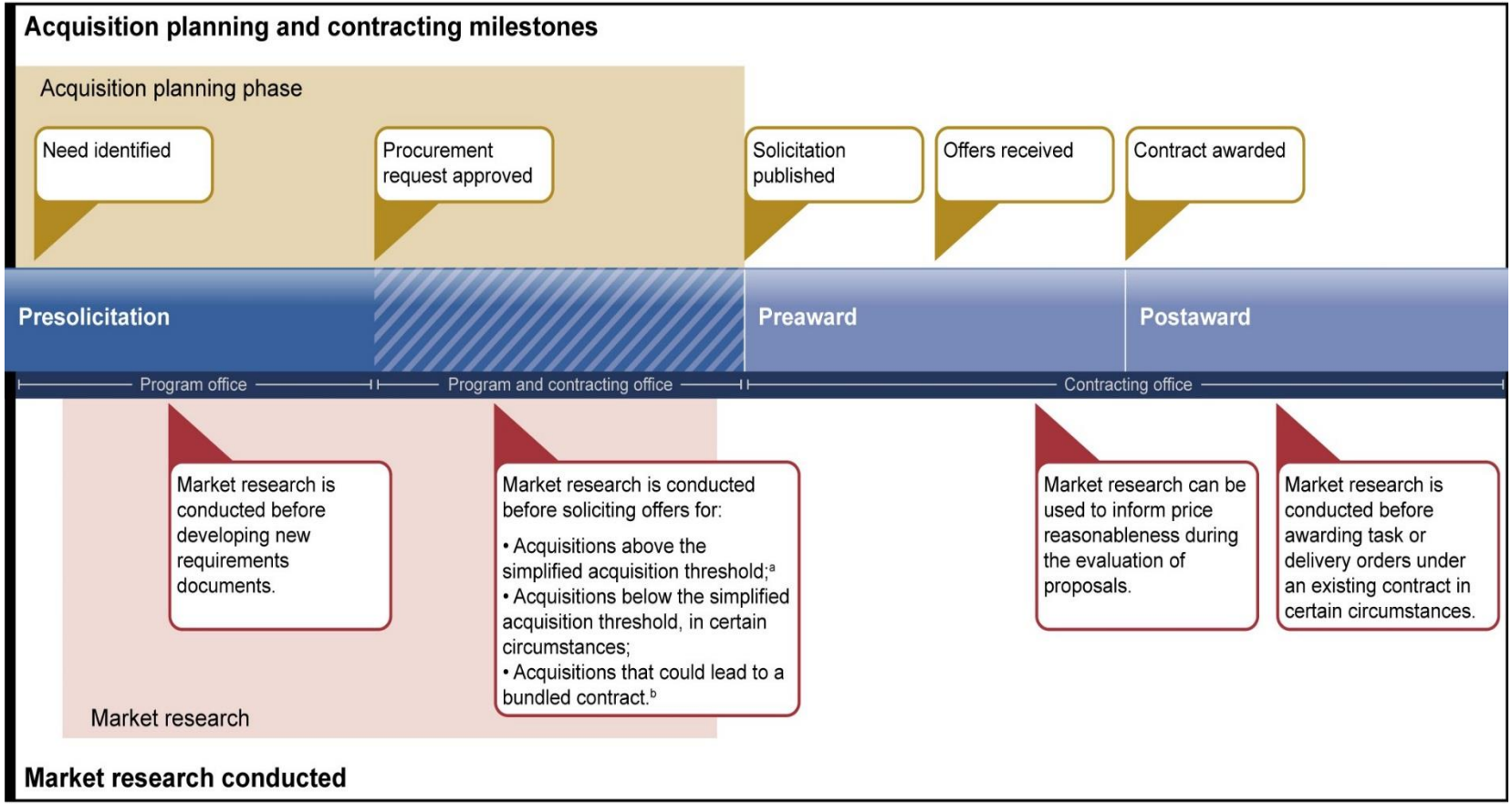
- Best to take a team approach
  - All members participate and share information
  - Allows for the necessary “cross-check”
  - Team shares depth and breadth of knowledge
- Leverage team expertise
  - *As team members develop their understanding of requirements and the business solution, their ability to analyze the marketplace increases*

Strategic (Surveillance)
- Ongoing
- Maintaining Industry Awareness

Tactical (Investigation)
- Focused on meeting a pending requirement

Market Research should be an *on-going* effort

Market Research Process Timeline



Source: GAO analysis of federal regulations and agency guidance. | GAO-15-8

Conducting Market Research

- Decide who will do what and by when
  - Research methods
    - Interviews, questionnaires, literature search, visits, meetings
  - Sources of information: buyers and sellers
  - Timeline: don't skimp on market research time!
- Develop standard interview guide
  - Match to priorities and lessons learned
  - Use OPEN questions, not "yes or no" or leading questions
  - Decide what the team will do with the answer before you ask the question
- Use a structured method for collecting information

Talk to Public Sector Counterparts

- Innovations are occurring in public sector agencies
  - Consider DoD and non-DoD public agencies
  - May even find solutions with state and local agencies

- Cross-agency cooperation and collaboration
  - Other federal agencies may have “solved” your problem
  - Could provide products or services through an interagency agreement or through an existing multiple-award contract vehicle
  - Agencies with similar needs may be able to provide lessons learned and best practices

Talk to Private Sector Companies

- Contact vendors and suppliers
  - Gather information on commercial offerings, capabilities, and business practices

- Traditional methods can include
  - Issue “sources sought” type notices
  - Requests for Information (RFI)
  - Hold pre-solicitation conferences and industry events
  - Cold call/email to company representatives

- FAR 15.201(f): *“General information about agency mission needs and future requirements may be disclosed at any time*

Begin market research early in the Process

One-on-One Meetings With Industry

- One-on-one meetings are often more effective than pre-solicitation or pre-proposal conferences in obtaining market research information
- Effective in focusing on:
  - Commercial and industry best practices
  - Performance metrics and measurements
  - Innovative delivery methods for the required services
  - Incentive programs that providers have found effective

Industry may share information in a one-on-one meeting that they would not share in larger group with competitors

Market Research Can Answer…

- What are **"best practices" for defining and acquiring this type of product or service** in
  - Industry?
  - Government?
- What is our **<u>leverage</u> in the market**? *(Do we have any?)*
- Is there adequate **competition**?
- Who/what is **driving innovation and improvements**?
- What are **Small Business opportunities** and suppliers?

What is Typically Documented?

- Market Research Objectives
  - What we hope to gain
- Market Intelligence
  - Availability of commercial offerings, Government leverage, Supply Chain, maturity of product or service, etc.
- Potential Supplier Information and Analysis of Capabilities
  - Rationale to exclude any sources
- Small Business Opportunities
  - Is acquisition suitable or can some part be segmented for small business?
- Conclusions and Recommendations
  - Acquisition strategy to pursue, potential contract vehicles, etc.
- Market Research Techniques Used

Possible Sources of Information

Internal

- Results of recent market research undertaken to meet similar or identical requirements
- Contacting knowledgeable government officials on market capabilities to meet requirements, including obtaining source lists of similar items from other contracting activities or agencies
- Querying the government-wide database of contracts and other procurement instruments intended for use by multiple agencies
- Reviewing catalogs and product literature published by manufacturers, distributors, and dealers or available on-line
- Reviewing prior acquisition history

External

- Contacting industry on capabilities to meet requirements or obtaining source lists of similar items from trade associations or other sources
- Conducting meetings or pre-solicitation conferences to involve potential offerors early in the process
- Publishing requests for information in appropriate technical journals or business publications
- Participating in interactive, on-line communication among industry, acquisition staff, and customers
- Holding one-on-one meetings with industry
- Publishing requests for information or sources sought notices at www.FedBizOpps.gov
- Attending trade fairs and conferences
- Performing site visits (program staff visiting companies or companies visiting the agency)
- Survey or questionnaire to multiple suppliers
- Sponsoring industry conferences or industry days

Proven Practices

- Focus the research on what's important – start by identifying key objectives and risks of the acquisition
- Let contractor solve the problem, don't tell them how we will address requirement
- Document your research, update often, and share with team; don't do more than what is needed
- Training -- ensure staff have requisite knowledge and skills to perform
- Make market research a priority, including strategic market surveillance

Market research can expand the range of potential solutions and change the very nature of the acquisition

Available Resources

- DAU Targeted Training Workshops
- CLC 004 Market Research
- Market Research Report Guide for Improving the Tradecraft in Services Acquisition Version 1.0
- SD 5- Market Research, Gathering Information About Commercial Products and Services
- DAG Chapter 2.8.7.2
- https://www.contractdirectory.gov/contractdirectory/
- Local acquisition staff depending on location
- Market Research Collaborative Effort Environment (coming soon)

Summary

- Market Research involves a continuous team effort that should enable better acquisition strategies and better deals for DoD
- The conduct of market research must be tailored to the unique aspects of each program
- Ensure that you plan for adequate time and expertise of those doing the market research

Contact Information

- Brian Schultz: brian.schultz@dau.mil
  - 703-805-5214
- Tom Thomas: joseph.thomas@dau.mil
  - 703-805-4448