8(a) Contracting Trends

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April 20, 2016

Kathleen Sievers
Senior Manager, Research
Deltek, Inc.

Small Business Contracting Series: Insights to Remain Competitive

- **Small Business Outlook & Contracting Trends**
  Wednesday, March 30, 2016, 11:00 AM EDT
- **SDVOSB Contracting Trends**
  Tuesday, April 12, 2016, 11:00 AM EDT
- ★ **8(a) Contracting Trends**
  Wednesday, April 20, 2016, 11:00 AM EDT
- **HUBZone Contracting Trends**
  Thursday, May 12, 2016, 11:00 AM EDT
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  Tuesday, June 14, 2016, 11:00 AM EDT
- **Secrets for Finding Success in Partnering with Primes**
  Tuesday, July 12, 2016, 11:00 AM EDT
- **Winning Your First Prime Contract**
  Thursday, August 18, 2016, 11:00 AM EDT
- **Making the Most of SLED Small Business Programs**
  Wednesday, November 09, 2016, 02:00 PM EST

Recordings and Slides Available:

- **Small Business Outlook & Contracting Trends**
  - Budget Trends and Outlook
  - Small Business Contracting Trends
  - Regulatory Update
  - Keys to Success
- **SDVOSB Contracting Trends**
  - Small Business Contracting Trends
  - SDVOSB Contracting Trends
  - SDVOSB Opportunity Outlook

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8(a) Program Overview

8(a) Contracting Trends

8(a) Opportunity Trends

Summary

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8(a) Program Overview

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8(a) Program Eligibility

Source: SBA, SBA OIG Report 16-13, Deltek

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8(a) Program Goals and Benefits

Goals

- Help businesses gain access to the economic mainstream
- Help businesses gain a foothold in government contracting

Benefits

- Specialized Training
- 8(a) Set-aside Competitive Contracts
- Joint Ventures
- 8(a) Sole-source Contracts
- Mentor-Protégé Program

Source: SBA

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8(a) Program Progression

Graduation, Exit or Termination
Succeed or Fail based on ability to reach and exceed targets.

Transitional Stage: Years 5-9
Increase of Non-8(a) Business Activity from 15% to 55% by final year.

Developmental Stage: Years 1-4
Maintain balance of Commercial and Government business.

8(a) Program Entrance
Fulfill eligibility requirements, SBA Certified.

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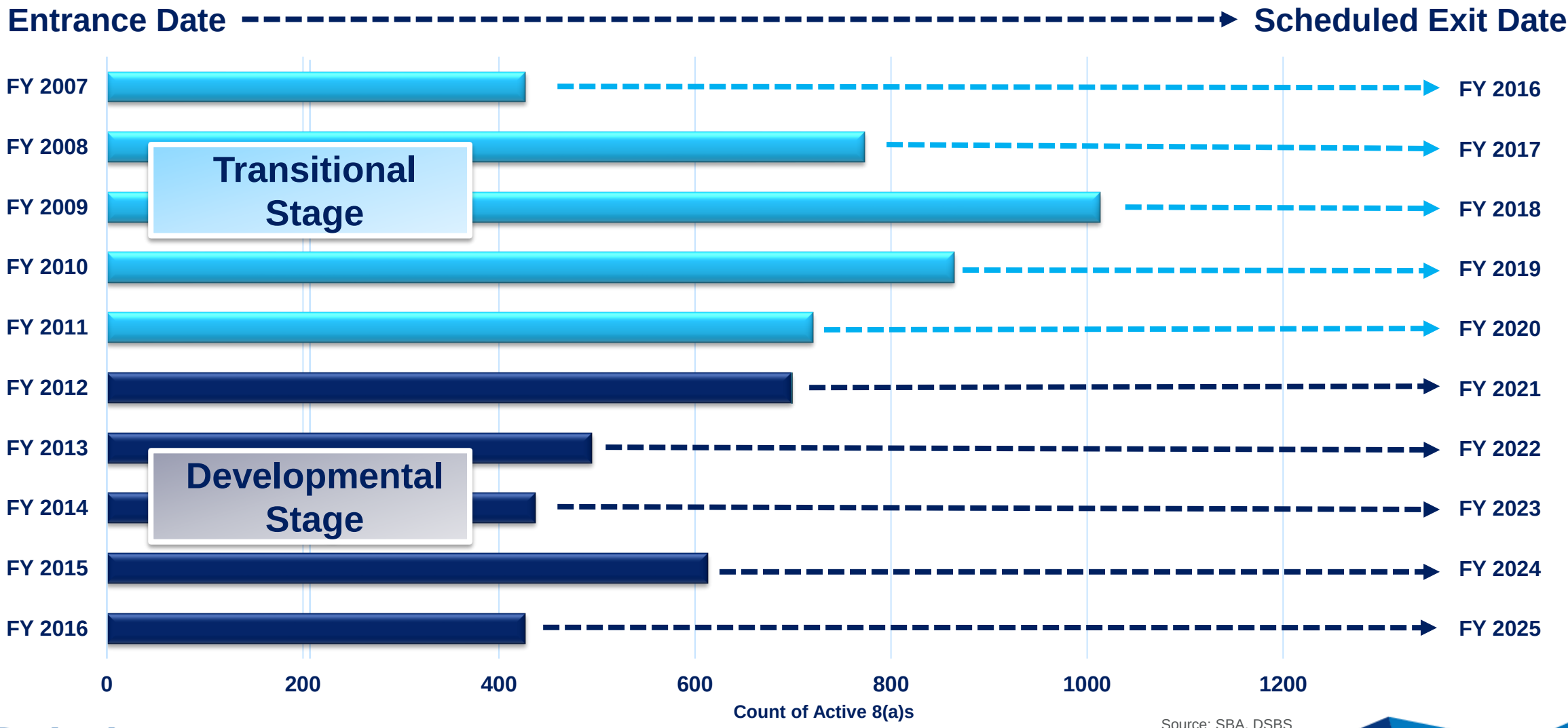
Active 8(a) Firms – Entrance and Exit Dates



Source: SBA, DSBS

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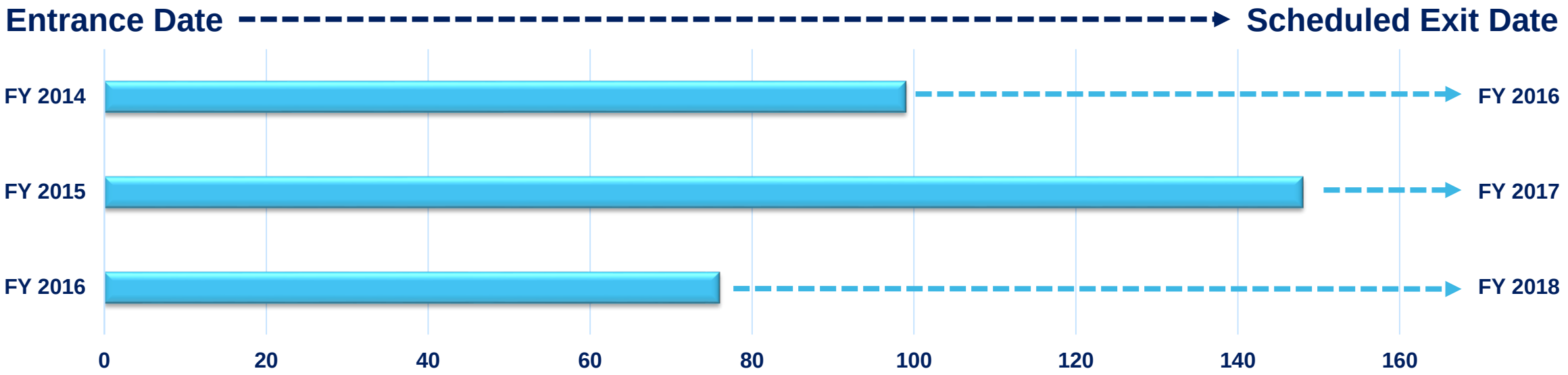
Active 8(a) Joint Venture (JV) Entrance and Exit Dates



Formed to pursue specific contract

Can be awarded up to 3 contracts during 2 year period

Past Performance from Each Partner*

*Alliant 2: Will ONLY accept past performance as performed by existing partnership – NOT individual partners

Source: SBA, DSBS, Deltek, Alliant 2 DRFP, GovWin IQ Opp ID # 106640

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8(a) and Other Socioeconomic Categories

SB and SDB | **WOSB** | **HUBZone** | **SDVOSB**

8 companies = WOSB + HUBZone + SDVOSB

158 companies = WOSB + HUBZone

73 companies = WOSB + SDVOSB

60 companies = HUBZone + SDVOSB

Source: Deltek

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8(a) Contracting Trends

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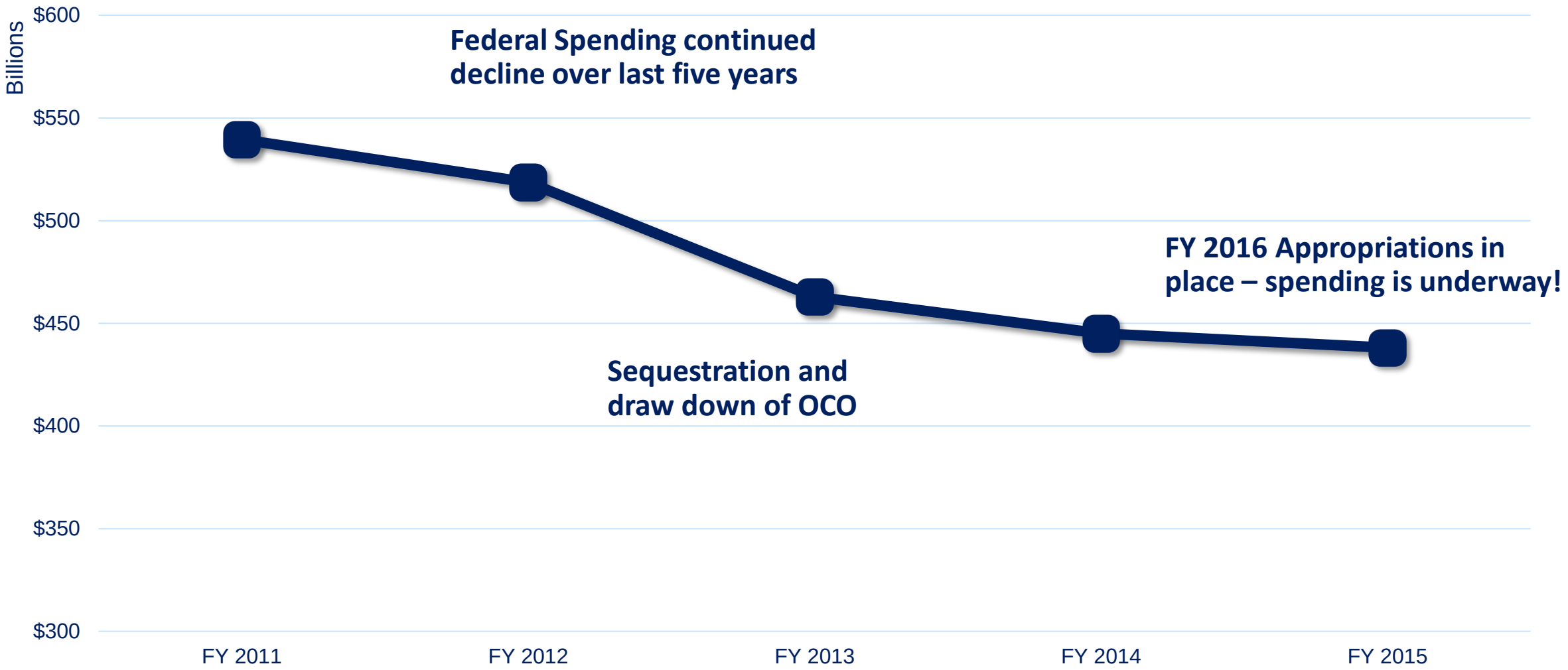
Federal Contract Spending



Source: Deltek

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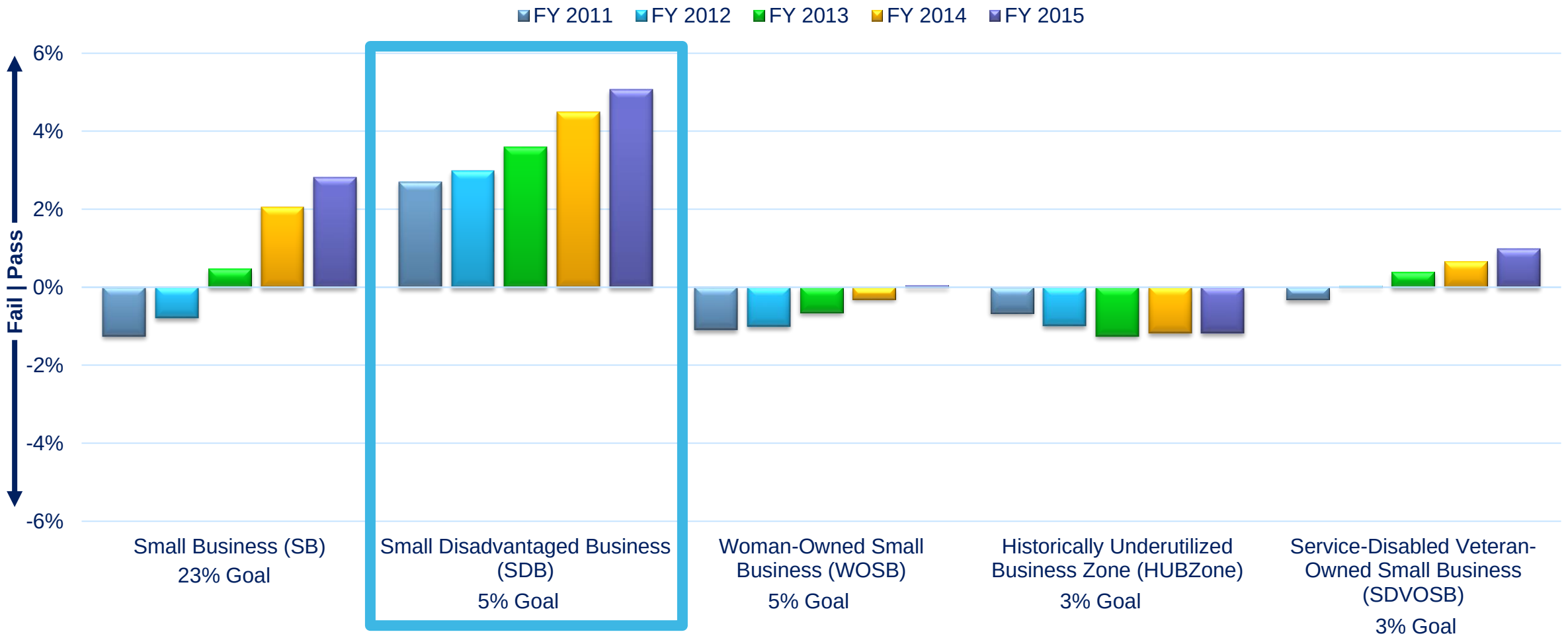
Government-Wide Small Business Prime Contracting Goals: Pass/Fail, FY 2011 – FY 2015



Source: Small Business Procurement Scorecards (FY 2011-FY 2014), Small Business Dashboard (FY 2015), Deltek

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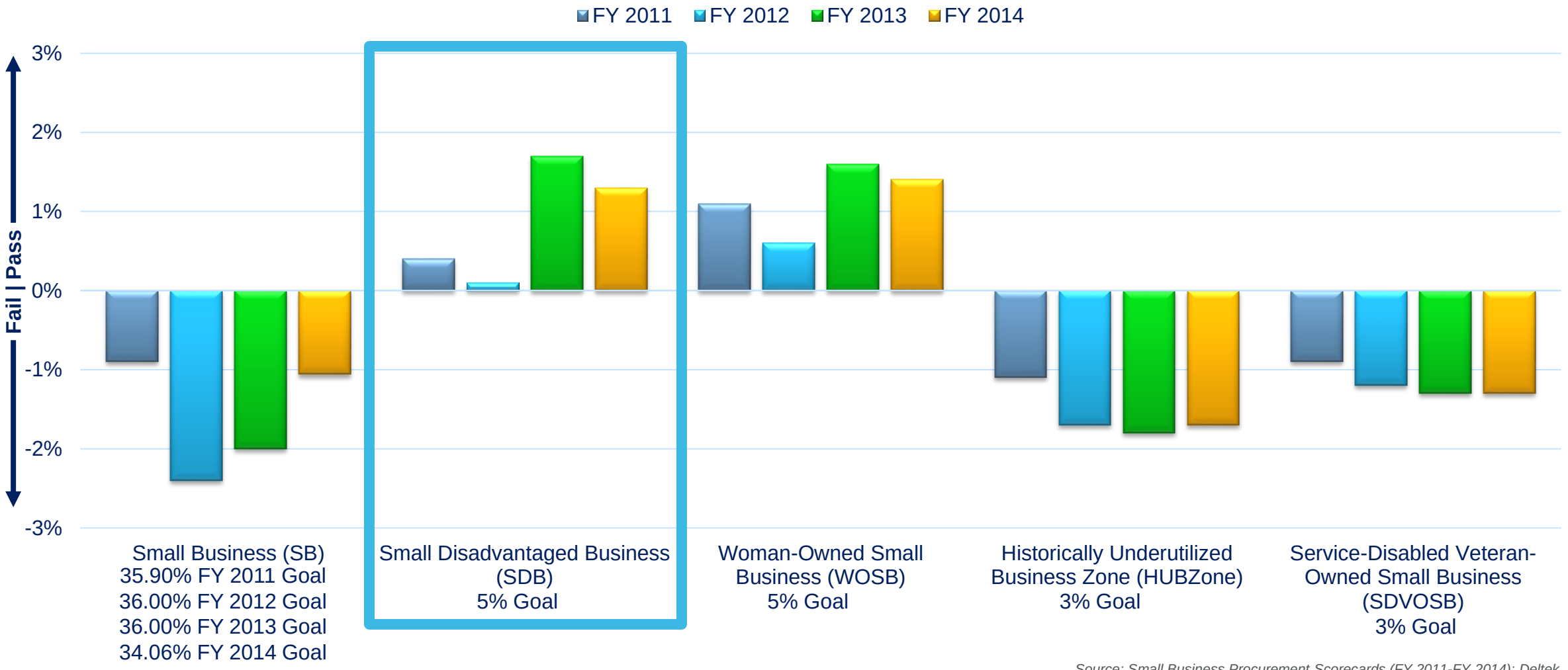
Government-Wide Small Business Subcontracting Goals: Pass/Fail, FY 2011 – FY 2014



Source: Small Business Procurement Scorecards (FY 2011-FY 2014); Deltek

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Top Agencies Small Business Prime Contracting Goals: Pass/Fail – FY 2015

Department	Eligible Dollars $B	Small Business $B	SB Goal	Percentage above or below the Prime Contracting Goal				
					Goal = 5%		Goal = 3%	
				SB	★SDB	WOSB	HUBZone	SDVOSB
Department of Defense	$212.99	$52.39	21.6%	3.00%	4.51%	-0.59%	-1.14%	0.45%
Energy	$23.00	$1.25	6.0%	-0.58%	-2.52%	-3.88%	-2.61%	-2.30%
Health and Human Services	$21.07	$4.91	23.0%	0.31%	5.65%	2.51%	-2.27%	-1.68%
Veterans Affairs	$19.91	$6.35	32.0%	-0.12%	2.52%	-2.03%	-1.30%	14.86%
National Aeronautics and Space Administration	$14.41	$2.51	17.0%	0.38%	3.76%	-1.58%	-2.33%	-2.29%
Homeland Security	$13.88	$4.72	32.0%	2.02%	9.68%	2.32%	1.02%	2.38%
Justice	$6.81	$2.00	27.5%	1.85%	4.49%	1.09%	-2.14%	0.61%
Agriculture	$6.21	$3.09	53.0%	-3.20%	10.26%	4.72%	-0.01%	0.57%
Commerce	$4.16	$1.80	37.0%	6.24%	13.49%	8.39%	-1.54%	1.95%
State	$3.85	$1.69	39.0%	4.92%	18.17%	4.76%	0.21%	2.84%
General Services Administration	$3.70	$1.64	32.0%	12.20%	16.49%	4.28%	1.39%	1.80%
Interior	$2.81	$1.55	53.0%	2.09%	18.43%	7.61%	2.25%	1.55%
Treasury	$2.71	$0.94	35.0%	-0.27%	10.31%	4.21%	1.13%	0.84%
Education	$2.59	$0.74	20.0%	8.44%	0.48%	4.02%	-2.78%	-2.10%
Labor	$1.96	$0.68	30.0%	4.90%	16.51%	5.01%	-0.76%	0.22%
Agency for International Development	$1.88	$0.34	14.0%	4.30%	6.93%	-1.30%	-2.84%	0.39%
Social Security Administration	$1.66	$0.65	33.5%	5.93%	4.66%	7.77%	-1.68%	-0.13%
Transportation	$1.55	$0.79	44.0%	6.85%	17.63%	4.04%	7.75%	0.59%
Environmental Protection Agency	$1.55	$0.62	40.0%	-0.15%	10.24%	2.00%	-1.66%	1.37%
Housing and Urban Development	$1.19	$0.46	38.0%	0.20%	20.35%	7.36%	-2.31%	-0.51%

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Source: SBA Dashboard, Deltek

Top Agencies Small Business Subcontracting Goals: Pass/Fail – FY 2014

Department	SB Goal	Percentage above or below the Subcontracting Goal				
			Goal = 5%		Goal = 3%	
		SB	★ SDB	WOSB	HUBZone	SDVOSB
Department of Defense	36.70%	-3.50%	-0.40%	0.70%	-1.50%	-0.90%
Energy	50.00%	-0.60%	5.00%	5.30%	-0.10%	-0.70%
Health and Human Services	33.00%	-0.50%	0.40%	2.10%	-2.10%	-1.60%
Veterans Affairs	17.00%	1.60%	-2.40%	-2.30%	-2.60%	-2.40%
National Aeronautics and Space Administration	36.00%	4.70%	7.30%	5.00%	-1.00%	0.00%
Homeland Security	43.00%	3.40%	4.00%	5.30%	-1.50%	0.10%
Justice	42.00%	-8.20%	1.10%	1.30%	-2.30%	-1.40%
Agriculture	21.50%	4.60%	-3.20%	-3.00%	-2.50%	-2.90%
Commerce	30.00%	19.60%	2.70%	7.10%	-1.10%	1.60%
State	46.00%	-7.80%	-1.60%	1.60%	-2.00%	-1.40%
General Services Administration	25.00%	3.70%	4.90%	2.10%	-2.70%	-2.30%
Interior	40.00%	4.60%	4.40%	3.00%	-1.80%	-0.50%
Treasury	28.00%	16.20%	5.10%	8.20%	-1.70%	-1.00%
Education	15.17%	15.33%	0.00%	3.10%	-2.50%	-2.30%
Labor	55.00%	5.90%	10.80%	11.30%	1.90%	0.60%
Agency for International Development	23.00%	6.30%	1.00%	2.90%	-2.30%	-0.60%
Social Security Administration	50.00%	0.30%	6.70%	2.90%	-2.80%	-0.50%
Transportation	50.00%	-3.20%	4.00%	3.10%	-1.70%	-1.20%
Environmental Protection Agency	55.00%	8.50%	15.30%	14.00%	0.90%	-0.10%
Housing and Urban Development	55.00%	11.30%	2.60%	9.20%	-2.30%	0.60%

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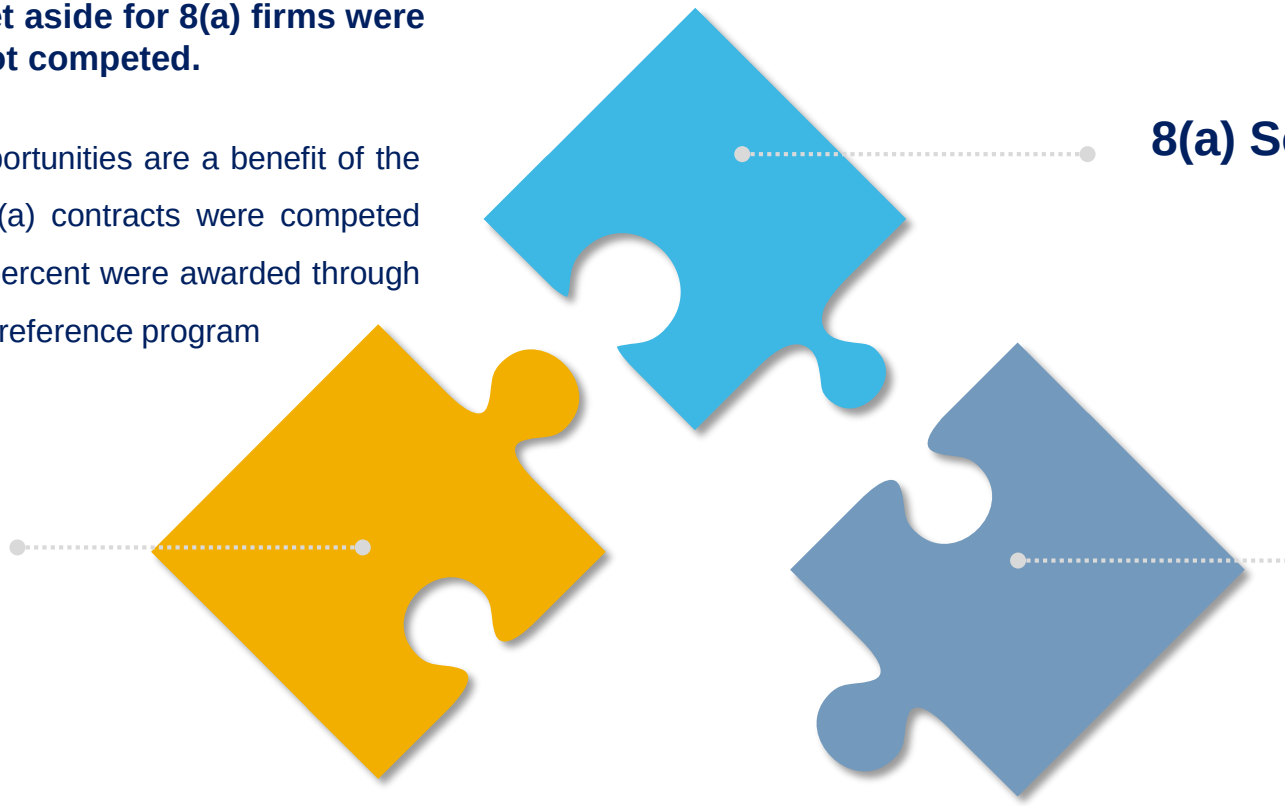
Source: SBA Procurement Cards, Deltek

8(a) Set-aside Types

51% **Of FY 2015 Contract Dollars set aside for 8(a) firms were not competed.**

Sole source contract opportunities are a benefit of the 8(a) program. 49% of 8(a) contracts were competed and less than 1/10 of a percent were awarded through the 8(a) with HUBZone Preference program



8(a) Sole Source

8(a) Competitive

8(a) with HUBZone Preference

Source: FPDS, Deltek

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8(a) Contract Spending

78% **of 8(a) Firms received 100% of federal contract dollars**

Of Firms with Reported Spending:

35% **reported received federal contract dollars in their first year of the 8(a) program.**

9% **did not have any reported federal contract spending until the Transitional Stage of the 8(a) program.**

Source: FPDS, Deltek

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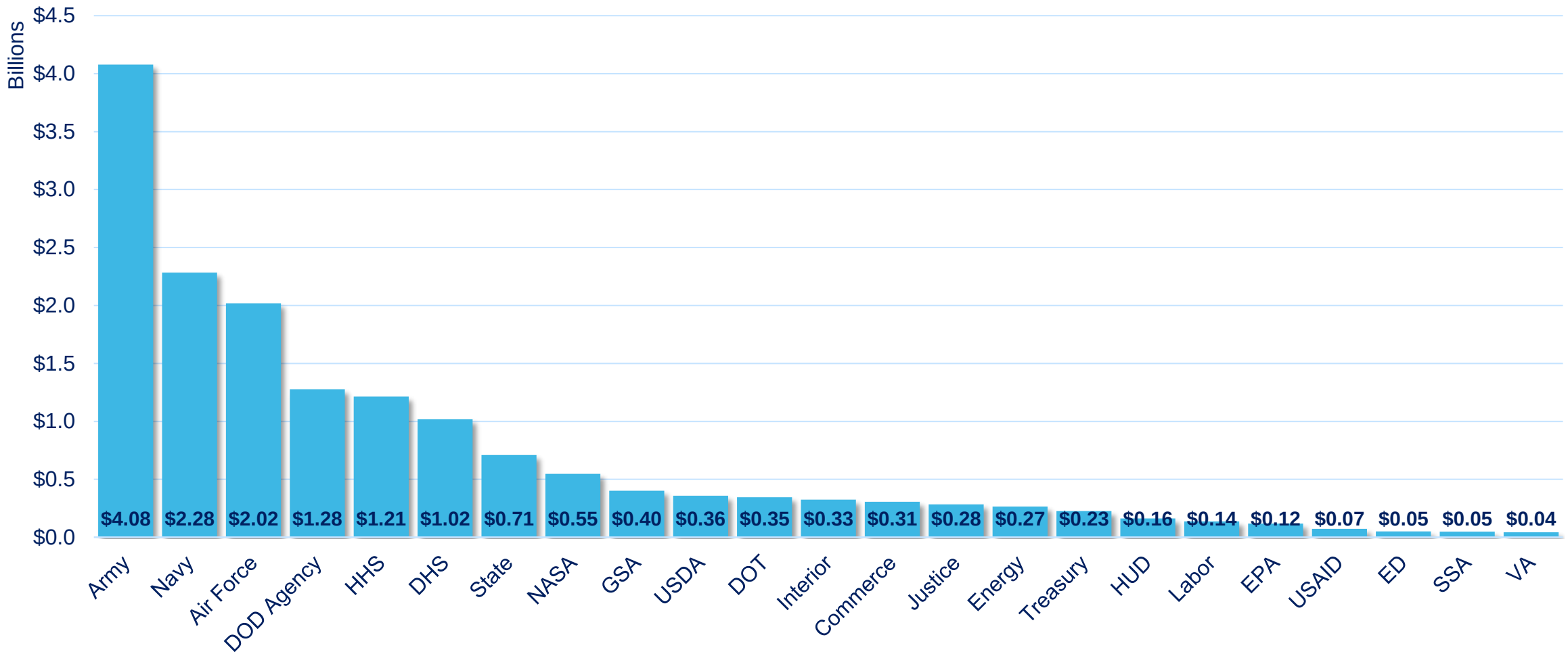
Top Agencies 8(a) Set-Aside Contract Spending, FY 2015



Source: FPDS, Deltek

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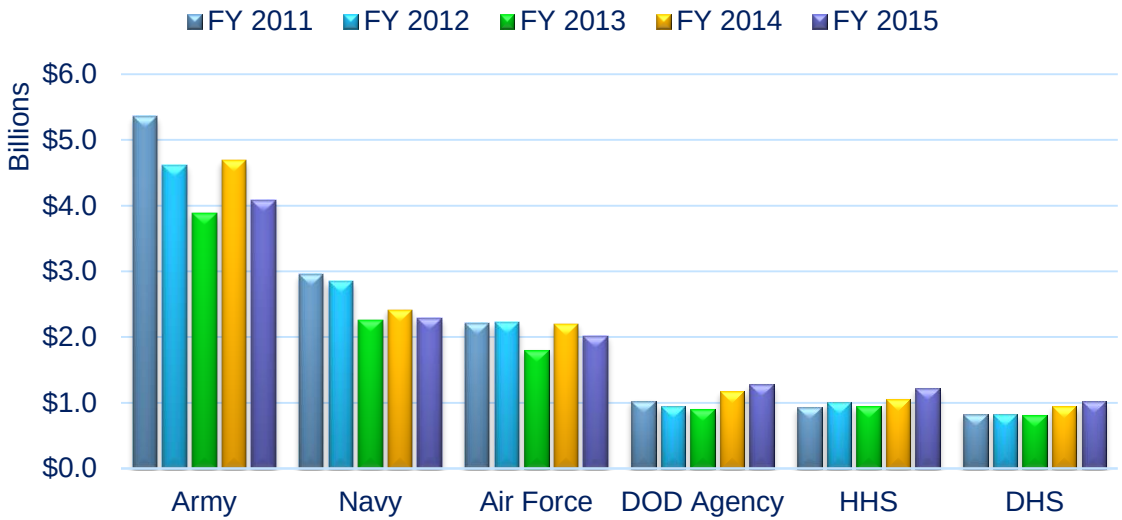
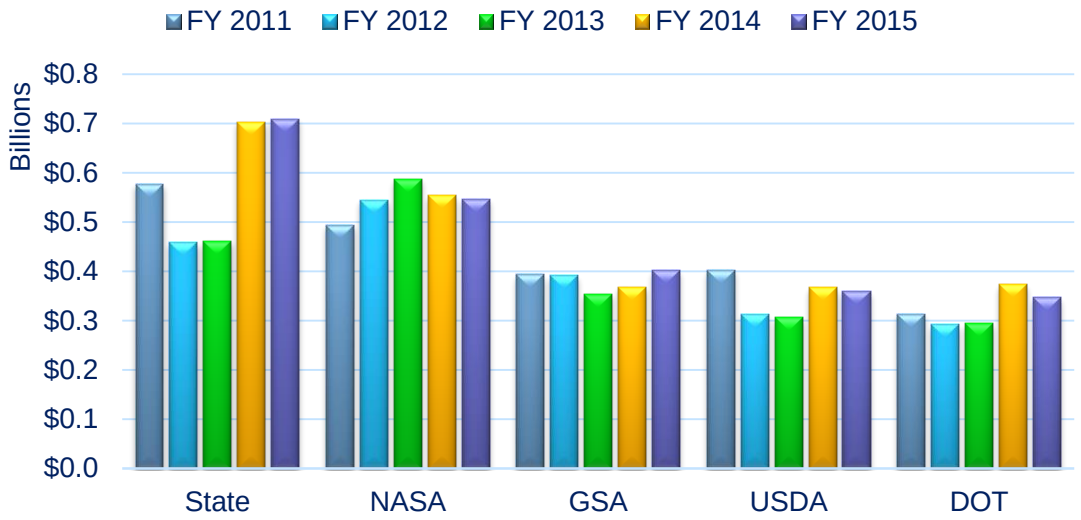
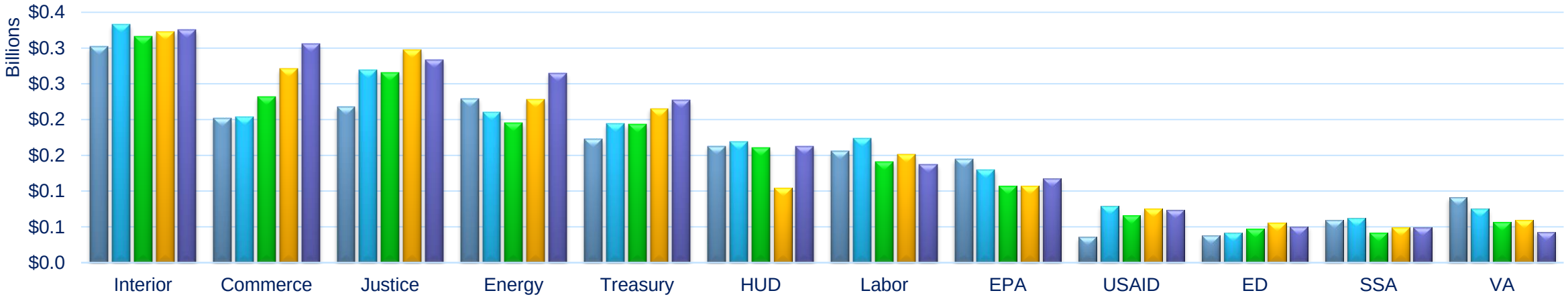
Top Agencies 8(a) Set-Aside Contract Spending, FY 2011- 2015







Source: FPDS, Deltek

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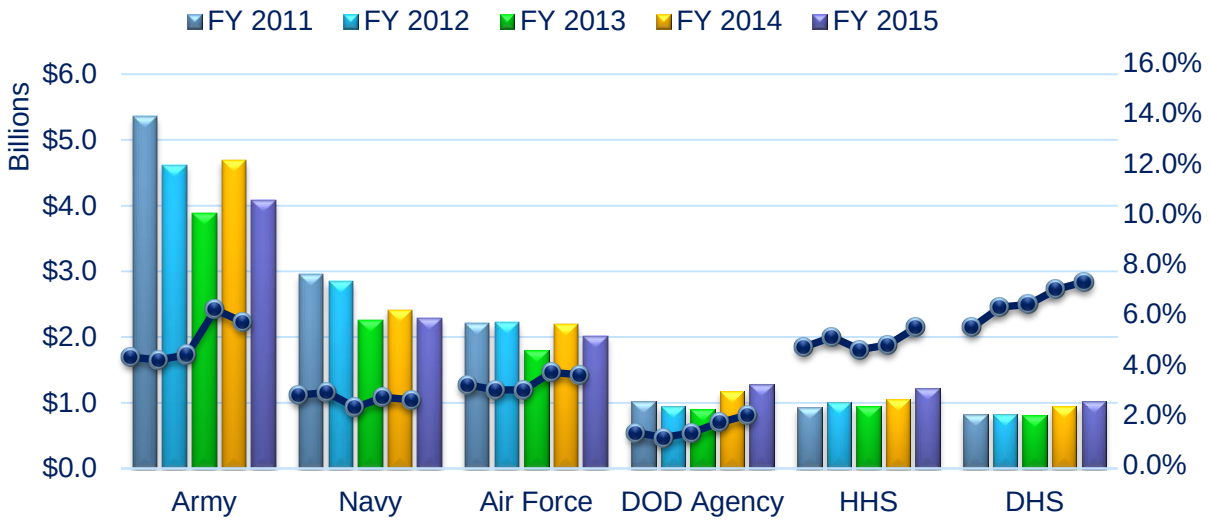
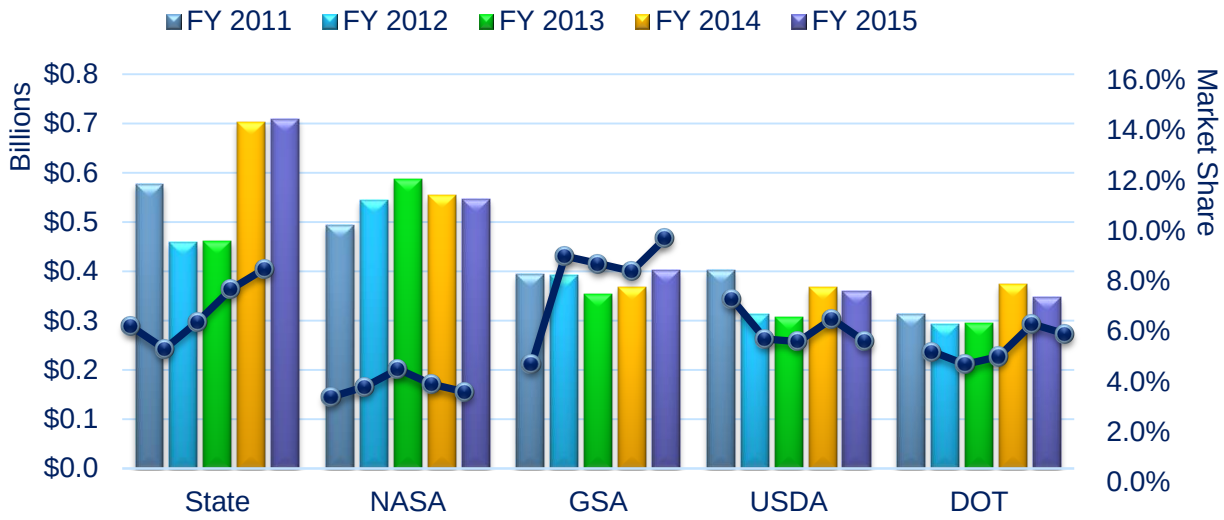
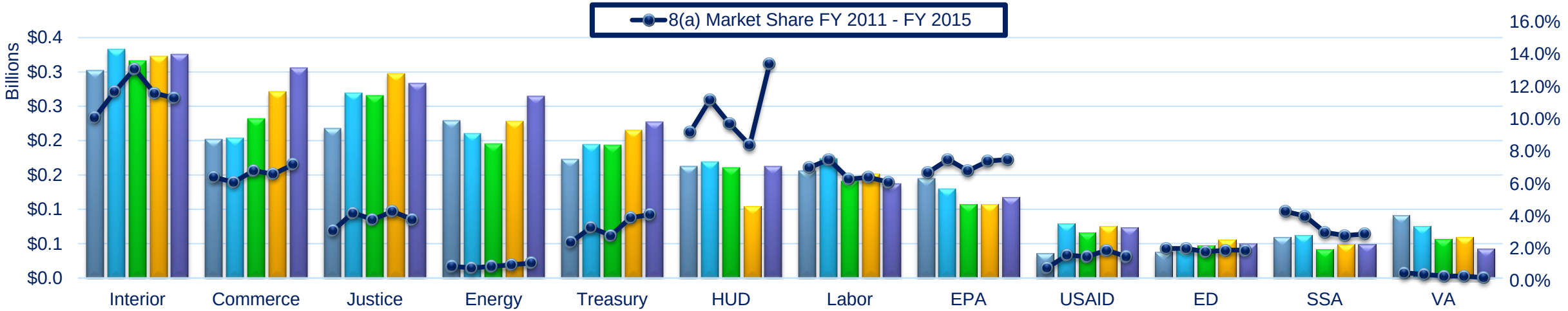
Top Agencies 8(a) Set-Aside Contract Spending vs Market Share, FY 2011- 2015







Source: FPDS, Deltek

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Key Agencies for 8(a)?

Big Budget

- Army
- Navy
- Air Force
- DOD Agencies
- HHS
- DHS

Big Market Share

- HUD
- Interior
- GSA
- State
- EPA
- DHS

Limited Opportunity

- VA
- USAID
- Education
- SSA

Source: FPDS, Deltek

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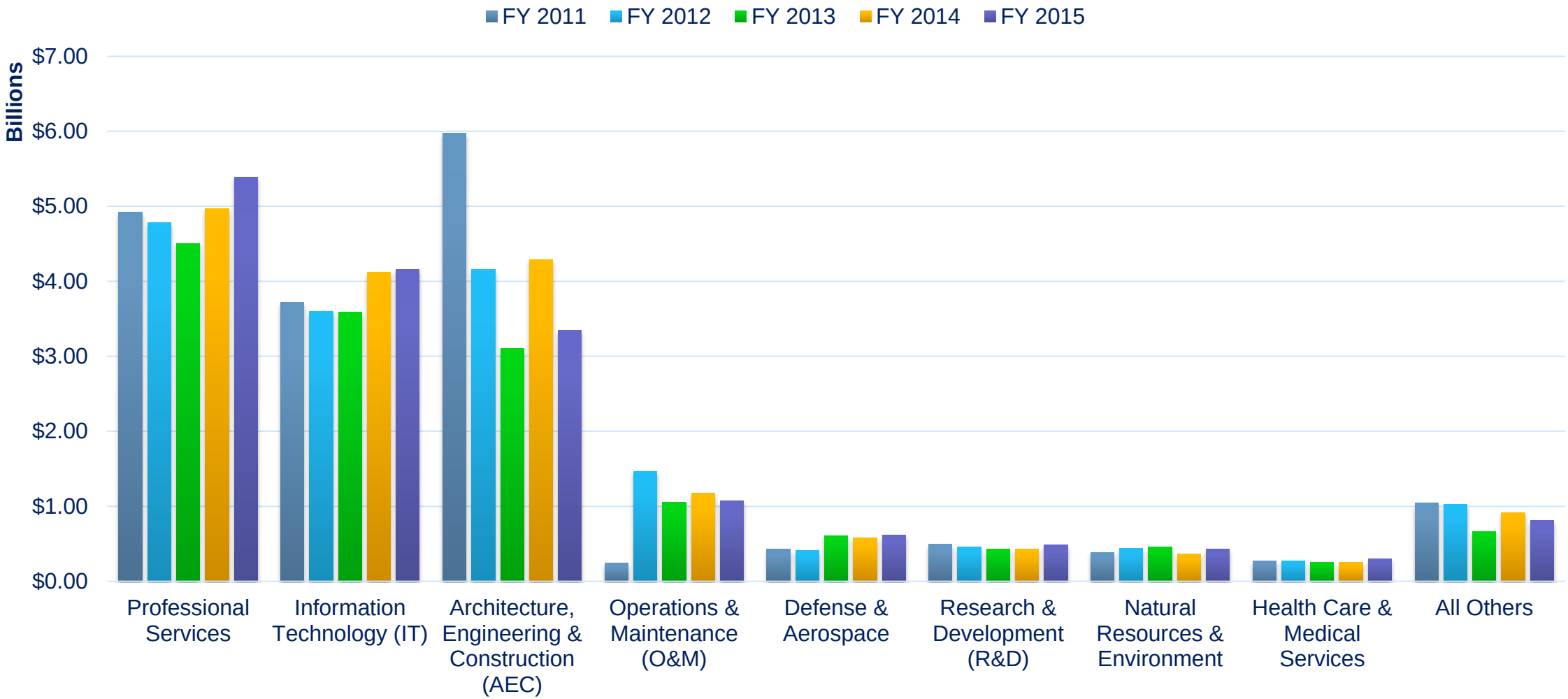
Top Industries 8(a) Set-Aside Contract Spending, FY 2011- 2015



Source: FPDS, Deltek

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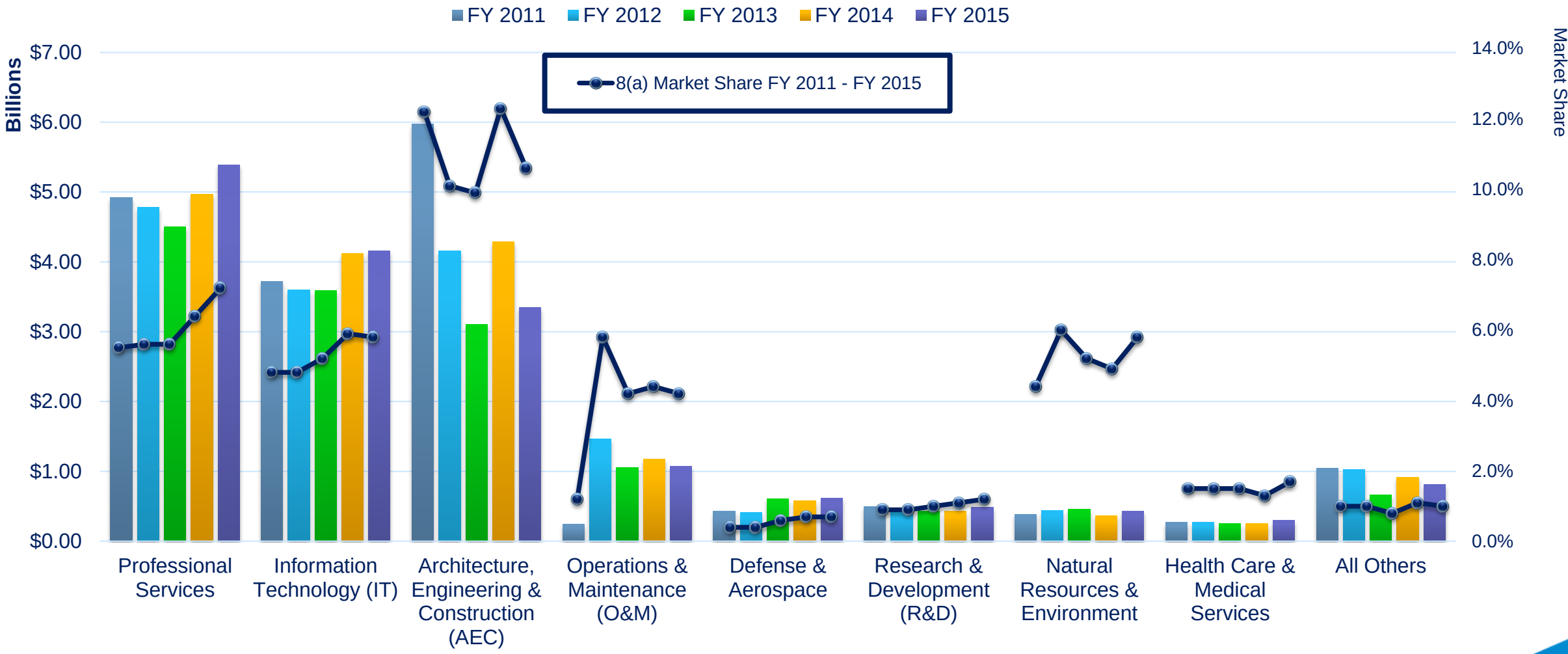
Top Industries 8(a) Set-Aside Contract Spending vs Market Share, FY 2011- 2015



Source: FPDS, Deltek

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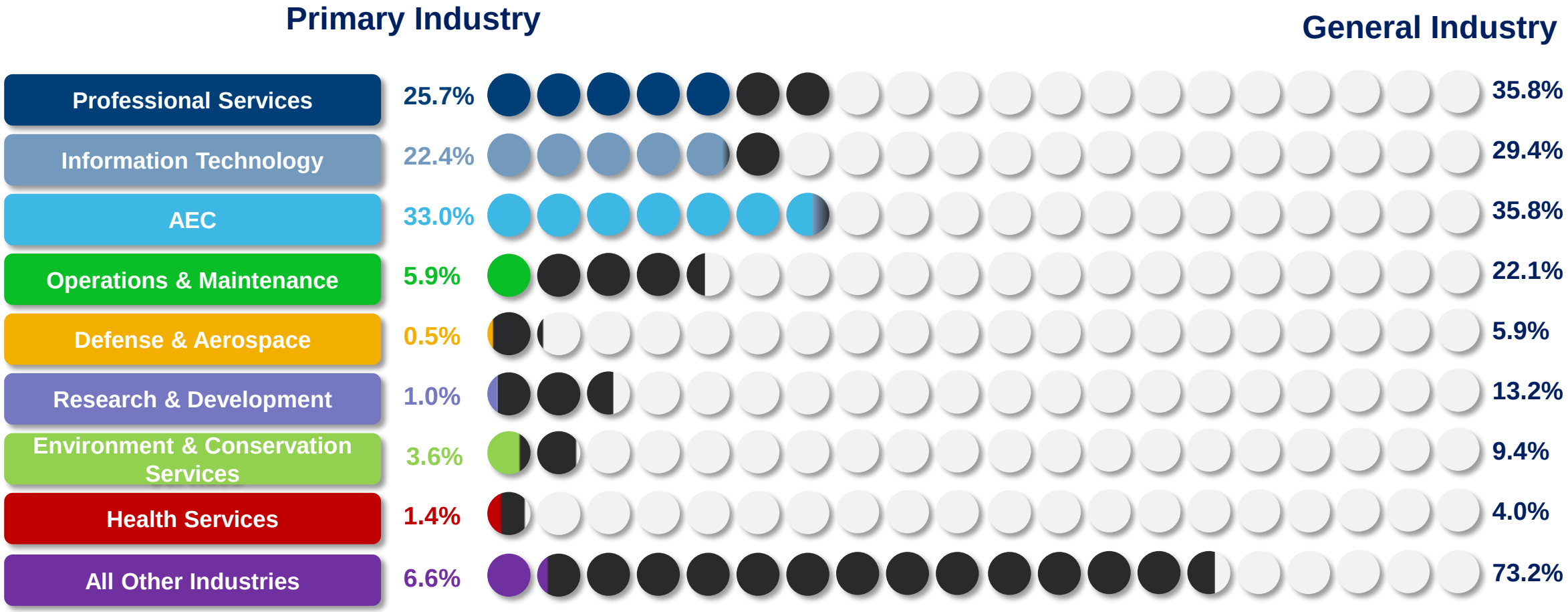
Active 8(a) Program Participants per Industry



Source: SBA, Deltek

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Key Industries for 8(a)?

Big Budget

- Professional Services
- Information Technology
- Architecture, Engineering & Construction
- Operations & Maintenance

Big Market Share

- Architecture, Engineering & Construction
- Professional Services
- Furniture & Appliances
- Information Technology

Limited Opportunity

- Medical / Laboratory Equipment & Products
- Food & Sanitary Products
- Engines & Mechanical Equipment
- Chemicals, Fuels, Lubricants & Oils

Source: FPDS, Deltek

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8(a) Opportunity Trends

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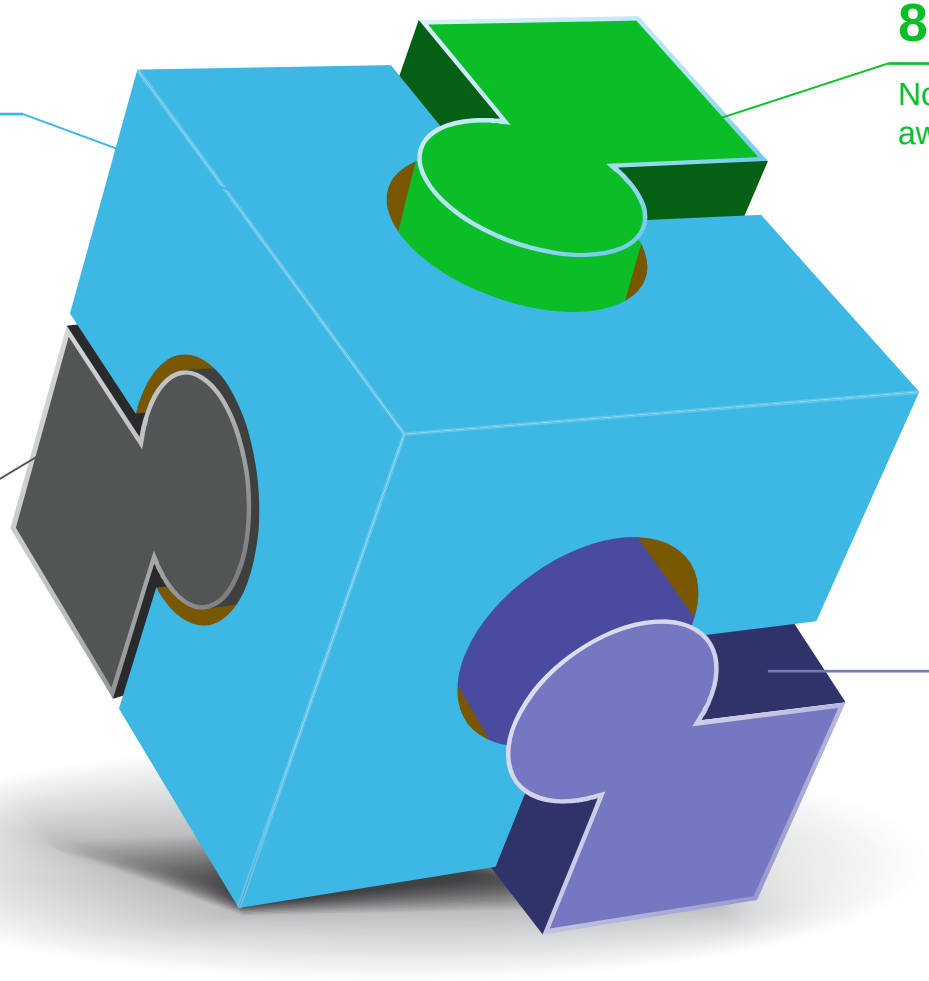
Opportunity Landscape

8(a) Set-aside

Competitive opportunities set-aside solely for 8(a) firms

8(a) Sole Source

Non-competitive opportunities awarded only to 8(a) firms



Partial 8(a)

Multiple-award Opportunities where one or more awards are set-aside for 8(a) firms

Teaming

Opportunities challenging for an 8(a) to prime, but ripe for a JV or Subcontract arrangement

Source: Deltek, GovWin IQ Opportunity ID # 57736 and 88962

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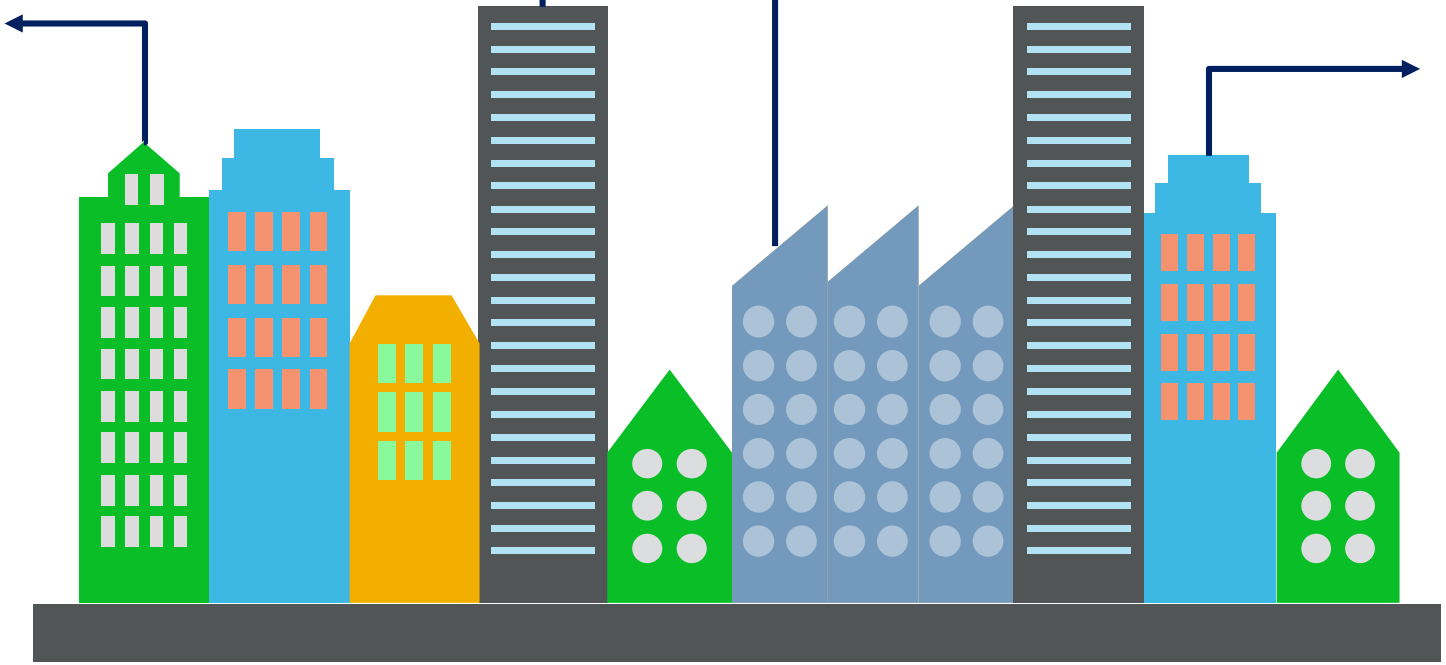
Exiting 8(a)s Create Potential Prime Contracting Opportunities

$2.4 Billion
for 8a set-aside contracts expiring in FY 2017 / FY 2018 where incumbent is scheduled to exit 8(a) program prior to contract expiration

$2.1 Billion
for 8a set-aside contracts expiring in FY 2017 / FY 2018 where incumbent is scheduled to exit 8(a) program after contract expiration

19%
of incumbents are scheduled to exit the 8(a) program within one year prior to contract expiration

20%
of incumbents are scheduled to exit the 8(a) program within one year after contract expiration



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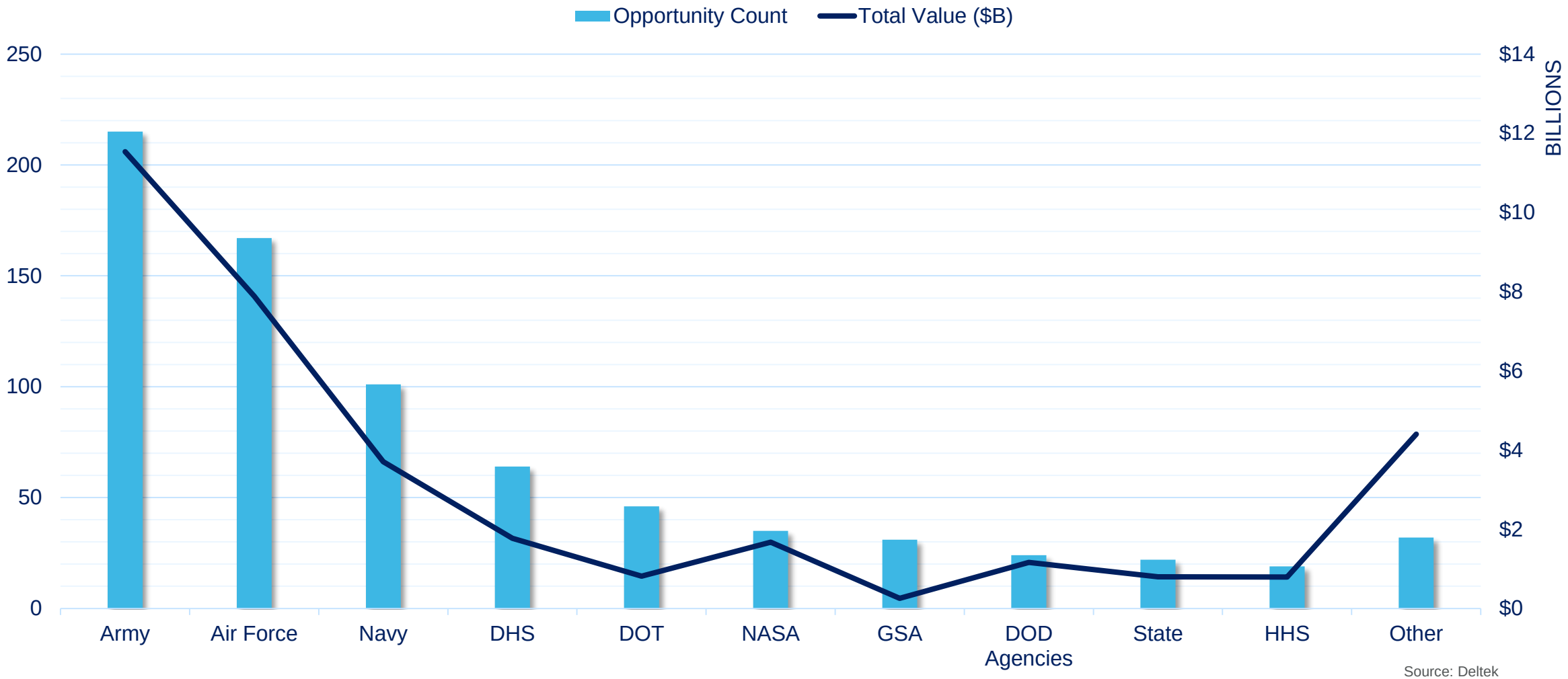
Source: FPDS, Deltek

8(a) Pre-RFP Opportunities: Agency versus Total Value



Source: Deltek

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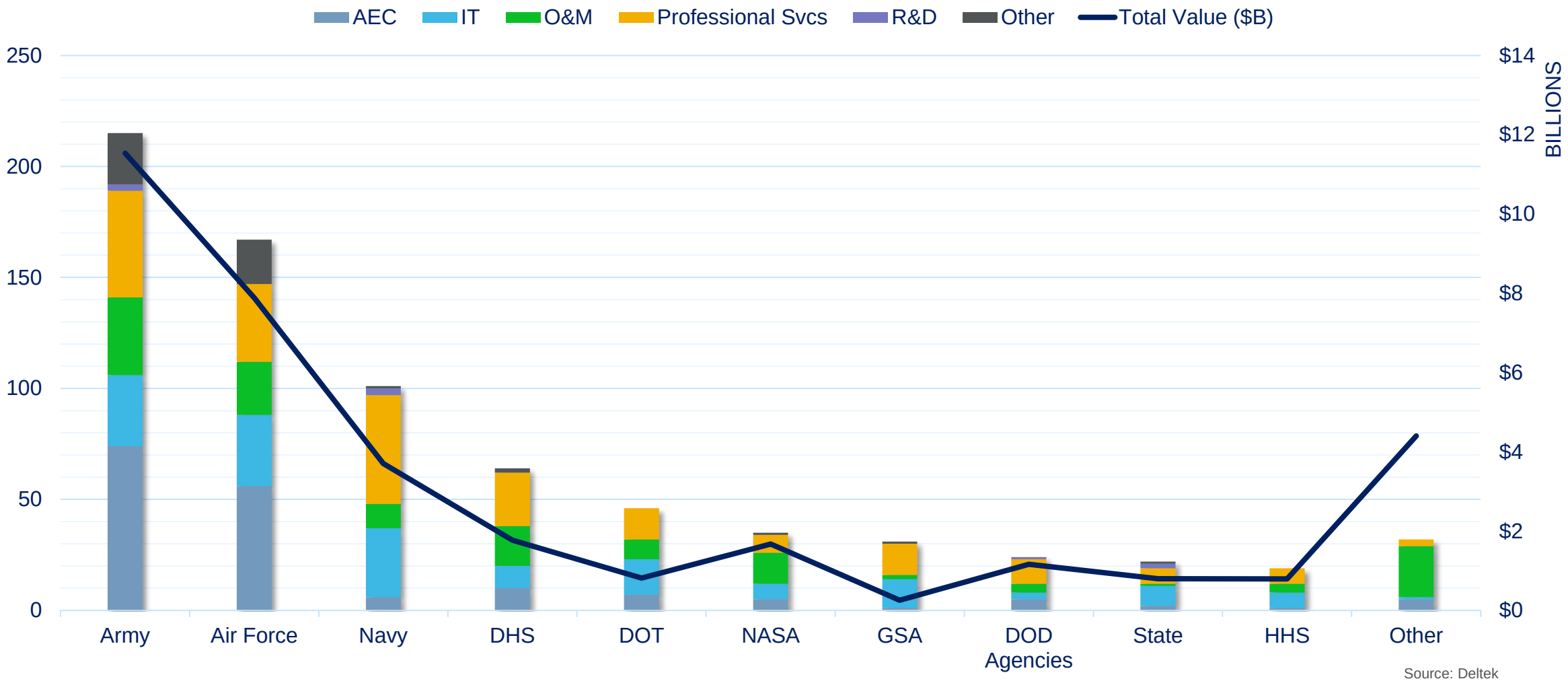
8(a) Pre-RFP Opportunities: Type of Work by Agency versus Total Value



Source: Deltek

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Key Opportunities for 8(a)?

★ Read more about AF 8(a) IT Opportunities in Deltek's Federal Opportunity Advisor Report! http://more.deltek.com/8a-IT-Opp-within-the-Air-Force

Agencies

- DOD (Army, Air Force, Navy, DOD Agencies)
- Homeland Security
- General Services Administration
- Health and Human Services

Industries

- Architecture, Engineering & Construction
- Operations & Maintenance
- Professional Services
- Information Technology

Opportunities

	RFP*	Value*
★ Information Technology Desktop Support Services at Robins AFB (# 87217)	Q1 FY17	$69M
USCG C4IT Engineering Development Integration & Support Services (CEDISS) (# 108572)	Q1 FY17	$450M
Interior's Acquisition Support and Administrative Services (# 103918)	Q1 FY17	$29M
Major IDIQs – If you can't prime, sub		

Source: FPDS, Deltek
*RFP Date and Value are Deltek Estimates

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Summary

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Summary

22% **of 8(a) Firms received 0% of federal contract dollars**

Don’t let your company miss out on federal contracting opportunities. Don’t risk 8(a) program termination.

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How to Leverage GovWin

- **Finding & Tracking Opportunities**
  - Identify future planned small business opportunities
  - Identify expiring contracts to target for small business recompetes
- **Account Planning and Customer Intelligence**
  - Research and purchasing patterns on over 1,300 federal organizations
- **Partner and Competitor Intelligence**
  - Key primes in government agencies
  - Subs that can augment your capabilities
  - Existing small business competitors
- **Regulatory and Market Intelligence**
  - Research, webinars and events to keep you abreast of market and regulatory trends
- **Opportunity and Proposal Management Solutions**
  - Purpose built for government contractors
  - Priced for the small business enterprise

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