

Government IT Contractors Best Practices Study

Results Summary

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About the Study

1. An online survey of decision makers and influencers from commercial companies serving the federal government was conducted from February 25 – March 9, 2009.
2. There were 228 responses to this survey, affording a margin of error of $\pm 6.5\%$ at a 95% level of confidence.

Key Points of Interest

1. Win rates on re-competes: 18% of respondents indicated less than 20% win rate
 30% of respondents indicated 21-75% win rate
 52% of respondents indicated higher than 75% win rate

Win rates on new bids: 24% of respondents indicated less than 20% win rate
 26% of respondents indicated 21-40% win rate
 41% of respondents indicated 41-75% win rate
 9% of respondents indicated higher than 75% win rate
2. From a list of 18, the top four challenges contractors will face over the next 12 months included changes in agency strategies/initiatives with the new administration (58%); achieving growth in a sluggish and uncertain economy (44%); leveraging existing solutions into new markets/agencies (35%); and attracting and retaining employees (33%).
 - a. Although not in the top four overall, aligning and adapting internal capabilities to agency requirements was more likely to be a challenge for respondents with higher win rates (lower win rates = 15%; higher win rates = 37%).
3. Respondents were split as to whether the Obama administration will create more opportunities or obstacles in winning government contracts over the next 12 months with 40% indicating more obstacles; 46% indicating more opportunities and the remainder indicating no effect.
 - a. Respondents with lower win rates were more likely to anticipate more opportunities (62% vs. 30% for higher win rate companies).
 - b. Respondents with higher win rates anticipate more obstacles (53% vs. 24% with lower win rates).
4. When asked about their budgets for next year, the majority of respondents (59%) believed their bid and proposal budget would increase over the next 12 months. Only 10% expected a decrease.

Nearly half (45%) predicted an increase to their marketing budget. However, one in five contractors (18%) believed there would be a decrease in their marketing budget over the next year.
5. From a list of 17 marketing tools, company website (90%), tradeshow/conferences (86%) and direct selling (84%) were used most in 2008 marketing efforts.
 - a. More companies with higher win rates reported use of print advertising as a marketing tool in 2008 (61% with higher win rates use print vs. 39% of companies with lower win rates).
 - b. Those with lower win rates were more likely to use email campaigns (67% vs. 22%) and online advertising (53% vs. 31%).

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6. More than half of government contractors reported they plan to increase use of direct selling (61%), company websites (54%), and white papers (52%) as part of their marketing mix in 2009. Tradeshows and print advertising will see the biggest decreases in 2009, at 28% and 19%, respectively.
 - a. More respondents from smaller companies indicated an increase in use of tradeshows/conferences (small at 29% vs. large at 11%), while respondents from larger companies were more likely to indicate a decrease in use of tradeshows/conferences (large at 39% vs. small at 23%).
 - b. Respondents with lower win rates were more likely to increase email campaigns (lower win rates at 56% vs. higher win rates at 22%) online advertising (lower at 36% vs. higher at 11%), and direct mail campaigns (lower at 30% vs. higher at 6%).

Other Study Highlights

7. Business development function structure:
 - a. Fully centralized (37%); fully decentralized (34%); only back office support functions are centralized (29%).
 - b. By solution area (29%); by agency (37%); hybrid (34%)

8. Fifty-eight percent (58%) of respondents believe civilian agencies will award more contracts in the next 12 months. And while 44% believe the number of defense contract awards will decrease, 22% believe they will increase.
 - a. Respondents with higher win rates were more likely to believe the number of defense contracts would decrease (higher at 57% vs. lower at 32%), while respondents with lower win rates were more likely to predict an increase in the number of defense contracts (lower at 32% vs. higher at 16%).

9. Out of 11 capture process steps included in the survey, there are four steps that companies with higher win rates are utilizing more than those with lower win rates:
 - a. Frequent review of capture plan and win strategy (75% for higher and 56% for lower)
 - b. Ensuring win themes/discriminators are communicated in the proposal document (83% for higher vs. 58% for lower)
 - c. Color team reviews (73% for higher vs. 42% for lower)
 - d. Evaluation of proposal lessons learned (81% for higher vs. 56% for lower)

10. Seventy-one percent (71%) expect their bid activity to increase in 2009; 18% remain the same; and 11% decrease.

11. Seventy-two percent (72%) of respondents had 10% or less of division revenue allocated to the bid and proposal budget: <4% = 42%; 5%-10% = 30%; 11%-20% = 14%; and more than 20% = 13%

12. From a list of 23, the top five business opportunities over the next 12 months included: Information Sharing (36%), Cybersecurity (36%), Health Care IT (31%); Legacy System Modernization (31%) and Enterprise Architecture (29%).

Demographics

1. Nearly half of respondents were Senior Executive or Corporate Management (44%). Just under one-quarter (23%) were in Sales or Business Development. A variety of other roles were represented in the sample.

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2. Respondents reported involvement in a variety of key business activities. Top areas included:
 - a. Systems Integration (59%)
 - b. System/Software Development (52%)
 - c. Professional/Business Services (49%)

3. Most (84%) respondents indicated their organization sold products and services to the federal government as both a prime and sub-contractor.

4. About two-thirds (65%) reported their company was organized into divisions or business units.

5. Company revenues (U.S. only):

Less than \$1M	11%
\$1M - \$9.9M	23%
\$10M - \$99.9M	27%
\$100M - \$999.9M	13%
More than \$1B	26%

6. Number of employees:

Less than 500 employees	59%
500 – 9,999 employees	16%
10,000 employees or more	25%

7. About one-third (37%) indicated their organization was classified as a small business.