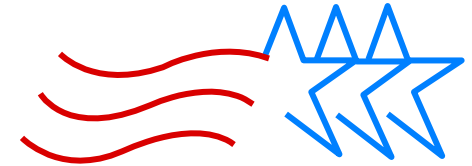




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# Conducting Market Research



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# What is Market Research?



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- "Market Research" is the process of collecting and analyzing information about capabilities within the market to satisfy agency needs. (FAR 2.101)
- Market Research must be conducted for ALL acquisitions
- Market Research Policies and Procedures are outlined in:
  - Federal Acquisition Regulation (FAR) Part 10
  - Defense Federal Acquisition Regulation Supplement (DFARS) Part 210



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# Market Research Basics



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- Prior to Market Research, requirements should be clearly established
- The extent of Market Research will vary depending on the following:
  - Urgency → A true example of urgency would be a need for natural disaster relief that forces expediting of market research.
  - Estimated Dollar Value → Higher value procurements generally require more market research.
  - Complexity → Higher complexity procurements generally require more market research.
  - Past Experience → Requiring activities with a great deal of experience in a particular field may be able to expedite market research.
- Contracting Officers may require the submission of market research information



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# Market Research Basics

(continued)



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- When should Market Research be done?
  - Market research should be done on a continuous basis.
  - Especially important when exercising an option or drafting a Justification and Approval
- What is Market Surveillance?
  - Market research that is ongoing.
  - Acquisition personnel continuously monitor the marketplace to stay current in their area of expertise.
- What is Market Investigation?
  - Market research that is focused.
  - Acquisition personnel center research effort on investigating that portion of the market to meet a specific need.



# Why Conduct Market Research?



- Conducting Market Research has a number of benefits:
  - Reduced Acquisition Costs: Identifying commercial products to meet government needs reduce costs to the taxpayers by using products competitively developed at private expense
  - Reduced Cycle Times: Commercial products already developed do not require extensive RDT&E in order to be put into use
  - Access to Advanced Technology: Competitive pressures in the commercial sector force firms to constantly develop advanced solutions or risk falling behind competitors
  - Solution “Discovery”: Market research may lead researchers to uncover previously unknown solutions to their needs



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# Main Market Research Questions



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- There are four main questions to answer when conducting market research:
  1. Are Commercial Items Available?
  2. What Existing Sources Are Available?
  3. What Information on Similar Acquisitions is Available?
  4. What Commercial Practices Are Commonplace?



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# Question 1: Are Commercial Items Available?



- What are Commercial Items?
  - Anything that is available for sale to the general public.
  - As defined in FAR 2.101: Commercial Item

“Any item, other than real property, that is of a type customarily used by the general public or by non-governmental entities for purposes other than governmental purposes, and-

    - (i) Has been sold, leased, or licensed to the general public; or
    - (ii) Has been offered for sale, lease, or license to the general public;”
  - More information is available in FAR Part 12 Acquisition of Commercial Items
- Are Commercial Items Available That Meet Our Needs?



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# Question 1: Are Commercial Items Available?



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- If Commercial Items are available...
  - ✓ What are the going Market Prices?
    - How much does the product/service sell for on the open market?
  - ✓ What Features are Available?
    - What features do competing products have in common?
    - What feature(s) does one product have that a competing product does not have?
  - ✓ What Product Reliability can be expected?
    - Are any products more reliable than others?
    - What warranties exist to protect the Government in the event of product failure?





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## Question 2: What Existing Sources Are Available?



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- What Sources Can Fulfill the Government's Need?
  - ✓ Are there any Small Businesses in the Market?
    - If so, the acquisition may need to be set-aside
  - ✓ What Past Performance History is Available?
    - Check PPIRS
  - ✓ What Production Capability Exists?
    - Can a single source fulfill an entire requirement in a timely manner? Or will multiple awards be required?
  - ✓ What Distribution Capability Exists?
    - Can the goods/services be delivered in a timely manner?
  - ✓ Are there any Patent and/or Data Rights Concerns?
    - Are data rights overly restrictive?
    - Are data rights subject to dispute/ not well defined?



# Question 3: What Information on Similar Acquisitions is Available?



- Is Information About Similar Government Acquisitions Available?
  - ✓ What prices were previously paid?
    - What historical pricing data is available?
    - Did the Government receive any special discounts such as a quantity discount?
  - ✓ What were the results of the previous procurement?
    - Were the Government's needs met on previous acquisitions?
  - ✓ Are there any special statutes that applied to previous acquisitions?
    - Service Contract Act? (41 USC § 351 - 354)
    - Buy America Act? (41 USC § 10a - 10d)



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# Question 4: What Commercial Practices Are Commonplace?



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- What Commercial Practices Are Found in the Marketplace?
  - ✓ What warranties are commonly offered?
  - ✓ What maintenance programs exist?
  - ✓ Does standard commercial packaging and marking meet the Government's delivery needs? If not, what special shipping will be required?
  - ✓ What standard terms and conditions exist for commercial products?
  - ✓ What commercial performance metrics or best practices exist?



# How to Conduct Market Research



- What documentation is required?
  - There is no prescribed method for documenting market research.
  - Persons conducting market research should provide as much information as practicable documenting their research.
  - This information will be used to support:
    - Acquisition Plans
    - Justification & Approvals (J&As)
    - Independent Government Cost Estimates (IGCEs)
    - Exercising options, etc...
- There are two primary methods for gathering market information:
  - Informal Market Research
  - Information Exchanges



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# Informal Market Research



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- What is Informal Market Research?
  - Informal Market Research is simply the process of obtaining information about the marketplace by doing any or a combination of the following:
    - Contacting knowledgeable individuals within the Government and/or industry
    - Reviewing previous similar or identical acquisitions
    - Check in-house contract vehicles
    - Reviewing catalogs and other generally available product literature
    - Attending trade shows or other gatherings with industry, acquisition personnel and customers
    - Searching the Internet

Informal Market Research is the fastest and most common method of gathering market information.



# Information Exchanges



- What are Information Exchanges?
  - The FAR enables the Government to obtain structured market information through “information exchanges.”
- How are Information Exchanges conducted?
  - Issuance of Requests for Information (RFIs)
  - Release of Draft Requests for Proposal (RFPs) for Industry Comment
  - Holding Industry or Small Business Conferences
  - Pre-Solicitation Notices
  - Pre-Solicitation/Pre-Proposal Conferences

Requiring offices should coordinate with their Acquisition Manager and Contracting Officer if information exchanges become necessary.



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# Information Gathered During Exchanges



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- Early Exchanges of Information allow the Government to gain feedback from Industry regarding acquisition elements such as:
  - Proposed Contract Type
  - Terms and Conditions
  - Acquisition Planning Schedules
  - Requirements Feasibility
  - Performance Requirements
  - Statements of Work/Objectives
  - Data Requirements
  - Other Industry Concerns or Questions
- Exchanges allow the Government to identify potential offerors, determine whether industry can meet its needs, and/or determine if industry has a better approach to meeting the Government's needs.



# Resources



## Internet Resources that can be used during Market Research.

- Defense Acquisition University <http://www.dau.mil>
- AT&L Knowledge Sharing System <http://akss.dau.mil/default.aspx>
- Department of the Navy Acquisition One Source <http://www.acquisition.navy.mil/>
- GSA Advantage! <http://www.gsaadvantage.gov>
- Consumer Price Index <http://www.stats.bls.gov/cpihome.htm>
- Producer Price Index <http://www.stats.bls.gov/ppihome.htm>
- Acquisition Reform Network <http://www.arnet.gov>
- PriceGrabber.com <http://www.pricegrabber.com>
- Central Contractor Registration <http://www.ccr.gov>
- Consumer Reports <http://www.consumerreports.org>
- Defense Logistics Agency <http://www.dla.mil/>
- FAI Online <http://www.fai.gov/>





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# Market Research Summary



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- Market research must be conducted for all procurements
- Various methodologies exist for conducting market research and can be tailored to meet specific Government needs
- The extent of the market research should be adjusted as the situation merits
- As market research is conducted, document your findings
- Market research is a never-ending part of the acquisition process



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# Questions?



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