DEPARTMENT OF DEFENSE

MARKET RESEARCH
REPORT GUIDE FOR IMPROVING THE TRADECRAFT IN SERVICES ACQUISITION

March 2017

OFFICE OF DEFENSE PROCUREMENT AND ACQUISITION POLICY

MARKET RESEARCH

INTRODUCTION

A joint working group comprised of members from each of the Military Departments, the Office of the Secretary of Defense, and the Defense Acquisition University (DAU) prepared the original Market Research Guide in 2012. The working group identified best practices for conducting and documenting market research to establish standard processes and reports, allowing for enhanced collection and sharing of market research across the Department. A 2014 update to the Guide incorporated elements of Better Buying Power. The 2017 version builds on previous efforts by updating content as well as resource links.

The Guide assists a Multifunctional Team (MFT)[1] in preparing market research supporting the acquisition of services. The Guide's intent is not to provide comprehensive information on the subject of market research, but rather to offer a common framework for conducting and documenting research.

When completed, the market research report, provided as a template below, becomes part of the acquisition planning process and supports requirements definition, the Acquisition Strategy, Acquisition Plan, Source Selection Plan, and Small Business Plan. The report consists of three parts. Part 1 contains general information about the requirement such as classification, description, background, vendor information, small business opportunities, and required sources of supply. Part 2 captures detailed market and industry analysis targeted toward more complex or high value procurements. Part 3 documents key conclusions and recommendations. Each section provides guidance and sample questions to aid in template completion.

The entire template may not be suitable for every acquisition of services. The extent of market research will vary, depending on such factors as urgency, estimated dollar value, complexity, and past experience. Therefore, the MFT, under the guidance of the Program Manager/Functional Services Manager, shall use its best judgment when determining which sections are not applicable to, or should be tailored/scaled for, a specific procurement.

Recommendations for updates to the Guide are welcome and may be submitted to: osd.pentagon.ousd-atl.mbx.services-acquisition@mail.mil.

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[1] Market research, consistent with all MFT roles, requires teamwork, and personnel in a wide range of functions, including technical personnel, may be required to assist in the effort. The team must be empowered by leadership and tailored to the organization involved in the acquisition, the nature of the acquisition, and the phase of the acquisition process. See Department of Defense Instruction 5000.74: Defense Acquisition of Services for additional information on the role of the MFT.

PREPARATION

☐ Identify and understand the needs/key characteristics of the requirement.

☐ Assemble a multifunctional team consistent with provisions outlined in Department of Defense Instruction (DoDI) 5000.74: Defense Acquisition of Services.

☐ Review applicable sections of the [Federal Acquisition Regulation (FAR)](#) and associated provisions of the [Defense Federal Acquisition Regulation Supplement (DFARS)](#), beginning with FAR Part 10 and DFARS Part 210 on market research.

☐ Identify the market research objectives.

☐ Develop the market research strategy (team assignments, information needs, information gathering sources and techniques, etc.).

☐ Begin investigating the market.

CONSIDERATIONS

☐ Start early, while the requirement is still flexible. Market research is a continuous process, and flexibility to adjust to changes in best commercial practices and market capacity should be emphasized.

☐ Communicate with your team.

☐ Reach out to other users of like services (including providers of the services).

☐ Involve a representative sample of requirements owners.

☐ Determine the availability of government-wide or agency-wide contract vehicles to meet the requirement as well as required sources of supplies and services, as outlined in FAR Part 8 and DFARS Part 208.

☐ Tailor the research efforts, and refine as you proceed, from general to specific.

☐ Analyze the data received to determine if the market research objectives are met.

☐ Evaluate commercial capabilities, practices, items, and services to determine the feasibility of a commercial solution to meet the requirement, per FAR Part 12 and DFARS Part 212.

☐ Evaluate the capability of small businesses to meet the requirement, consistent with the provisions of FAR Part 19 and DFARS Part 219.

☐ Perform trade-off analyses to see if modifying requirements may better align with commercial business practices, terms and conditions.

☐ Document results clearly: the detailed findings will help refine the requirement as well as inform the acquisition plan, solicitation, terms and conditions, Statement of Work (SOW)/Performance Work Statement (PWS)/Statement of Objectives (SOO), and source selection criteria while furnishing a historical record of market research outcomes.

TECHNIQUES

☐ Read trade journals.

☐ Engage knowledgeable people (government <u>and</u> industry) in specific markets.

☐ Interview contracting officers, contract specialists, small business specialists, project officers, and functional experts within your agency and those in other federal agencies as well as private industry (other users). Take advantage of the lessons that these individuals have learned in previous acquisitions as well as best practices identified by acquisition knowledge centers (e.g., the Defense Contract Management Agency's Commercial Item Group and Functional Domain Experts).

☐ Identify and engage known sources of services.

☐ Employ and review market surveys to obtain information from potential sources.

☐ Conduct vendor and customer site visits to assess capabilities, practices, and collect lessons learned.

☐ Attend trade shows, conferences, and symposia.

☐ Query government databases that provide relevant information on like acquisitions such as the System for Award Management (SAM), Federal Procurement Data System – Next Generation (FPDS-NG), the Small Business Administration's (SBA) Service Contract Inventory, General Services Administration's (GSA) Acquisition Gateway, etc.

☐ Perform web searches, including sources outlined in the Glossary of Select Resources below.

☐ Review results of recent market research on similar or identical requirements.

☐ Seek feedback via formal requests for information, sources sought synopses, and draft PWS/SOW/SOO statements in FedBizOpps and, when appropriate, technical or scientific journals, as well as business publications.

☐ Obtain source lists of similar services from other contracting activities or agencies, trade associations, or other sources.

☐ Review catalogs and literature published by service providers.

☐ Review Federal Supply Schedule contracts and other government contracts, including but not limited to GSA Alliant, National Aeronautics and Space Administration (NASA) Solutions for Enterprise-wide Procurement (SEWP), GSA One Acquisition Solution for Integrated Services (OASIS), and the Professional Services Schedule (PSS).

☐ Hold interchange meetings, industry days, or pre-solicitation conferences to involve potential offerors early in, and throughout, the acquisition process.

Market Research Report

For

(Program/Project Name)

Author(s): (Name)

Report Date: (mm/dd/yyyy)

Organization: (Org symbol)

Report Title: (Service name)

PSC and NAICS Code: (Codes and descriptions)

Portfolio: (Knowledge Based Services, Facilities Related Services, Equipment Related Services, Electronics & Communications Services, Transportation Services, Medical Services, or Logistics Management Services)

Estimated Value: ($ value including all options)

Market Research Objectives

Enter text.

The framework below offers some suggested lines of inquiry in support of market research outcomes. The overall level of effort a multifunctional team will undertake may vary widely given scope, complexity, and value of an acquisition. It falls to the team to determine the appropriate level of effort to apply to market research.

Guidance: Explain the specific objectives to be met in conducting the market research.

- *Refinement of the requirement in industry terms (or standards, if applicable)*
- *Increased competition*
- *Increased small business participation*
- *Understanding of cost*
- *Insight on effective contract structure*
- *Viability of incentive approaches with suppliers*
- *Insight on metrics related to cost, schedule, and performance in the delivery of services (e.g., Operational Management considerations such as adequate application of skill mix, efficiency in processes to establish cost avoidance, and reduced rework)*
- *Understanding of the potential for major subcontractor involvement and the strategy to balance monitoring of key subcontractors with prime contractor privity*
- *Early identification of potential Organizational Conflict of Interest (OCI) risks and the anticipated mitigation plans*

Service Description

Enter text.

Guidance: Include a description of the service addressed by this market research report.

- *What is the service?*

- *What are the components or elements of the service?*

- *When is the service required?*

- *Where will the service be performed?*

- *Are there unique requirements?*

- *Are there mandatory source requirements?*

- *What other customers or agencies are buying the service?*

- *What current contract vehicles are available?*

- *Are there related requirements that will affect this service? Conversely, will this service affect other requirements?*

Background

Enter text.

Guidance: Provide a short narrative on the requirement this service will support or fulfill. Include information relevant to the award, such as:

- *Is the requirement new? If not, how long has the service been required and how has it been resourced to date?*

- *If the requirement was previously resourced via contract, was a commerciality determination made? When? Is the determination still viable?*

- *Is relevant market research already available based on similar procurements?*

- *What prior acquisition strategies were used?*

- *What prior commercial or government work have potential service providers performed?*

- *What prior efforts were taken to remove barriers to competition?*

- *What problems were encountered during prior contract performance?*

- *What is the past performance baseline?*

- *What changes have occurred in the market place (suppliers, trends, technologies) that impact previously relevant market research?*
- *What lessons learned/best practices inform this acquisition?*

Potential Supplier Information

Enter text.

Guidance: Use the table to build a list of potential vendors and known sources with the capability to provide the service required.

Vendor Name	Location	Point of Contact	Capability Assessment
ABC, Inc.	*Bangor, ME*	Name: Phone: Email:	*Assess the vendor's capability in terms of performance, cost, schedule, and risk.*
Notes: *Use this section to* - *Identify the number of sources contacted; identify whether they were large business, small business, small/disadvantaged business, Section 8(a) business, woman-owned business, government/non-government.* - *Describe efforts to locate sources and explain the rationale used to exclude sources.*			

Market Research Techniques Used

Enter text.

Guidance: Describe the various methods used to arrive at the market research findings. See page three of this Guide for examples of techniques to employ.

Small Business Opportunities

Enter text.

Guidance: Provide an assessment of the potential opportunities for small business set-aside and direct award opportunities.

- *Is the service suitable for small business, or can the requirement be segmented to include small business?*
- *Is there an opportunity to support Other Socioeconomic Programs, as defined in DFARS Part 226?*

AbilityOne Program, Federal Prison Industries, etc.

Enter text.

Guidance: Determine if the Committee for Purchase from People Who Are Blind or Severely Disabled operating as the U.S. AbilityOne Commission, Federal Prison Industries, etc. provide the required service, per the Provision outlined in FAR Part 8.

As a best practice, note the date when an assessment of AbilityOne, Federal Prison Industries, etc. offerings was completed and any point of contact information relating to direct engagement with representatives of these programs. If these programs have eligible offerings, but will not receive an award, document that a waiver (purchase exception) was completed.

Part 2

Performance Requirements

Enter text.

Guidance: State the critical performance requirements that the service must meet.

- *What are the performance requirements, and how are they measured? If the requirement is not performance based, what special considerations justify that decision?*
- *What commercial solutions can address the requirement?*
- *If a commercial solution is not feasible, what are the military-specific requirements that must be met?*
- *What are the requirements/performance trade-offs to better align with the commercial market?*
- *How does industry sell the service, and are the requirements written in those terms?*

Market Intelligence/Industry Analysis

Enter text.

Guidance: Describe any available commercial factors.

- *What is the availability of the service?*
- *What is the demand for the service?*
- *What is the industry experience level for this service?*
- *How many suppliers are in the market and what is the market share (e.g., are the majority of the services provided by a small number of suppliers, or is the supplier pool more diverse)?*
- *What is the Government's market share/leverage in the marketplace (e.g., is the Government the only buyer, making a minority of buys in the market, or making the majority of buys)?*
- *What is the small business footprint?*
- *What socio-economic entities participate in this market (e.g., are Small Business Administration 8a, Historically Underutilized Business Zone, or Service-disabled Veteran-owned Small Business entities present in the market segment)?*
- *What is the structure of the supply chain?*
- *What is the pricing structure?*

- *How are the services segmented (e.g., how do offerors develop, market, and deliver services based on the characteristics of current and target customers such as geographic location, use cases, price and risk sensitivity, and/or other purchasing behaviors)?*

- *What business, trade, legal, political, and other developments affect the market?*

- *What is fair/reasonable market price for services within the industry, which may include an assessment of available price data, price ranges, known pricing issues, or an explanation of price variations?*

- *What are the applicable industry standards, regulations, trade journals, or process guides germane to the service to be acquired?*

- *What, if any, are the environmental or safety regulations that affect the required service?*

- *What are the standard industry terms and conditions offered to commercial customers in the marketplace?*

Part 3

Conclusions and Recommendations

Enter text.

Guidance: Summarize your analysis with recommendations for:

- *Acquisition strategies to pursue (e.g., commercial acquisition, 8(a) direct, small business set-aside, sole source, full and open competition, Native American direct, or HUBZone)*

- *Potential existing contract vehicles that may be employed to satisfy your requirement*

- *Recommendations on improvements to the quality and thoroughness of the Government's technical performance documents and configuration control data based on research results*

- *Relevant risks to be considered as part of any source selection activities*

- *Specific contract terms and conditions*

- *OCI concerns*

- *Intellectual property considerations*

- *Government-furnished material/equipment/information/real property concerns or details*

GLOSSARY OF SELECT RESOURCES[2]

AbilityOne
http://www.abilityone.gov/
The AbilityOne program, which includes SourceAmerica and National Industries for the Blind (NIB), is among the largest employment sources on Federal contracts for individuals who are blind or have significant disabilities. FAR subpart 8.7 outlines AbilityOne considerations that must be addressed by the MFT.

Acquisition Gateway
http://www.gsa.gov/portal/category/107699
The Acquisition Gateway, built by the General Services Administration (GSA), helps buyers from all agencies act as one acquisition community. The Gateway provides information on pricing, best practices, and models on how to implement those practices in support of improved requirements development and to improve contract negotiations (requires Max.gov registration). The Gateway divides acquisitions into 10 categories, known as hallways. The hallways contain information and news specific to each functional area. Additionally, users may access key tools including a document finder, solutions finder, and forecast of contracting opportunities.

Bureau of Labor Statistics (BLS)
https://www.bls.gov/data/
BLS is the principal fact-finding agency in the fields of labor economics and statistics. The BLS is an independent that collects, analyzes, and disseminates essential statistical data to the public, the U.S. Congress, and other Federal agencies. BLS indexes of economic and labor trends, including the widely referenced Consumer Price Index (CPI), and offers quantitative benchmarks for market research purposes (e.g. escalation rates).

Data.gov Business – Data Catalogue
http://catalog.data.gov/dataset?groups=businessusa4208&_groups_limit=0
Data.gov is an online portal that provides open access to datasets generated by U.S. public agencies and countries around the world in a machine-readable format. The site provides access to over 190,000 data sets to inform quantitative analysis.

Defense Contract Management Agency Commercial Item Group (DCMA-AQKT)
http://www.dcma.mil/commercial-item-group/
The DCMA-AQKT is a valuable resource for MFTs as a source of commercial item expertise in support of market research, Commercial Item Determinations, price analysis, and, when necessary, additional training on tools and techniques for commercial evaluations. DCMA-AQKT hosts centers of expertise around the continental United States.

Department of Defense Electronic Mall (EMALL)
https://dod.emall.dla.mil/acct/
EMALL is a full-service e-Commerce site to find and acquire off-the-shelf goods and services from the commercial marketplace and government. DoD EMALL shifts the acquisition

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[2] This list is not comprehensive or all-encompassing. MFTs conducting market research are strongly encouraged to review information from a variety sources in executing market research.

paradigm away from repetitive small purchases to establishment of broad contractual arrangements that allow customers to place delivery orders against established contract vehicles. This service leverages volume discounts and streamlines the procurement of commercial items.

Department of Defense Instruction 5000.74:   Defense Acquisition of Services
http://www.dtic.mil/whs/directives/corres/pdf/500074p.pdf
This instruction establishes policy, assigns responsibilities, and provides direction for the acquisition of contracted services. Further, it establishes and implements a management structure for the acquisition of contracted services. The instruction authorizes DoD components to tailor the procedures to best achieve cost, schedule, and performance objectives.

The Defense Acquisition Guidebook (DAG) – Chapter 10
https://www.dau.mil/tools/dag
DAG Chapter 10 provides guidance for executing a proven, repeatable process and set of procedures that contribute to successful services acquisition, based on the Seven Steps to the Service Acquisition Process included in DoDI 5000.74.

The Defense Acquisition University's Ask A Professor
https://dap.dau.mil/aap/Pages/default.aspx
Ask A Professor (AAP) is a Department of Defense resource for asking acquisition and logistics questions concerning policies and practices. The service allows MFTs to engage DAU subject matter experts on unique questions related to the Seven Steps to the Service Acquisition Process or to browse an extensive list of previously submitted questions and answers.

The Defense Acquisition University's Services Acquisition Mall (DAU-SAM)
http://sam.dau.mil/
DAU-SAM offers tools and templates to create performance-based service acquisition requirements as well as insight on the Seven Steps to the Service Acquisition Process. DAU-SAM's structured content provides valuable input into the Performance Work Statement (PWS), Statement of Objectives (SOO), and Quality Assurance Surveillance Plan (QASP).

Federal Prison Industries (FPI)
http://www.unicor.gov
FPI, also referred to as UNICOR, is a self-supporting, wholly owned Government corporation of the District of Columbia. FPI provides training and employment for prisoners confined in Federal penal and correctional institutions through the sale of its supplies and services to Government agencies. Supplies manufactured and services performed by FPI are listed in the FPI Schedule available on the UNICOR website.

Federal Procurement Data System – Next Generation (FPDS-NG)
https://www.fpds.gov/fpdsng_cms/index.php/en/
FPDS-NG is a key repository for contract spend data, offering both aggregate obligation insights and individual contract information. MFTs may leverage the database to identify vendors performing work under a specific Product Service Code (PSC) and the obligated values associated with that work.

FedBizOpps
http://www.fedbizopps.gov/
FedBizOpps is the official listing of government contracting opportunities for requirements over $25,000. Multiple search options facilitate queries by PSC, North American Industry Classification System (NAICS) code, location, etc.

Federal Strategic Sourcing Initiative (FSSI)
http://www.gsa.gov/portal/content/105156
FSSI provides access to common procurement vehicles. This allows the Government to aggregate requirements, streamline processes, and leverage its buying power. The expected results include best value and repeatable processes that may be used in any acquisition environment to drive down the cost of commonly purchased commodities.

General Services Administration (GSA)
https://www.gsa.gov/
GSA serves as the acquisition and procurement arm of the Federal Government, offering equipment, supplies, telecommunications, and integrated information technology solutions to federal agencies. This site provides information on how to buy through GSA as well as detailed information on Government acquisition policy and regulations.

GSA Advantage!
http://www.gsaadvantage.gov/
GSA Advantage is a one-stop online resource for a comprehensive selection of approved products and services from GSA contracts. The site facilitates access to key strategic sourcing vehicles and provides information on the acquisition of services in 13 categories.

Guidelines for Creating and Maintaining a Competitive Environment for Supplies and Services in the Department of Defense
http://bbp.dau.mil/references.html
Developed in support of the Under Secretary of Defense for Acquisition, Technology and Logistics (USD/AT&L) Better Buying Power 2.0 (BBP 2.0) – *Achieving Greater Efficiency and Productivity in Defense Spending* initiative, the Guidelines focus on "emphasizing competition strategies and creating and maintaining competitive environments."

OASIS Discovery Market Research Tool
https://www.gsa.gov/portal/content/201039
One Acquisition Solution for Integrated Services (OASIS) is a government-wide strategic sourcing vehicle for professional services. OASIS Discovery is a vehicle-specific market research tool that allows users to generate lists of active vendors in the appropriate category, which may be filtered to identify set-aside categories.

Office of Defense Procurement and Acquisition Policy Services Acquisition (DPAP/SA)
http://www.acq.osd.mil/dpap/sa/index.html
The DPAP/SA sight offers extensive information on the acquisition of services throughout the DoD, including policy, training, tools, and key contacts useful to MFTs throughout the Seven Steps to the Service Acquisition Process.

Occupational Outlook Handbook (OOH)
http://www.bls.gov/ooh/
For hundreds of different job types, the OOH outlines the training and education needed, earnings, expected job prospects, what workers do on the job, and working conditions. In addition, the OOH provides links to employment information in each State.

Past Performance Information Retrieval System (PPIRS)
https://www.ppirs.gov/
PPIRS is the government-wide single repository of past performance data. Confidence in a contractor's ability to satisfactorily perform is an important factor in best value acquisition decisions. PPIRS consists of two components, Report Card (RC) and Federal Awardee Performance and Integrity Information System (FAPIIS). The data can provide insight into contractors with the past performance and necessary capabilities to support stated requirements.

Securities and Exchange Commission (SEC) Filings
www.sec.gov/edgar.shtml
The SEC's EDGAR tool can search annual reports and 10-K (audited financial statement) and 10-Q (unaudited financial statement) forms, providing detailed financial and operating information on individual corporations including revenue, cash flow, industry risk exposure, legal proceedings, etc. Additional corporate updates are available via 8-K forms in EDGAR.

Small Business Administration – Dynamic Small Business Search (DSBS)
http://dsbs.sba.gov/dsbs/search/dsp_dsbs.cfm
DSBS is another tool contracting officers use to identify potential small business contractors for upcoming contracting opportunities. As a small business registers in the System for Award Management, there is an opportunity to fill out a small business profile. The information provided populates DSBS.

System for Award Management (SAM)
https://www.sam.gov/portal/SAM/#1
SAM serves as a consolidated supplier database for those entities interested in providing commodities to the Federal Government. SAM contains a search feature to identify key characteristics of the offeror, to include relevant small business information.

USA Spending.gov
https://www.usaspending.gov/Pages/Default.aspx
USAspending.gov is the publicly accessible, searchable website mandated by the Federal Funding Accountability and Transparency Act of 2006 to provide access to information on how Federal tax dollars are spent. The data include: all prime recipient contract transactions more than $3,000; all grant, loan, and other financial assistance transactions of more than $25,000; first-tier sub-recipient contract, grant, and loan transactions of more than $25,000; and micro-purchases of less than $3,000 made with a federal credit card are collected by the GSA and displayed monthly in a SmartPay spreadsheet.