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Market Research

Understanding the Industry and Potential Competition

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Why is Market Research Important?

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The Importance of Market Research

- Done well, the results of market research will inform the procurement team on a wide variety of issues that procurement teams need to know about in order to select the appropriate approach in a given scenario, such as:
 - Most appropriate contract vehicle and type
 - Customary business practices
 - Sustainment issues
 - A host of other key decision criteria

The Importance of Market Research

- It is important that members of the procurement team understand the importance of market research, its link to more effective contracting outcomes, and their roles and responsibilities in the process.
- We must ensure procurement teams and key decision makers have the right information to make informed decisions on requirements and sourcing strategies. Market research is essential to help shape that outcome.

What is Market Research?

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What is Market Research

- Market research shapes the requirement and can be defined as “collecting and analyzing information about capabilities within the market to satisfy the agency’s needs.”
- Market research is considered a continuous process designed to gather data and information about products and product characteristics, suppliers’ capabilities and the business practices that surround them, services, market capabilities, technology advances, and associated prices.



What is Market Research

- Market research information can be used to shape the acquisition strategy, to determine the type and content of the product description or statement of work, to develop the support strategy, the terms and conditions included in the contract, and the evaluation factors used for source selection.

What is Market Research?

- Market research is performed to:
 - Support effective procurement planning
 - Determine the most suitable procurement approach
 - Obtain key information on:
 - Existing products/services/capabilities
 - Availability of commercial items
 - Capable Small Business, MWBE and other sources
 - Competitive market forces
 - Commercial practices
 - Product performance and quality
 - Successful acquisition practices of other organizations

Strategic & Tactical Phases of Market Research

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Strategic and Tactical Phases

- Market research has two phases: strategic market research that serves as a surveillance of the marketplace, and tactical market research that requires investigation into a specific need or requirement

Strategic Market Research

- Strategic: Here, the procurement team keeps abreast of current trends in the market and industry, which typically requires the support from attending and participating in:
 - Industry conferences
 - Trade Shows
 - Industry educational groups
- Strategic market research is an ongoing process. It includes all the activities that acquisition personnel must perform on a continuing basis to stay abreast of technology and product developments in their areas of expertise and area of responsibilities

Strategic Market Research

- Keeping abreast of industry trends and general market information will assist the team when a requirement presents later as it helps inform the background and underlying understanding of the general market conditions related to a particular service, supply or construction trend.
- It is not necessarily aimed at a specific acquisition, but at the accumulation of a knowledge base that becomes the foundation from which you can pursue a more focused market investigation when a requirement does materialize (Category Expert)

Strategic Market Research

- Supports decisions regarding industry capability, product availability, competitive market forces, and alternative sources of supply. You seek to understand how commercial consumers and other government agencies:
 - Develop acquisition strategies
 - Communicate requirements
 - Determine evaluation criteria
 - Encourage competition
 - Determine their contractor assessment metrics
 - Communicate source selection plans and solicitations
 - Evaluate cost/price
 - Award contracts
 - Evaluate contractor performance
 - Take advantage of other commercial business practices



Tactical Market Research

- Here, the acquisition team focuses on a specific requirement, and market research is related to determining capacity, resources, and business practices, etc., through a number of activities such as—
 - Request for Information (RFIs)
 - Industry days
 - One-on-one meetings
 - Internet research
 - Field research (examine products/services)





Tactical Market Research

- If commercial items exist that meets the agency's requirements, the procurement team should aim to purchase them rather than develop new or custom items.
- Commercial items may satisfy agency requirements either “as is” or after modification or tailoring.



Tactical Market Research

- Tactical market research is more focused and detailed. It is conducted in response to a specific materiel need or need for services.
- It serves to provide answers related to prices, quality, and delivery dates. It can also determine whether the requirement(s) can be modified, to a reasonable extent, to allow the use of commercial items.
- It identifies information about—

Tactical Market Research

- Available Sources
 - What and how many are available
 - Market/corporate strategies
 - Technical strengths and weaknesses
 - Distribution and support capabilities
 - Patent and data rights



Tactical Market Research

- Available Supplies and Services
 - Typical commercial customizing or tailoring
 - Potential cost of modifying the item to meet current needs
 - Salient characteristics
 - Prices
 - Tradeoffs
 - Reliability, history, and past performance





Tactical Market Research

- Industry Trends
 - Industry specifications and standards
 - Customary terms and conditions, such as discounts and warranties
 - Relevant laws and regulations
 - Production and delivery lead-times
 - Forecast of product/technology changes
 - Trends in market prices
 - Trends in supply/demand
 - Factors that affect market prices



When to Do Market Research

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When to Do Market Research

- Federal acquisition regulations require federal agencies to conduct and document market research as appropriate, for specific circumstances.
- Most state and local procurement guidelines do not specifically mandate that specific market research be done or documented.



When to Do Market Research

- Before developing new requirements documents for an acquisition
- Engage industry early in the acquisition lifecycle, to obtain information about commercial leading practices that can shape the acquisition strategy, support and test plans, product description, statement of work (SOW), performance work statement (PWS), evaluation factors, contract terms and conditions, etc.



When to Do Market Research

- Before soliciting offers for acquisitions with an estimated value in excess of your statutory bidding thresholds
- Before soliciting offers for acquisitions with an estimated value less than your bidding thresholds when adequate information is not available and the circumstances justify its effort

When to Do Market Research

- On an ongoing basis to identify the capabilities of small businesses and new entrants that are available in the marketplace.
- This includes supporting contingency operations and disaster or emergency relief activities.

When to Do Market Research

- It is important to note that Federal Supply Schedule, State Contract, Cooperative and Piggyback acquisitions should not be exempt from the requirement to conduct adequate market research and the development of acquisition plans.

Who Conducts Market Research

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Who Conducts Market Research

- Market research should use the expertise of all members of an procurement team.
- Good market research requires the procurement team to understand the technical alternatives that are available, the differences among terms and conditions, the practical aspects of standard commercial practices, and the value each alternative offers the government.
- Specific roles are:

Who Conducts Market Research

- Requesting Departments / End Users
 - Define technical requirements based on results of market research and agency requirements.
 - Help conduct research to provide information to the contracting officer
 - Evaluate expected level of competition
 - Determine if commercial items or non-developmental items are available that meet the government's requirement.
 - Request vendors to provide their standard public and commercially available literature and capability documents in response to market research inquiries

Who Conducts Market Research

- Procurement Department / Contracting Officers
 - Assist the Requesting Department / End User in documenting their requirements
 - Coordinate market research on specific acquisition package with program office;
 - Review contract vehicles for best business solution.
 - Conduct market research, helping publish RFIs, draft RFPs, conducting industry days, and other events in concert with the lead responsibility of the Requesting Department / End User
 - Identify capabilities of small and disadvantage businesses
 - Prepare market research memo or report to document findings and include it in the procurement file.
 - Ensure the contract file is sufficiently documented to support all business decisions

Documenting Results of Market Research

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Documenting Market Research Efforts

- Minimum documentation requirements of basic market research elements:
 - By thoroughly documenting these elements, procurement teams will enable senior level reviewers and those not connected with the research to understand how the acquisition team collected and analyzed information about capabilities within the market to satisfy agency needs.



Documenting Market Research Efforts

- The following four elements should be documented, at a minimum, in every market research report:
 - Identify the market research methods/techniques used
 - Identify the timeframes when they were used and performed
 - Provide an analysis of the capabilities of potential sources
 - Include a conclusion based on this analysis



Market Research Principles

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Market Research Principles

- In discussing market research, we have described a general process that can be adapted to a wide range of items, services, and organizational structures.
- Underlying the process are six principles that need to be kept in mind:

Market Research Principles

1. Start early.

- Begin market research early, while the requirement is still flexible.
- Begin market research while the mission need is being defined and in support of the operational requirement document. Additional research will be performed later to identify subsystems or components during design of development programs and to get more specific details related to technical characteristics and related market practices.

Market Research Principles

2. Involve end users.

- Involve users/customers in the market research process, not merely in defining the requirement. Users can be active participants in the market research for some items and services or testers for others.
- Users in the field have access to new technology and new product information that needs to be conveyed to those who define requirements.
- Users also play a major role in identifying problems with the current equipment or service.



Market Research Principles

3. Communicate.

- Good communication across functional areas and with industry and users is important to the success of a market investigation.
- For this reason an extensive market investigation may work best as a team effort. The effect of linking each member's prior experience and area of expertise with the information gathered will guarantee more balanced, “best-value” decisions.
- In communicating with industry, consider the use of some different forums than those you've used in the past to ensure you are communicating with potential new sources— in addition to those that have traditionally participated in the government market.





Market Research Principles

4. Market research is an iterative process.

- Successful market research is an iterative process.
- Market research is first used to determine the availability of commercial capabilities, practices, items, and services to meet the general requirement.
- It must also be done later to identify commercial components available for incorporation into systems developed for government agencies and to get more specific, detailed information to make various acquisition decisions.



Market Research Principles

5. Tailor the investigation.

- The amount of time and money spent on market research should be related to factors such as the value of the acquisition, the complexity of the item or service, the use of the item or service, and the potential it has to solve the agency's identified or projected needs.
- If market intelligence information tells you there is little potential for solving the agency's problems, further market research should be minimal. If there are commercial practices that can improve how the agency acquires a particular supply or service, an extensive market investigation may be called for.

Market Research Principles

6. Refine as you proceed.

- The research should always proceed from the general to the specific.
- Acquire a little bit of information on many producers and products and a lot of information on the few products that seem likely to meet the requirement.
- The market research should be structured to acquire only enough information to decide whether to proceed to a more detailed examination of commercial possibilities.

General Market Research Techniques

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General Market Research Techniques

- There are many techniques available to procurement teams for conducting market research and other best practices employed in the acquisition field. These are generally grouped into two categories, internal and external—





Internal Market Research Techniques

- Review the results of recent market research undertaken to meet similar or identical requirements.
- Contact knowledgeable government officials on market capabilities to meet requirements, including obtaining source lists of similar items from other contracting activities.
- Query the government-wide database of contracts and other procurement instruments intended for use by multiple agencies and other government and commercial databases.



Internal Market Research Techniques

- Your Agency's prior history with similar procurements
- GovSpend Database (Subscription Service)
- Internal agency contract files
- Expertise of end users



Internal Market Research Techniques

- Review catalogs and other generally available product literature published by manufacturers, distributors, and dealers or available on-line
- Review prior acquisition history
- Use MWBE database and other databases for various disadvantaged business enterprises





External Market Research Techniques

- Contacting knowledgeable industry officials on market capabilities to meet requirements or obtaining source lists of similar items from trade associations or other sources
- Conducting meetings or holding pre-solicitation conferences to involve potential offerors early in the acquisition process
- Publishing formal requests for information (RFI) in appropriate technical or scientific journals or business publications





External Market Research Techniques

- Participating in interactive, on-line communication among industry, acquisition personnel, and customers
- Holding one-on-one meetings with industry
- Publishing requests for information (RFI)* or sources sought notices in the New York State Contract Reporter and other solicitation distribution systems

External Market Research Techniques

- Attending trade fairs and conferences
- Performing site visits (program staff visiting vendors or vendors visiting the agency)
- Preparing a formal survey or questionnaire and sending it to multiple suppliers
- Sponsoring industry conferences or industry days



Why Issue a Request for Information?

- A Request for Information (RFI) is a standard business process used to collect written information regarding the capabilities of various suppliers, which will better inform buying decisions
- Additionally, an RFI may be published during the project planning phase where the requirements team cannot clearly identify product requirements, specifications, and purchase options



Why Issue a Request for Information?

- RFIs clearly indicate that award of a contract will not automatically follow

Key Steps to Start Conducting Market Research

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Key Steps to Conducting Market Research

- The type and amount of market research will necessarily vary depending on factors such as urgency, estimated dollar value, complexity, and past experience
- Encourage industry engagement for ideas and avenues to foster appropriate industry engagement and exchange of information that will enhance market research results



Key Steps to Conducting Market Research

- Determining the appropriate North American Industry Classification System (NAICS) codes or National Institute of Governmental Purchasing (NIGP) codes and MWBE, Small Business and Veteran Owned requirements and including them in solicitations above the bidding threshold





Key Steps to Conducting Market Research

- Reviewing NYS Preferred Source offerings to determine if items/services that meet the form, function and utility are available from a Preferred Source





Key Steps to Conducting Market Research

- Reviewing the NYS MWBE database found at <https://ny.newnycontracts.com/> to begin your initial search for certified MWBE firms
- Reviewing the NYS Service-Disabled Veterans database found at <https://ogs.ny.gov/Veterans/> to begin you initial search for certified Veteran owned firms



Key Steps to Conducting Market Research

- Document the results, analysis and recommendations of the Preferred Source, MWBE and Service-Disabled Veteran search in the market research memo or report

How to Conduct Market Research

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How to Conduct Market Research

- This basic workflow was developed to detail the steps of some of the basic market research activities:

How to Conduct Market Research

- Identify Need—Verify the capability gap still exists and how filling it will support your agencies strategic priorities, goals, and objectives

How to Conduct Market Research

- Define Requirements - Ensure the business and technical needs are clearly expressed based on documented business owner, end-user and SME input

How to Conduct Market Research

- Research the Market - begin gathering information regarding the availability of vendors who may be capable of filling the identified need
 - Researching the market can include, but is not limited to, activities such as web searches, releasing RFIs, and hosting or attending events whose purpose is to allow companies and organizations to market their capabilities directly to commercial and/or government agencies

How to Conduct Market Research

- Procurement teams must establish an audit trail that clearly shows all efforts conducted (attendance of events, communications with firms or other agencies, RFIs, etc.) for this market research effort

How to Conduct Market Research

- Analyze the Research - Examination of the gathered information enables the Procurement Team to determine the existence of Preferred Sources, MWBE Firms, small businesses, SDVOSBs and VOSBs, and other suppliers that can fulfill the need

How to Conduct Market Research

- Identify Vendor Capability - The output of the analyzed research should be a list of vendors who have the potential to fulfill, or partially fulfill, the identified requirements
 - This list should include their socioeconomic classification(s), any applicable salient characteristics that support their being identified as a possible solution provider, and/or any specialized experience that may indicate the vendor(s) ability to fulfill the need

How to Conduct Market Research

- Develop Market Research Memo or Report - Market research memo/report is completed by using the gathered information and analysis completed in the previous steps
 - The report is signed by the Procurement Team Lead and is made part of the procurement record. In some agencies, the market research memo/report may require approval before moving forward to the next phase of the procurement process

Market Research Tools

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Market Research Tools

- The information, general sources, internet links, and search techniques listed below may be beneficial when conducting market research. This covers a wide range of data points, including product type information, services, trends, potential vendors and sources, past performance information and other data useful when conducting research.

Market Research Tools

- Your agency's prior contracting records
- Google
- Cooperatives
- Trade journals
- State contract database
- GovSpend purchase order database



Market Research Tools

- System for Award Management (SAM): <https://www.sam.gov/>
 - This is the official U.S. Government system that consolidated the Central Contractor Registration, CCR/FedReg, Online Representations and Certifications Application (ORCA) and Excluded Parties List System (EPLS)



Market Research Tools

- Bureau of Labor Statistics (BLS): <https://www.bls.gov/>
 - BLS is the principal fact-finding agency for the federal government in the broad field of labor economics and statistics. Indexes can be tapped for market research purposes (e.g., escalation rates). Teams can locate information here on price indices such as the consumer price index, producer price indexes, and pay and benefit information by area and occupations.



Market Research Tools

- Federal Business Opportunities (FBO): <https://www.fbo.gov/>
 - The official free online listing of government contracting opportunities which has replaced the Commerce Business Daily. Award notices are posted on this site which can be used for market research. You can look by PSC, NAICS, Location, etc.



Market Research Tools

- GSA Advantage: <https://www.gsaadvantage.gov>
 - GSA's Advantage is a reliable and proven one-stop on-line resource for government employees worldwide. GSA Advantage offers the most comprehensive selection of approved products and services from GSA contracts.



Market Research Tools

- GSA E Library: <https://www.gsaelibrary.gsa.gov>
 - GSA eLibrary is a one source stop for the latest GSA contract award information. You can enter keywords, contract numbers, contractor/manufacturer names, schedule/special item number (SIN), governmentwide acquisition contract (GWAC) number, and NAICS code.



Market Research Tools

- ThomasNet: <http://www.thomasregional.com/>
 - Search ThomasNet to find manufacturers, distributors and service providers – from actuaries to zirconium and everything in between.



Market Research Tools

- Subscription Services for Category and Market Intelligence for Procurement ...

<https://www.procurementiq.com>

- ProcurementIQ is a **market** intelligence partner providing a comprehensive range of products and services that meet the specific needs of **procurement** departments and their clients. We offer category intelligence, RFP **tools** and custom **procurement research** services.





Conclusion

- Market research is a powerful tool. It brings your market knowledge up to date, reveals new trends and innovations and highlights potential suppliers you may not yet know.
- Most importantly, it forms an internal review and in some cases can present you with information that could save you the effort of moving any further along the procurement process.



Questions?

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