Market Research and Alternatives Analysis

Market research is conducted to determine if commercial items are available to meet the project’s needs.

The extent of market research will vary, depending on such factors as urgency, estimated dollar value, complexity, and past experience. Market research involves obtaining information specific to the item being acquired and should include whether the needs can be met by items of a type customarily available in the commercial marketplace; items of a type customarily available in the commercial marketplace with modifications; or items used exclusively for governmental purposes.

Customary practices regarding customizing, modifying or tailoring of items to meet customer needs and associated costs and customary practices, including warranty, buyer financing, discounts, contract type considering the nature and risk associated with the requirement, etc., under which commercial sales of the products or services are made should also be considered. The distribution and support capabilities of potential suppliers, including alternative arrangements and cost estimates; and the size and status of potential sources are also criteria.

Techniques for conducting market research may include contacting knowledgeable individuals in Government and industry regarding market capabilities to meet requirements; reviewing the results of recent market research undertaken to meet similar or identical requirements; publishing formal REQUESTS FOR INFORMATION in appropriate technical or scientific journals or business publications; participating in interactive, on-line communication among industry, acquisition personnel, and customers; obtaining source lists of similar items from other contracting activities or agencies, trade associations or other sources; reviewing catalogs and other generally available product literature published by manufacturers, distributors, and dealers or available on-line; conducting interchange meetings or holding pre-solicitation conferences to involve potential offerors early in the acquisition process.

The Analysis of Alternatives ensures that at least three feasible alternatives are analyzed prior to making costly investment decisions. It establishes and benchmarks metrics for Cost, Schedule, Performance and Risk depending on business "needs" derived from the business process analysis and discussions with the sponsor and stakeholders. It embodies a fair and competitive atmosphere, moving away from employing a single acquisition source to the exploration of multiple alternatives so agencies have a basis for funding the best possible projects in a rational, defensible manner considering risk and uncertainty.

To assess the overall feasibility, break each alternative solution down into components and rate the feasibility of each component. Components include technology, people, processes, assets, and other factors.
Market research should be conducted during or after the project has been initiated and prior to finalization and definition of the procurement strategy (i.e., selection of procurement method and steps). Information from other agencies, marketplace, customary industry practices, or from other sources for similar projects may be analyzed. Depending on the scenario, surveys may be conducted to obtain specific types of information. Another approach is to utilize industry experts, such as Forrester and Gartner, to determine baseline costs or industry standards and to use those numbers as a basis to further define requirements and the procurement strategy. Price/cost estimates from interested bidders/sources for the purposes of planning and budgeting may be requested for information purposes only. The extent of the market research depends on factors such as urgency, estimated contract amount, complexity, and past experience.