

Recommendation 87: Establish a market intelligence capability throughout DoD to facilitate communication that enhances the government's industry knowledge through open, two-way communication.

Problem

DoD needs greater and more consistent knowledge and insight regarding emerging technologies and capabilities in industry that could be leveraged to address current and future needs. Articulated in Recommendations 84–86 above, government officials are reluctant to, or believe they are prohibited from, engaging with industry due to the nature of procurement competitions, source selections, and the possibility of disclosing sensitive information. These misperceptions create an information barrier between government and industry that reduces the government's ability to foresee technology opportunities and expand industry participation and limits innovative and timely resolutions by industry.

Background

The relationship between acquisition officials and industry has been unnecessarily constrained. The government is typically risk adverse and restricts communications rather than pursuing dynamic partnership with industry. Industry perceives the government as unable or unwilling to foster ongoing relationships beyond specific programs or capabilities. Although industry is eager to share with the government, programs are reluctant to engage with industry because officials misunderstand the distinction between ongoing, open, and interactive market research and the more constrained solicitation and source selection phases at which communications restrictions exist. Market research should be an ongoing process focused broadly on capabilities research and evolving technologies and focused narrowly in support of researching requirements for a particular program.

Market research is typically accomplished through limited and controlled engagements with industry or Internet searches. This approach leads to missed opportunities for DoD to gain insight into technology advancements and to proactively use knowledge to inform development of future requirements and strategic plans. Meanwhile, industry is missing the opportunity to gain insight into DoD's future needs.

Industry is looking to do the following:

- Share innovative new technologies and their development and/or trajectories with the government.
- Gain insight into the government's future needs and acquisitions strategies.
- Seek ways to respond better to RFPs/RFQs.
- Help the programs solve current and future needs and requirements.

DoD officials are constrained as follows

- Concerned about sharing too much information that could jeopardize acquisition strategies, source selections or result in future protests.
- Unwilling to meet with industry one-on-one during market research, believing it may give the appearance of favoritism.
- Focused on execution of current programs and not resourced to gather broader market intelligence for current and future applications.

Discussion

Government officials say they fear engaging in open and transparent dialogues with industry could lead to future protests.¹ U.S. agencies, which once owned “technology superiority and fielded cutting-edge technologies now find that off-the-shelf solutions may be more advanced than the solutions they are working on.”² Open communication and information sharing would reduce industry’s investment in non-value-added development activities, enabling companies to offer better solutions more efficiently. Enhanced communication and information sharing would improve DoD’s ability to identify opportunities, particularly in emerging technologies and small businesses, which could decrease acquisition lead time needed to deliver innovative solutions to warfighters.

OFPP addressed this issue in 2011 when it published the first of three *myth busting* memos focused on improved communications with industry. Of note, the memo substantiates that “early, frequent, and constructive engagement with industry is especially important for complex, high-risk procurements.”³ The value of such interactions is not limited to one specific category of procurement but rather to the entire defense enterprise. The need exists for skilled, knowledgeable executives in the structures developed under the portfolio management concepts proposed in Section 2, for Military Service cohorts to gather market intelligence about technologies and capabilities in support of inventory managers and institutional buyers throughout DoD. This market intelligence capability would result in a continual assessment of market research and technology trajectories, and identify potential implications for applying this intelligence real-time to the program, PEO (PAE), military service leadership, and other DoD acquisition executives. Senior leaders would use this market intelligence regarding the path of technology and state of the market to inform and shape program strategies.

To maximize market intelligence capability, cohorts of experienced, knowledgeable acquisition professionals would need to understand the short- and long-term mission, technical requirements, and acquisition outlook. Market intelligence cohorts could reach out to industry seeking knowledge of existing products, technology, and project trajectories, and their potential future use or application throughout the entire acquisition lifecycle from requirements definition through sustainment.

¹ Various government officials, interviews/data-gathering meetings with Section 809 Panel, February–March 2018.

² “The Red Queen Problem – Innovation in the DoD and Intelligence Community,” Steve Blank, October 17, 2017, accessed October 30, 2018, <https://steveblank.com/2017/10/17/the-red-queen-problem-innovation-in-the-dod-and-intelligence-community>.

³ OMB Memorandum, “Myth-Busting”: Addressing Misconceptions to Improve Communication with Industry During the Acquisition Process, February 2, 2011, accessed October 30, 2018, <https://www.whitehouse.gov/omb/management/office-federal-procurement-policy>.

Conclusions

DoD needs to establish an enduring market intelligence capability to facilitate continual two-way communications with industry about the factors impacting the marketplace, including developing institutional knowledge on business cycles and the influence of factors such as geography and scarcity on economic fluctuations. Market intelligence responsibilities would include the following:

- Conduct market and technology research and conduct site visits.
- Represent the program/PEO (PAE)/Military Services/and other acquisition executives to industry.
- Identify and participate in relevant conferences, tradeshow, and other technology exchange venues to collect, establish, and maintain awareness of emerging technologies.
- Gain understanding and knowledge of technology, research, and development, and use it to decrease acquisition cycles, increase capabilities, and provide optimal solutions to warfighters.
- Provide market intelligence assessments and recommendations to the program/PEO (PAE)/Military Services/and other acquisition executives to inform and support requirements development and strategic planning.

Implementation

Legislative Branch

- There are no statutory changes required for this recommendation.

Executive Branch

- Establish market intelligence capability for programs, PEOs (PAEs), and Military Services. Individuals fulfilling the market intelligence role should,
 - Maintain in-depth knowledge of the technology, mission, and strategic needs of program, PEO, Military Service, or Defense Agency to effectively communicate current and future needs.
 - Gather intelligence on current and emerging technologies across key industries relative to the primary mission space and operational requirements of the program(s) and identify potential application of technologies.
 - Support the program, PEO (PAE), Military Service, and Defense Agency capability and technology roadmaps to inform and advise the future requirements writers of technology developments, maturity, and potential innovative applications of technology.

Implications for Other Agencies

- There are no cross-agency implications for this recommendation.