


# Market Research

Faster, Smarter and Predictive

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Through implementation of the “Increasing Small Business Participation, Including Through More Effective Use of Market Research” Better Buying Power (BBP) 2.0 initiative, several actions were completed to support improving market research capability within the Department of Defense (DoD).

Although acquisition professionals perform market research today, they lack easy access to the decision-making information required at each instance where market research is required. In BBP 3.0, we sought to build on BBP 2.0 outcomes to broaden the use of effective market research, develop the tools necessary for all stakeholders and ultimately establish more efficient yet effective processes to reinforce market research as part of the culture of producing innovative solutions for the DoD. The goal is to identify and accelerate the correlation between the DoD’s technological needs and the capabilities of organizations in the Defense Industrial Base (DIB).

The purpose of market research is to enhance affordability, to increase productivity and to identify and scale efficiencies in the DoD acquisitions process with the desired goal of providing better value to both the taxpayer and the warfighter. An effective market research process will allow the DoD to (1) buy smarter, (2) increase small business participation both as prime contractors as well as subcontractors, (3) increase competition, (4) obtain better pricing, and (5) maintain high quality in both products and services acquisitions.

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Out of this BBP 3.0 initiative, the Office of Small Business Programs (OSBP) is in the midst of developing a set of tools to drastically redefine and enhance all elements of market research by creating a Big Data solution that ingests commercial, federal and DoD data sources. The system maps and integrates 20 years' worth of buying behavior data with forecasting data. The system over time will apply predictive analytics, trend analysis to identify at-risk areas within the small business industrial base. By ingesting near-real time data about the DIB, trend analysis, risk factors and future buying needs, the tool identifies potential risks and efficiencies.

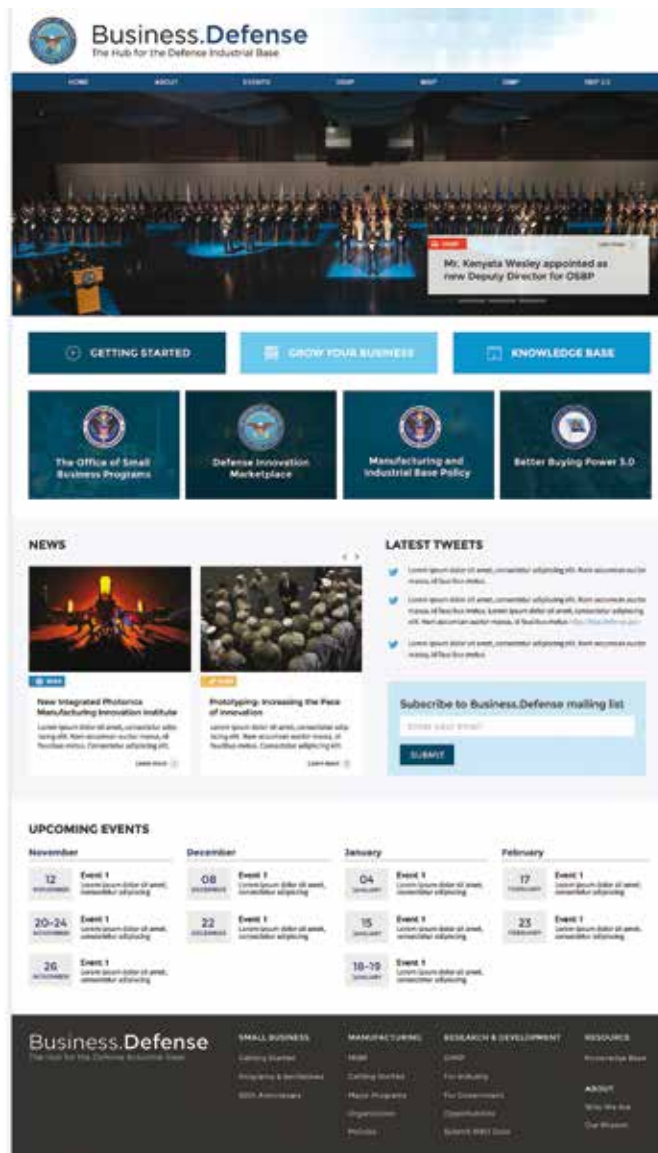
The Market Research Center of Excellence (MRCOE) platform also is a collaborative tool. Every year more than 500,000 contracts are awarded by the DoD. Any acquisition that costs more than \$25,000 from the inception of the acquisition process to award has associated documentation: a Market Research Justification Report (MRJR). This system not only will automate major components in the generation of that document but also house MRJR in one location. The system will enable the acquisition workforce to learn together, from issuance of a request for information to a request for proposals and from the interaction between our workforce and industry.

Most people do not know that market research as defined by the Federal Acquisition Regulations (FAR) is good for 18 months. By creating this central repository and suite of tools, the DoD can leverage previously performed market research, saving both time and effort by acquisition professionals and removing redundancy in the overall acquisition process.

The feature set of the Market Research Collaborative Environment (MREE) includes:

- Progress from creating a market research platform to enhancing market research capability, revolutionizing performance management, optimizing analytics and enhancing engagement between the DoD and the industrial base.
- Development of an MRCEE that automates and streamlines the entire process of market research, tracks the engagement with industry, auto-generates components of the market research report, and houses all the reports and market research in one location.
  - Market Research Execution: Streamline the process of searching, identifying and engaging companies.
  - Analytical Tools: Provide tools to the acquisition workforce to assess buying behavior and simplify the identification of small business opportunities.
  - Goal Management: Provide a tool to manage small business goaling and allow for a more refined approach to goal-setting.
  - Future Needs Forecasting: Provide a way to capture and centralize forecasting data internally.

In order to potentially round out the strategy for improving the market research process, the OSBP will study the feasibility of



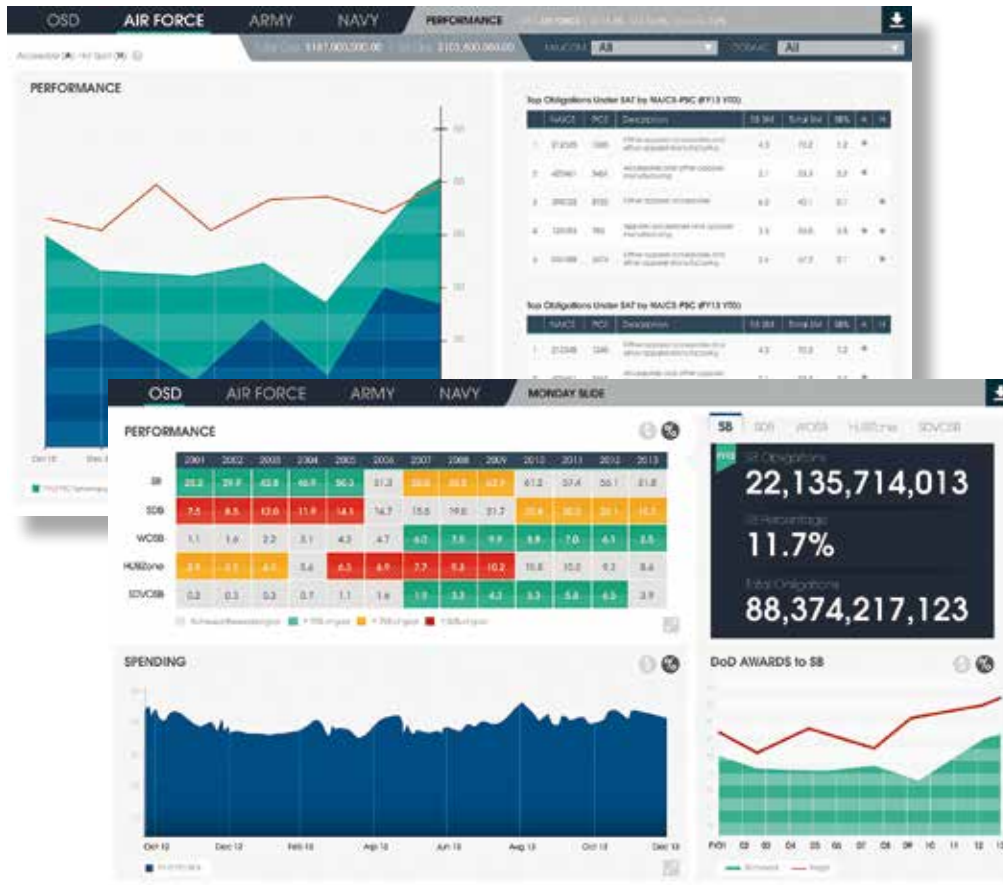
establishing a superior supplier program for small businesses using best practices gained from existing programs targeted to other than small business concerns. Lastly, OSBP will study the feasibility of rapid response technologies in order to provide market research capability, including consideration of the Air Force model of developing MRCEE subject-matter experts, and empower acquisition workforce members by providing them with exceptional training.

## Description

Market research is the cornerstone of determining supply capabilities in DoD acquisitions; it is used to make key acquisition determinations, for examples, about the availability of capable companies, commercial items, potential bundling justifications, and how companies engage with the DoD. The data produced as a result of effective market research aid in ensuring the DoD capability and dexterity required to strengthen national security and deter threats.



**Figure 1. Sample of Market Research Center of Excellence Database**



Additionally, improved market research practices can lead to increased commercialization rates as richer business intelligence provides a more effective matching of needs to market capability.

The MRCEE offers a single portal—[business.defense.gov](http://business.defense.gov)—that provides tools to accelerate and enhance the engagement between industry and the acquisition workforce.

The portal will give industry a centralized location to access information, resources and tools to optimize their engagement

with all levels of the DoD. We will engage industry through social media channels, forums and digital platforms, including mobile and tablet devices. Industry tools include a knowledge base, interactive online wizards and video-based training.

The acquisition workforce will have available a number of tools on business.  
[defense.gov/apps](http://defense.gov/apps)—a management system to track performance and goaling.

Buying behavior analysis tools will provide the acquisition workforce with rich data and comparative analysis throughout the DoD.

The tools will house and consolidate industry, public and DoD data sources into one data warehouse. The data warehouse also will ingest data from external sources through ap-

proved integration and interaction between our system and other DoD systems. It ingests both structured and unstructured data, allowing users to search between relational data and documents in a seamless manner.

The tool compiles the market research activity and industry engagement conducted on the platform and then auto-generates a market research report document for the user. That report can be edited and stored on the MRCEE platform.

That comprehensive data set of market research reports and activity then will be available to acquisition workforce members using the platform for their market research needs. This will have a significant impact in time and money. It will enable a qualitative improvement in market research analysis.

The platform will have one centralized dashboard that captures the interaction between the small business industrial

### Governance for the Activity

- Federal Acquisition Regulation (FAR) Part 10
- Interim Department of Defense Instruction 5000.02
- (FAR 7.107) (15 U.S.Code 644(e)(2)(A))
- Fiscal year 2011 National Defense Authorization Act, Sec. 863 (Public Law No. 111-383)
- FAR 13.003(b)(1)
- Fiscal year 2010 Small Business Jobs Act, Sec. 1331 (Public Law 111-240)

The forecasting tool allows industry—small businesses in particular—to understand the coming needs of the government and the contracts that will be available for competition. It increases small-business participation benefits to the DIB through increased competition and the resultant innovations.

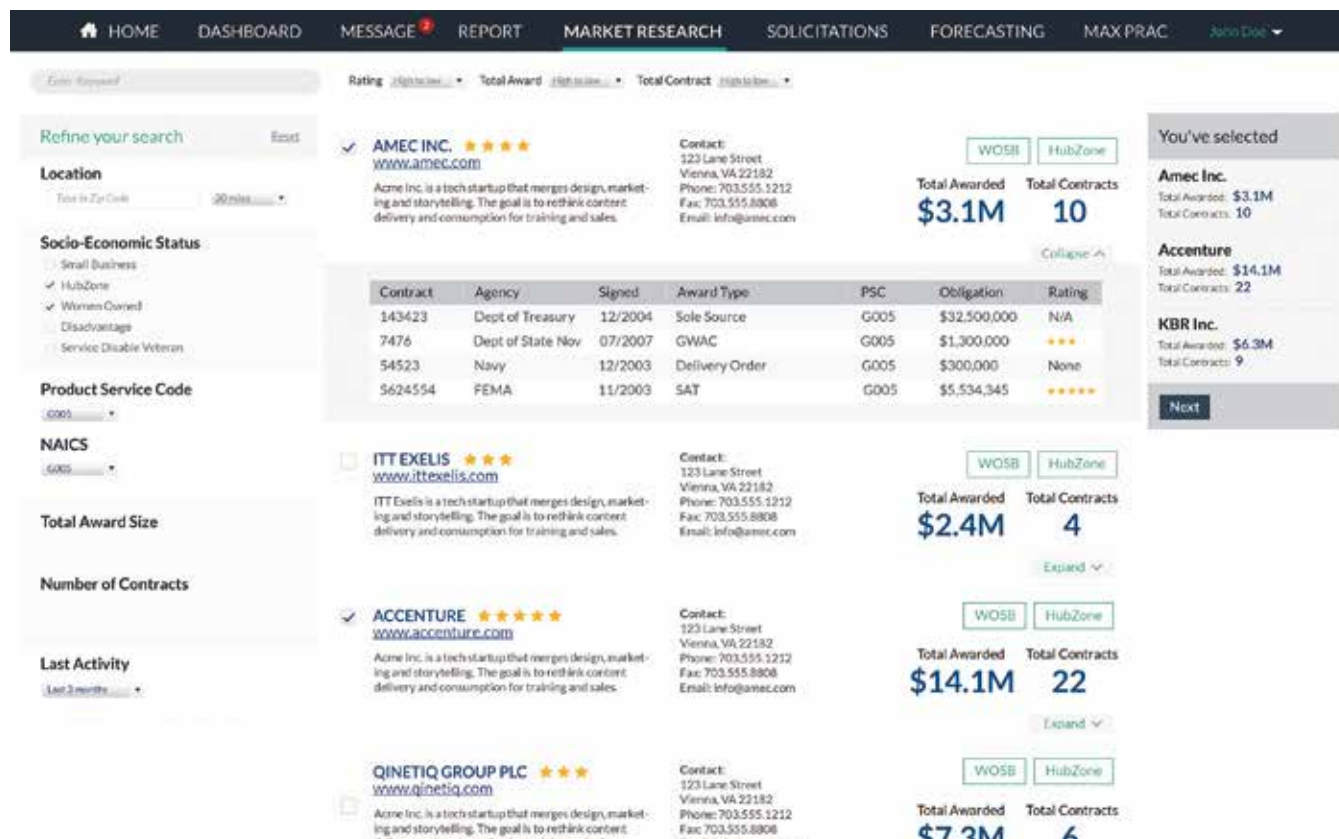
### Figure 2. Small Business and Socio-Economic Performance



### ***Effect on DoD/Government/Taxpayer***

The tool provides improved market research tools, processes and practices that will lead to the attraction of a larger and more qualified pool of talented companies, increased competition, cost reduction, and increased commercialization rates.

### Figure 3. Market Research Platform



Forecasting allows DoD decision makers to prepare more accurate responses to projected capability requirements. A standardized, systematic approach to forecasting will improve the DoD's relationship with industry and lead to enhanced acquisition outcomes.

The proposed market research tool would provide richer and larger datasets to assist the acquisition workforce in identifying companies that address the DoD's needs. A user-friendly platform that aggregates data from a number of commercial, public and DoD sources would provide higher-quality information and improve access to nontraditional suppliers.

The initiative would streamline the process for assessing past performance, capabilities and comparative analysis across many data sources. It also would enable verification of the financial health, organizational structure, innovative capabilities and history of the organization, which together will improve commercialization success rates. And the initiative will identify potential risks to the DIB. Supporting data will include labor hours saved, efficiencies gained, overhead reduced, etc.

Incentives are necessary to sustain the initiatives. In addition to the proposed policy development, incorporation of effective market research strategies, including use of the tools, into acquisition certification coursework would ensure that

acquisition professionals have both the knowledge and skills to make use of the tools moving forward.

Metrics to measure results would include:

- DoD prime and subcontracting achievement
- Scholastic Aptitude Test goal achievement
- Improved effective competition rates
- Measurement of actual versus projected spending in Service-based portfolio groups
- Defense Acquisition University course completion rates
- Publication of policy guidance to institutionalize market research and set-aside procedures
- Commercialization rates

MRCOE will be released in three phases, with each phase building on additional functionality. MRCOE Release 1 will include automation of manual processes and a goal management system; MRCOE Release 2 will include industry engagement tools, analytical tools for acquisition workforce, and market research report generation. MRCOE Release 3 will include full transition of capability to strategic platform with analytics on utilization analytics and a consolidated repository of historical market research activities and reports utilized to enhance future market research activity. &

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