MARKET RESEARCH AND COMMERCIALITY DETERMINATION
Part 10  Market Research

Part 11  Describing Agency Needs

Part 12  Acquisition of Commercial Items

Commerciality Determination

It’s the law!!
Market Research Definition

- Market Research means:
  - collecting & analyzing information about the capabilities within the market to satisfy agency needs.
Skills Required to Perform Market Research

- Knowledge of the marketplace
- Trust in the marketplace
- Team building/team member
- Decision-making

Marketplace Meets Need
Use Market Research to determine

- Why?
- Capable sources exist?
- Commercial services can meet/be modified to meet requirement?
- Cost of services?
- Market practices, forces?
- Market terms & conditions?
- Modify requirement?
Market Research
Collect information on
Desirable services, products, technology

What?
Terms such as warranty, buyer financing, discounting, etc...

Laws & regulations unique to the item

Size & status of potential sources

Product/service attributes

Customizing, modifying practices

Distribution & support capabilities of suppliers
The first step

Before

- Developing new requirements documents
- Soliciting offers estimated to exceed Simplified Acquisition Threshold (SAT)
- Soliciting offers estimated to be under SAT when
FAR Part 7: “Agencies shall ... conduct market research for all acquisitions ....”

FAR Part 10: “Agencies shall ... conduct market research appropriate to the circumstances, ... and use market research to ---.”

FAR Part 11: “Agencies shall specify needs using research ....”
Market Research

- Who are the players?
  - Technical Developer
  - Logistics Specialist
  - Testing Specialist
  - Legal Counsel
  - Contracting Officer
  - User
Contacting knowledgeable individuals regarding capabilities

- Obtaining source lists
- Reviewing the results of recent market research
- Querying Government data bases
- Participating in interactive, on-line communication
- Publishing formal requests for information
- Reviewing catalogs/product literature
- Conducting interchange meetings or presolicitation conferences
Investigation (Determine, with a high degree of confidence, what technology or products can satisfy user needs)

On Line Product Information Catalog Systems
Professional Associations
On Site Inspections
Requests for Information
Test Reports

Surveillance (An ongoing function -- Should not be dependent on requests for information)

Accomplished by:

Trade Journals
Manufacturer Catalogs
New Product Announcements
Industrial Shows/Conferences
Unsolicited Proposals
On Line Market Information
Market Research Information Sources
How Much?

Urgency?

Estimated $$$$ value?

Complexity?

Past experience?

Extent of research may vary depending upon the above factors.
When conducting market research, agencies should not request potential sources to submit more than the minimum information necessary.
Requirements Analysis

Key Characteristics:

- What does the yet to be identified item have to do?
- How well does it have to do it?
- Where will it be used?
- Under what conditions will it be used?
- How often? How long?
- Who will use it?
Market Research: identifying the attributes of existing products, processes, & services that may meet a need, and the associated commercial business practices.

Describing Agency Needs: identifying the characteristics that a product, process, or service must possess to meet a need.
MARKET RESEARCH

Describing Agency Needs

DEFINITIONS

Commerciality Determination

CD – Commercial Item
NDI – Nondevelopmental Item
ND – New Development

CI
NDI
ND
Market Research: Describing Agency Needs

Market Research Surveillance

Requirements Analysis
Need

Requirement Determination
Commericality

Directed Solicitation
Directed Directed

Market Research Investigation

Nongovernment Standard
Commercial Item Description
Performance Specification
Detailed Specification
State requirements in terms of:
- functions to be performed (What)
- performance required (How Well); or
- essential physical characteristics (Environment/Interfaces).

Define requirements in terms that:
- encourage *commercial* items (first choice); or
- nondevelopmental items (second choice).
How to State Requirements

**Restate** requirements in appropriate cases to ensure *commercial*, modified commercial, or nondevelopmental items can meet the requirements.

**Challenge Unique Requirements**

*Require* prime contractors and subcontractors to incorporate *commercial*, modified commercial, or nondevelopmental items as components of items supplied to the agency.
Commercial Items Policy - A New Way of Doing Business

- Increase use of commercial technology
- Adopt World Class business practices
- Streamline processes to reduce cost & cycle time
- Depend on performance specifications & commercial standards
- Integrate commercial & military industrial bases

June 1994
Secretary of Defense Directs
Commercial Item Definition

- Product or service sold to the general public for non-governmental purposes.
- New technology EVEN if it’s not yet in the commercial market (as long as it will be available to meet the government’s solicitation requirements).
- Anything that meets 1 or 2 above with customary commercial modifications. (Minor modifications do not significantly alter the function or physical characteristics of the item.)
Benefits – Acquisition of Commercial Items

- Streamlined process
- Increased competition
- Reduced paperwork

- Increased industry participation
- Empowerment!
What is a “Commerciality Determination”?

It is a result of market research conducted by the cognizant Integrated Product Team (IPT) during the course of solicitation development. The intent is to determine if a commercial (CI), modified commercial, or non-developmental (NDI) item exists that meets the agencies’ need. The results of the determination are documented in the contract file by a memorandum stating the findings.

Additional reference: FAR part 10
Commerciality Determination

Market Research

Functions

Schedule

Quantity

Product Attributes

Delivery Capability

Productn Capability

Commercial T & Cs

Requirements Analysis

Key Characteristic

Delivery Schedule

Total Quantity

Commercial T & Cs
Contents of Commerciality Determination Summary

- Item
- Results of the A-IPTs Market Research
- How the A-IPT complied with the “Army Implementation Plan for the Blueprint for Change”. Was a PARC waiver granted verifying use of a performance specification or non-Gov’t standard would not meet the customer’s need, nor would it be cost-effective or practicable?
- Conclusion: That the A-IPT performed Market Research and requirements analysis pursuant to FAR Parts 10, 11, and 12 concluding this particular acquisition is not commercially available.
Commercial Item Definition Summary

1. Item of a type currently available
2. Evolving item will be available
3. Modified item would be available
4. Commercial item package
5. Services in support of commercial items
6. Other services of a type
7. A CI retains its identity
8. An NDI can be a commercial item
Roadmap to the Commerciality Determination

Need can be modified?

Commercia l Item?

Yes

Conduct Part 12 Commercial Item Solicitation

No

New Development

Market Search

Yes

Need can be modified?

No

NDI

Do Not Conduct Part 12 Solicitation

No

Yes

Yes

No
Uncle Sam wants YOU to BUY COMMERCIAL!!!!