

*Market Connections, Inc. and Deltek/Centurion Research Solutions present*

# THE NEW REALITY

The Impact of LPTA Procurements on  
Government Contracts and Solutions

OVERVIEW

OCTOBER 2013

*LPTA Impact Event Sponsors*

**GENERAL DYNAMICS**  
Information Technology

**BDO**

 **tmp**government  
THE DIGITAL BRAND AUTHORITY

# Objectives

- Gauge the impact of LPTA procurements on government and the contractors who serve them
- Understand perceptions of LPTA among government and contractors
- Assess LPTA's effect on the development and delivery of solutions to government
- Explore strategies being used by contractors to deal with the LPTA environment

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**#LPTA**



# Methodology

- Centurion Research Solutions, which was recently acquired by Deltek, conducted a search and analysis of FBO.gov and its Business Intelligence *Now*<sup>TM</sup> (biNOW<sup>TM</sup>) tool.
- Market Connections followed with an online survey of government contractors (360 responses) and federal employees (375 responses) in July 2013.

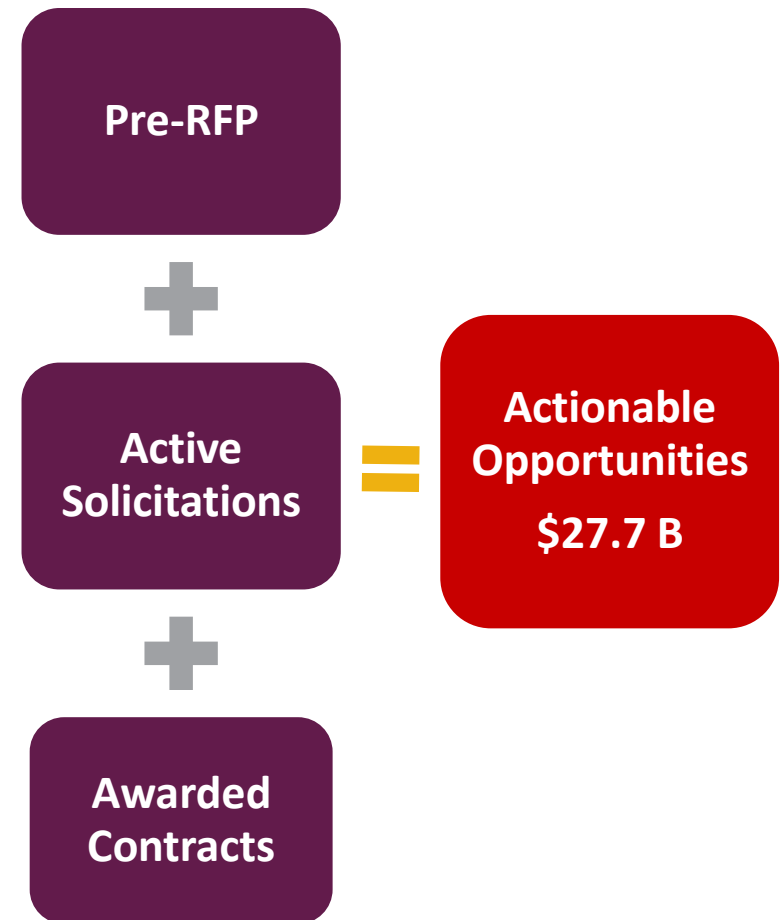


# Snapshot of the LPTA Procurement Landscape

DELTEK/CENTURION RESEARCH SOLUTIONS

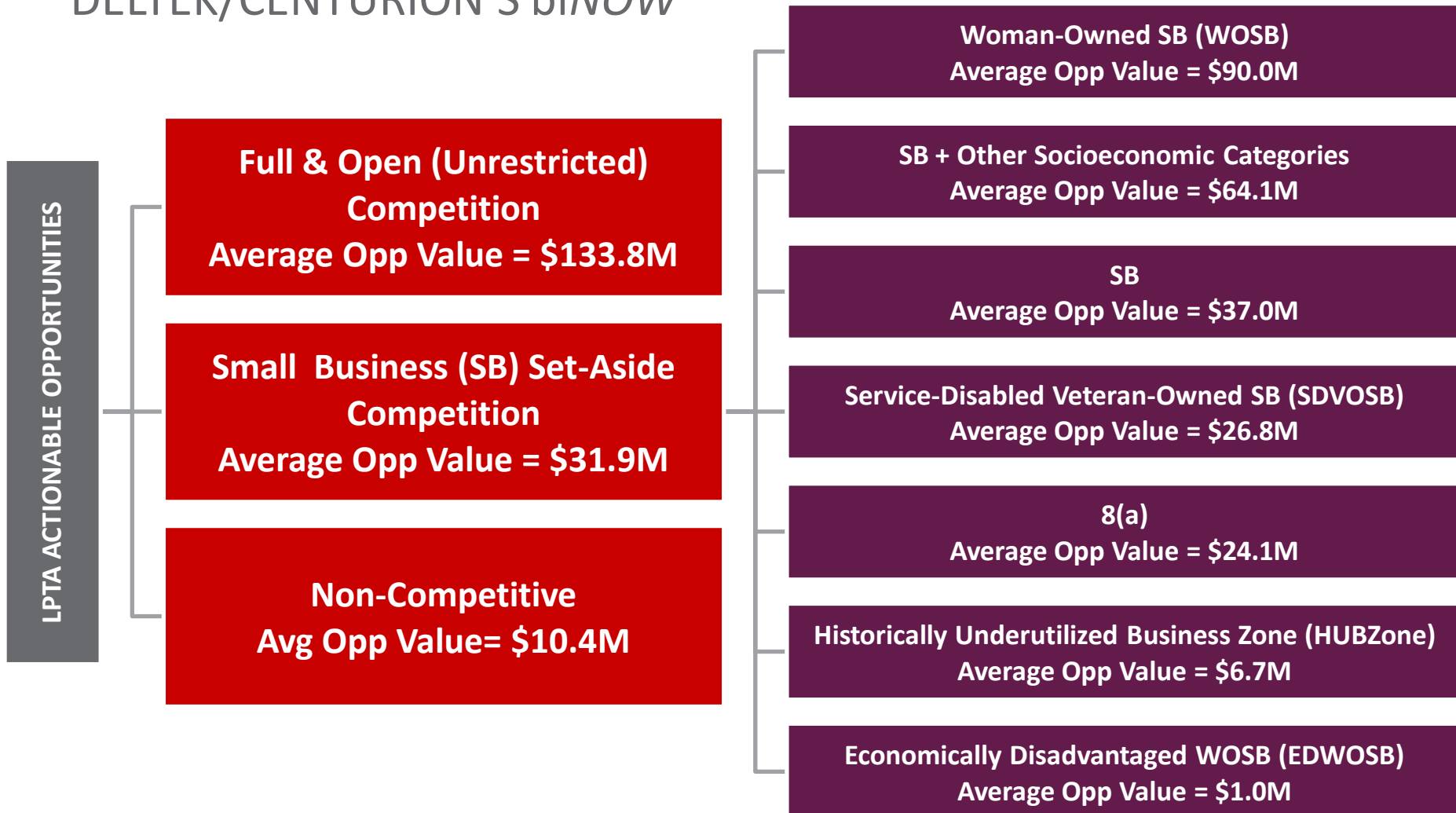
# Methodology: Deltek/Centurion Research

- Mined FedBizOpps ([www.fbo.gov](http://www.fbo.gov)) for opportunities with keywords “Lowest Price Technically Acceptable” or “LPTA”
- The volume of opportunities did not indicate any patterns or trends and values were not provided
- Deltek/Centurion’s biNOW™ tool identified \$27.7B in actionable LPTA opportunities

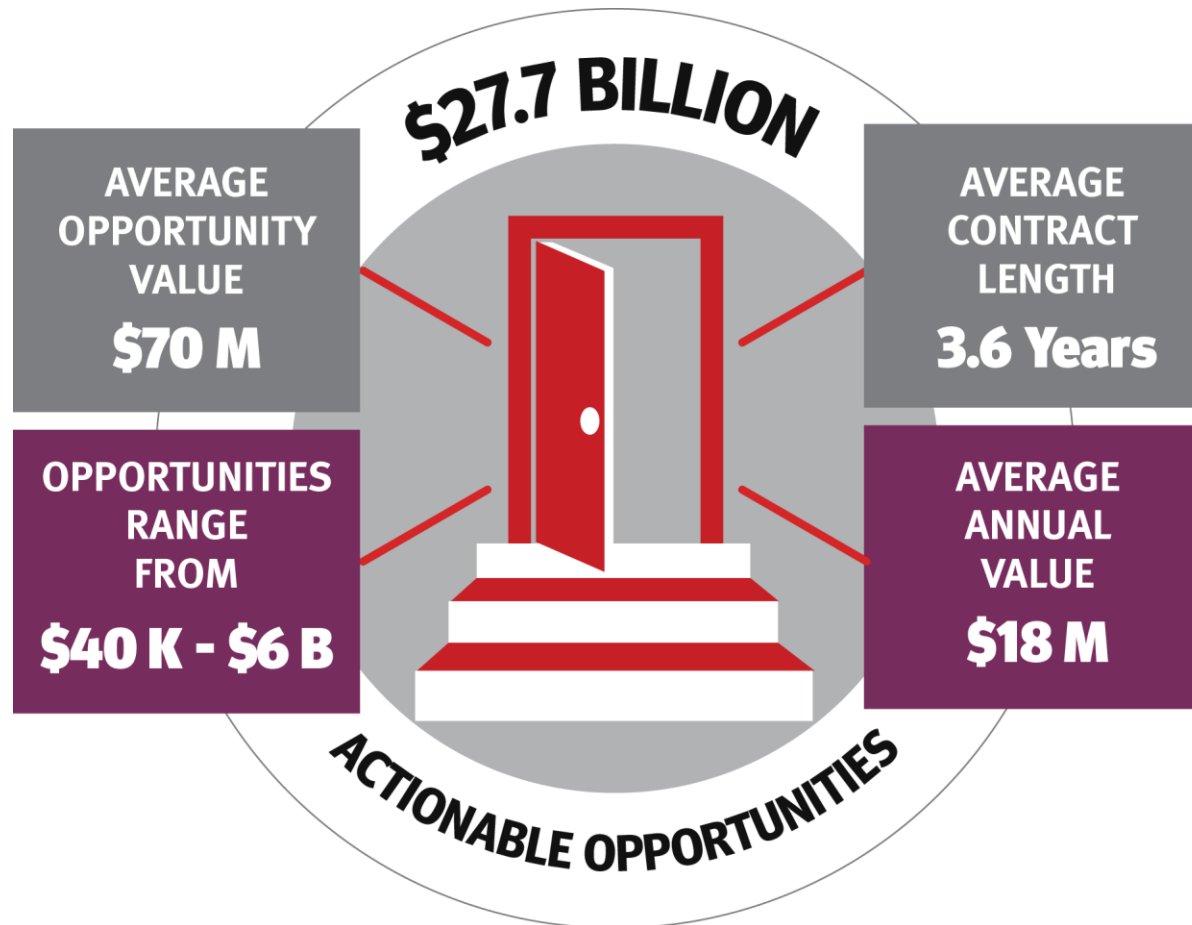


# LPTA Procurement Types

DELTEK/CENTURION'S biNOW™



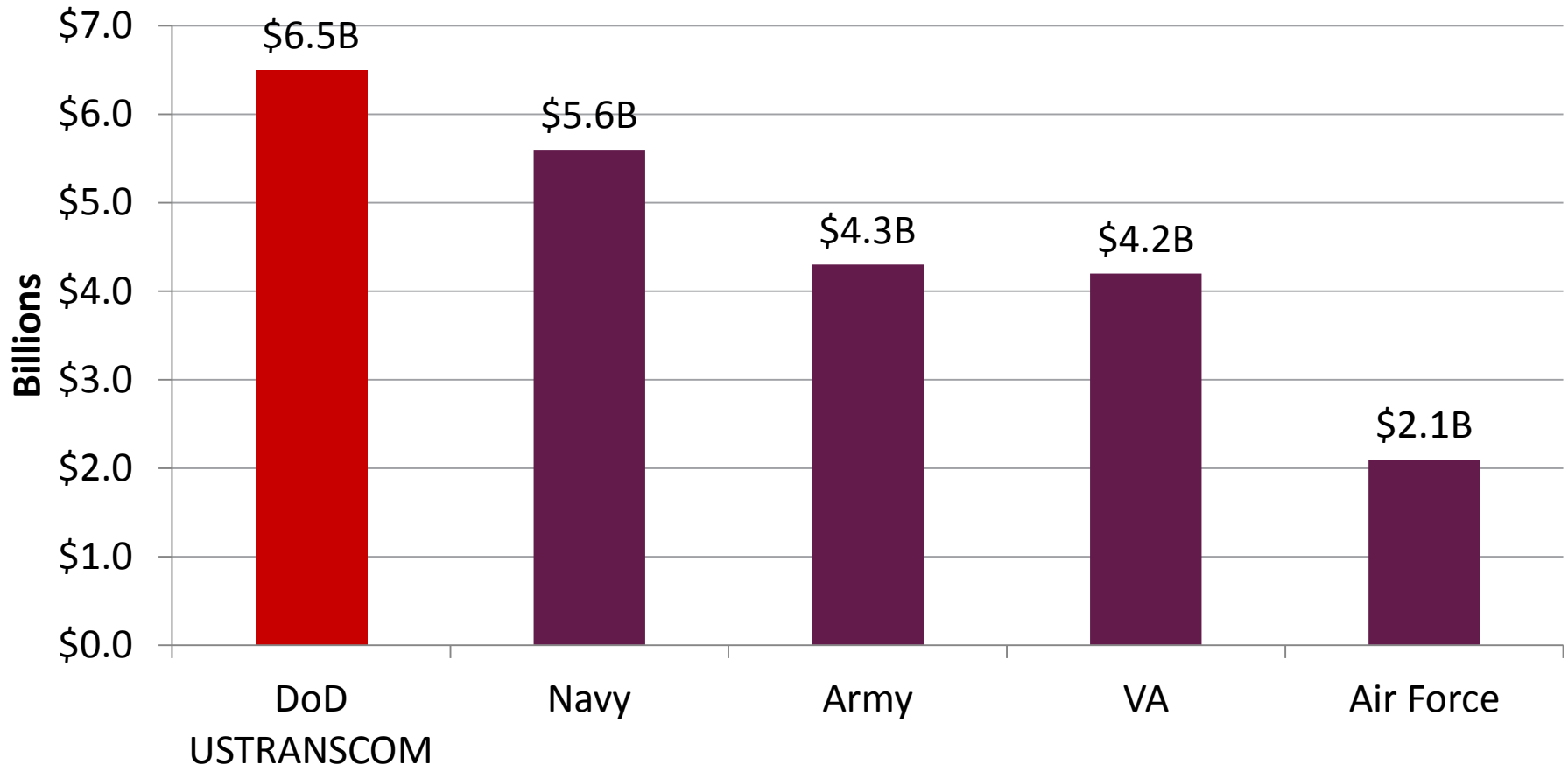
# LPTA Actionable Opportunity Overview



# Top LPTA Agencies – Overall

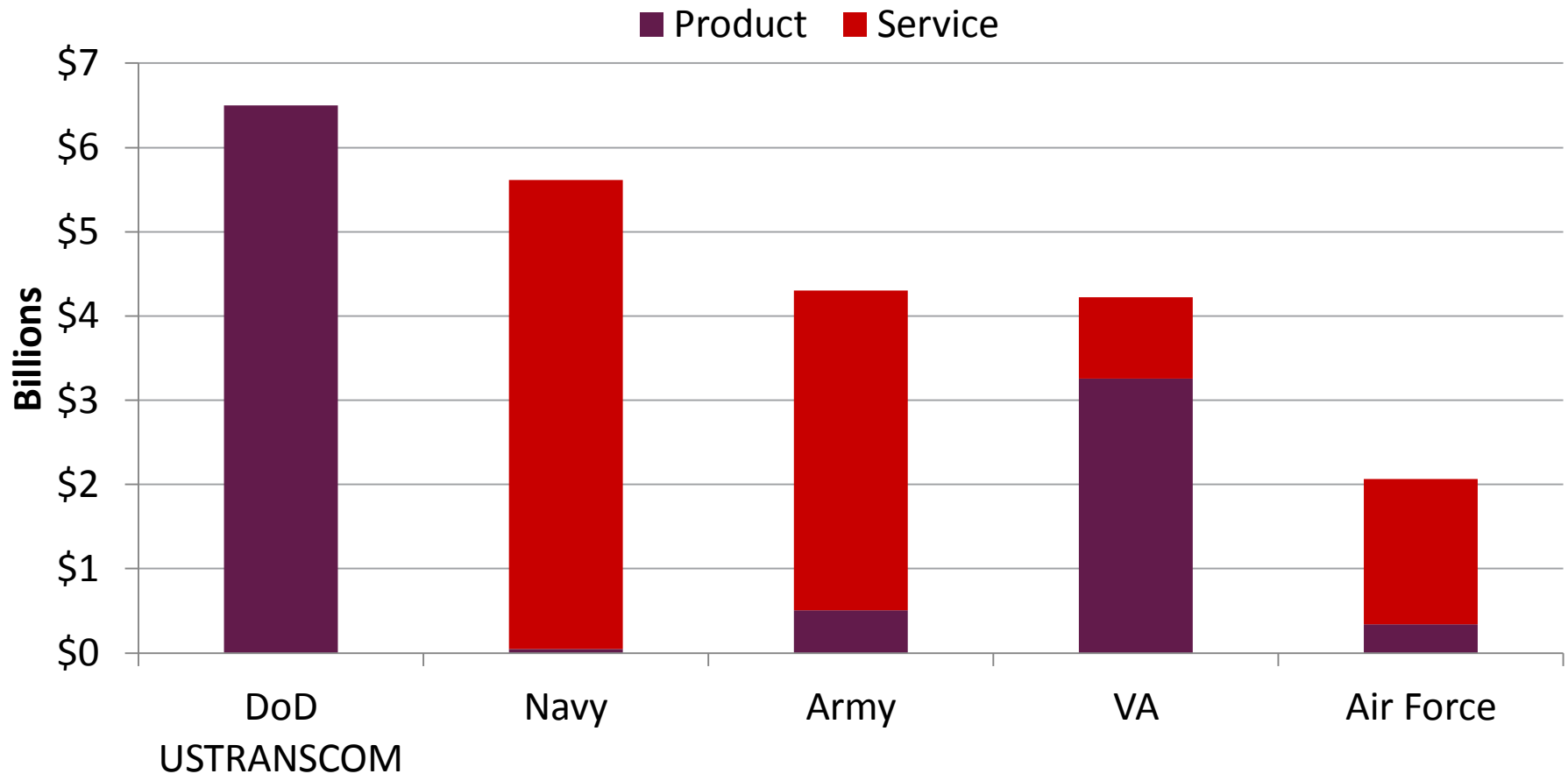
DELTEK/CENTURION'S biNOW™

## Total Estimated Opportunity Value



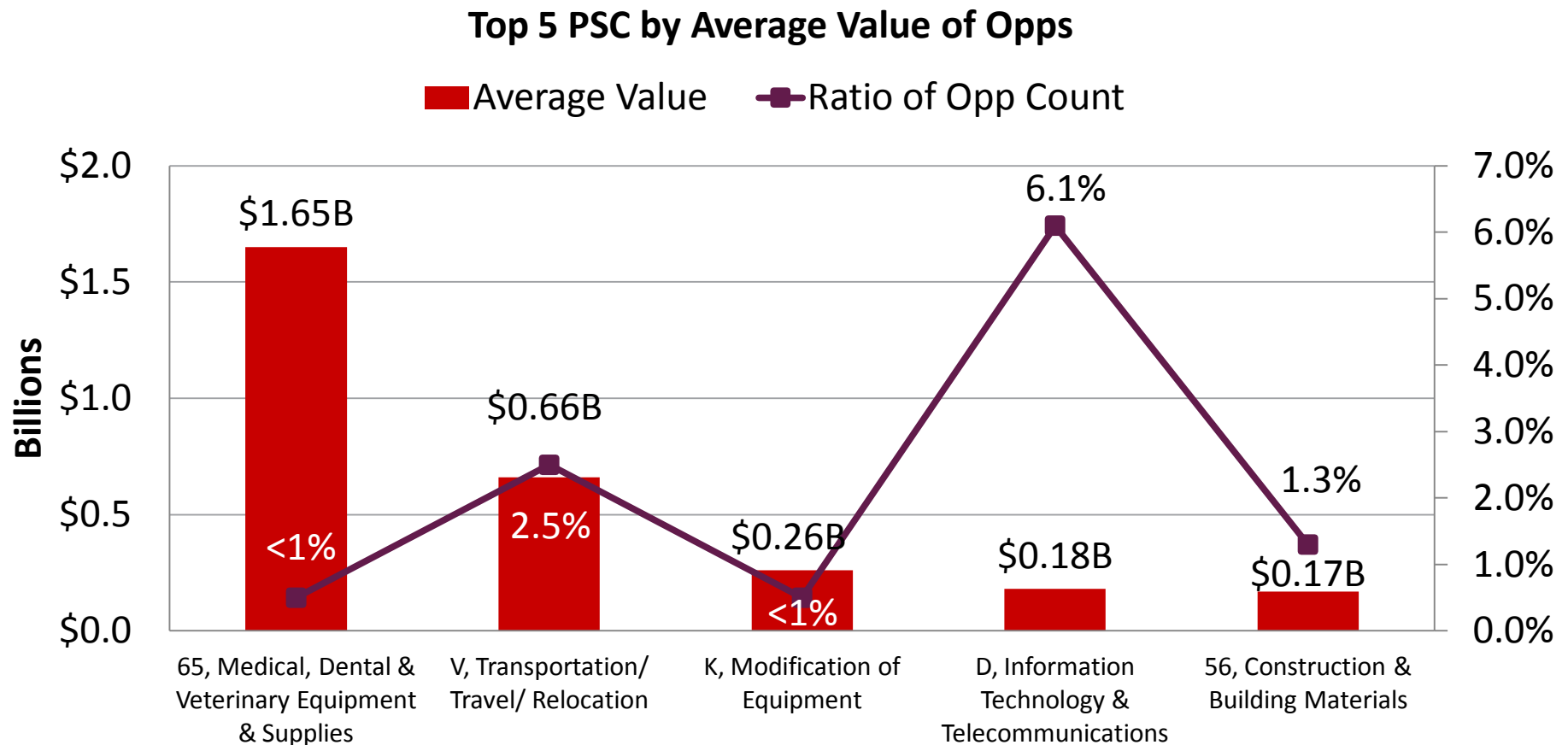
# Top LPTA Agencies – Products vs. Services

DELTEK/CENTURION'S biNOW™



# Top LPTA PSC Codes for Actionable Opportunities

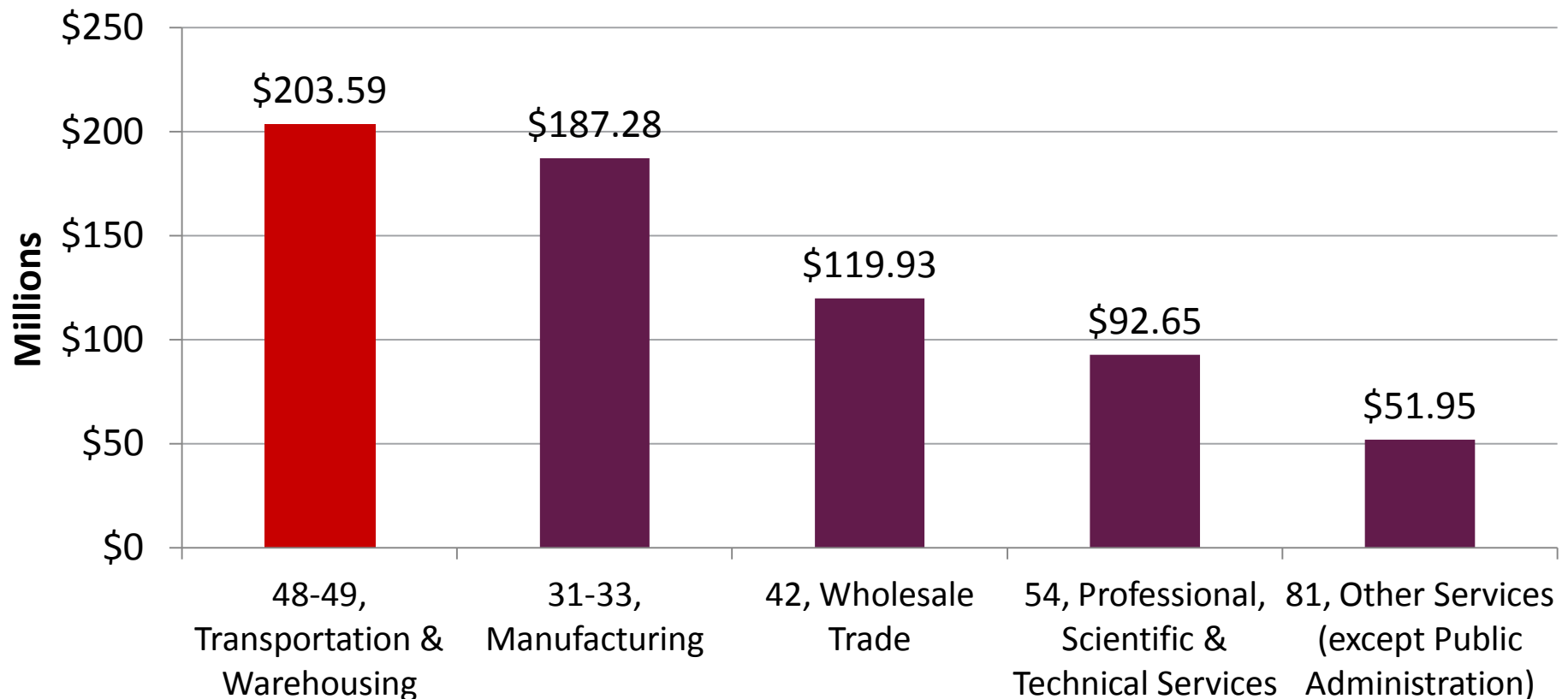
DELTEK/CENTURION'S biNOW™



# Top NAICS

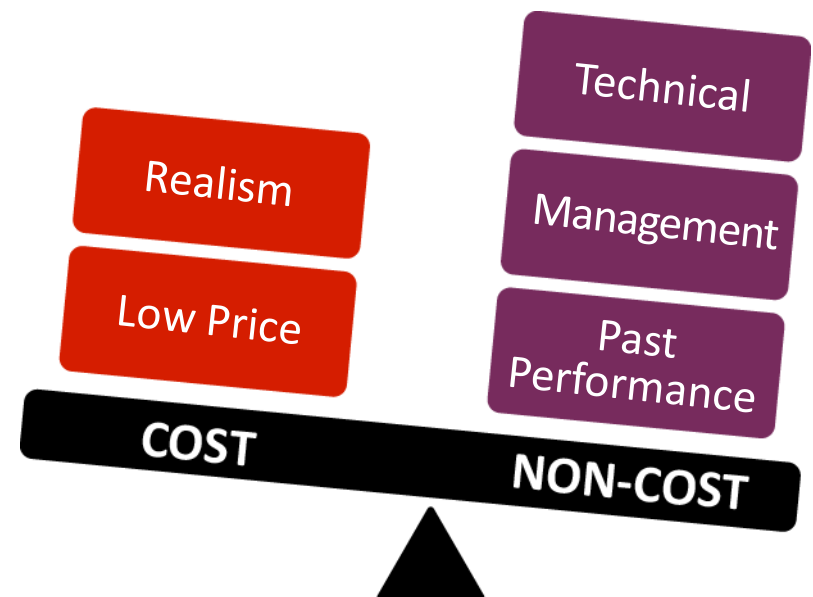
DELTEK/CENTURION'S biNOW™

**Top NAICS by Average Value per Actionable LPTA Opportunity**

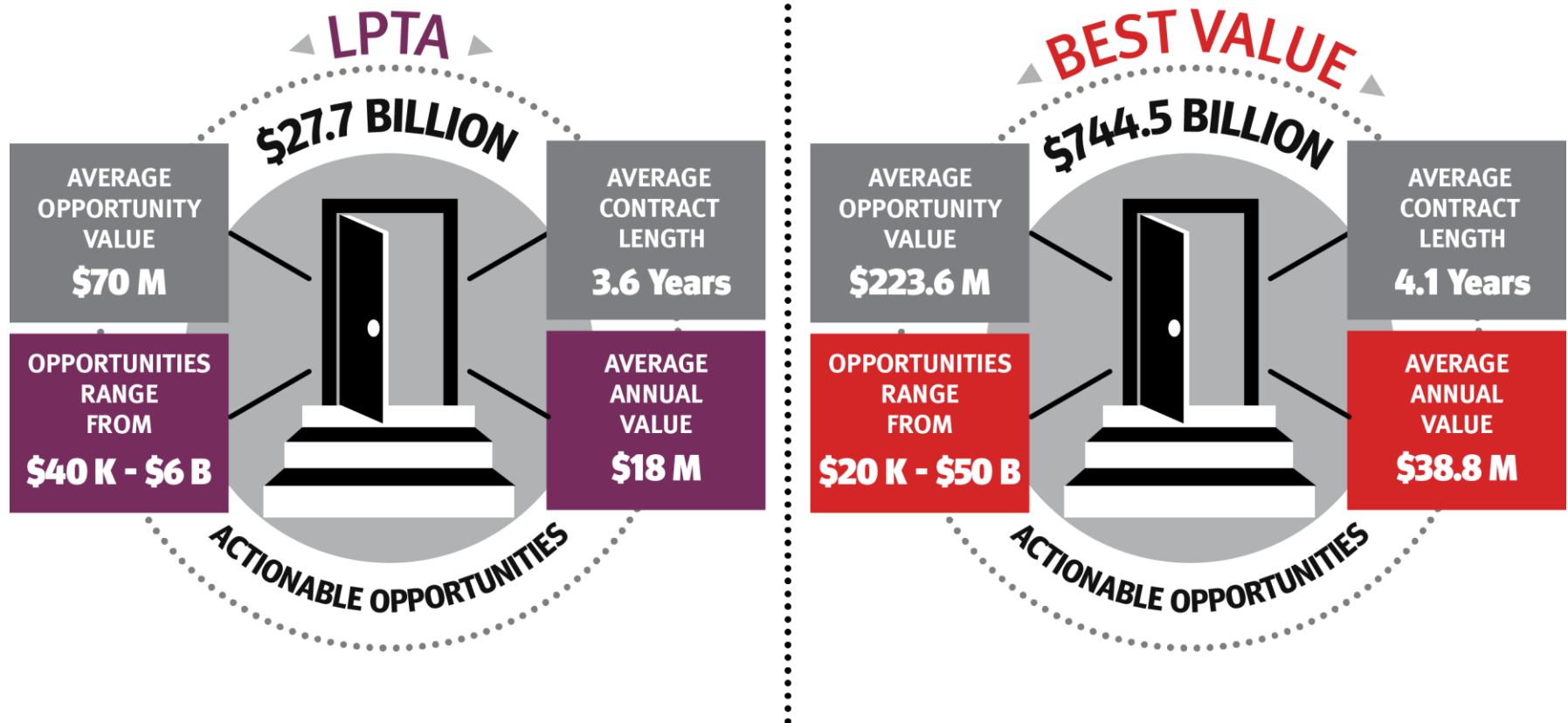


# Best Value

- “Best Value” is a specific type of evaluation process where the most advantageous offer is selected based on trade offs between cost and non-cost factors
- Even though “Best Value” does not mean lowest priced technically acceptable, LPTA evaluation criteria are often applied



# LPTA vs. Best Value



# Online Survey Results Overview

MARKET CONNECTIONS, INC.



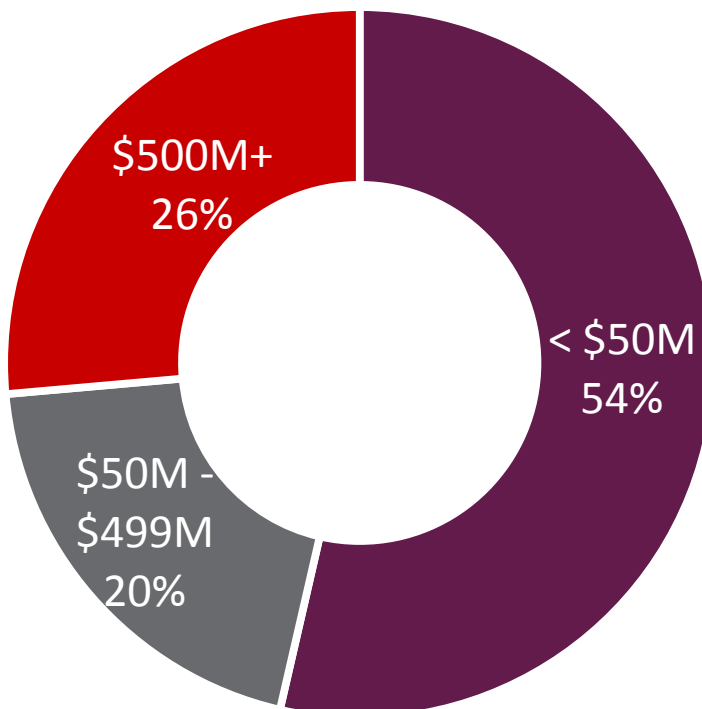
**Market Connections**

Research you can act on.

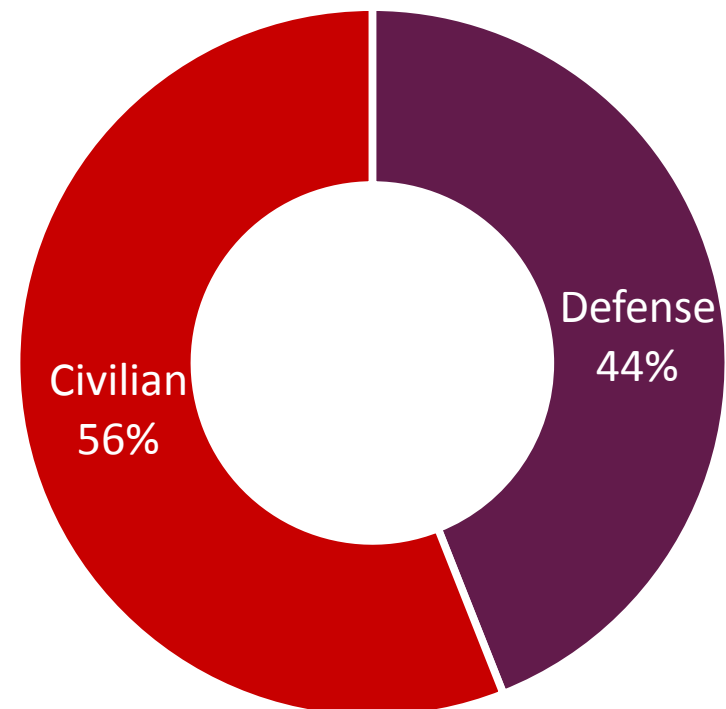
# Demographics

- 375 government contractors
- 360 federal government decision-makers

**Contractor Annual Revenue**



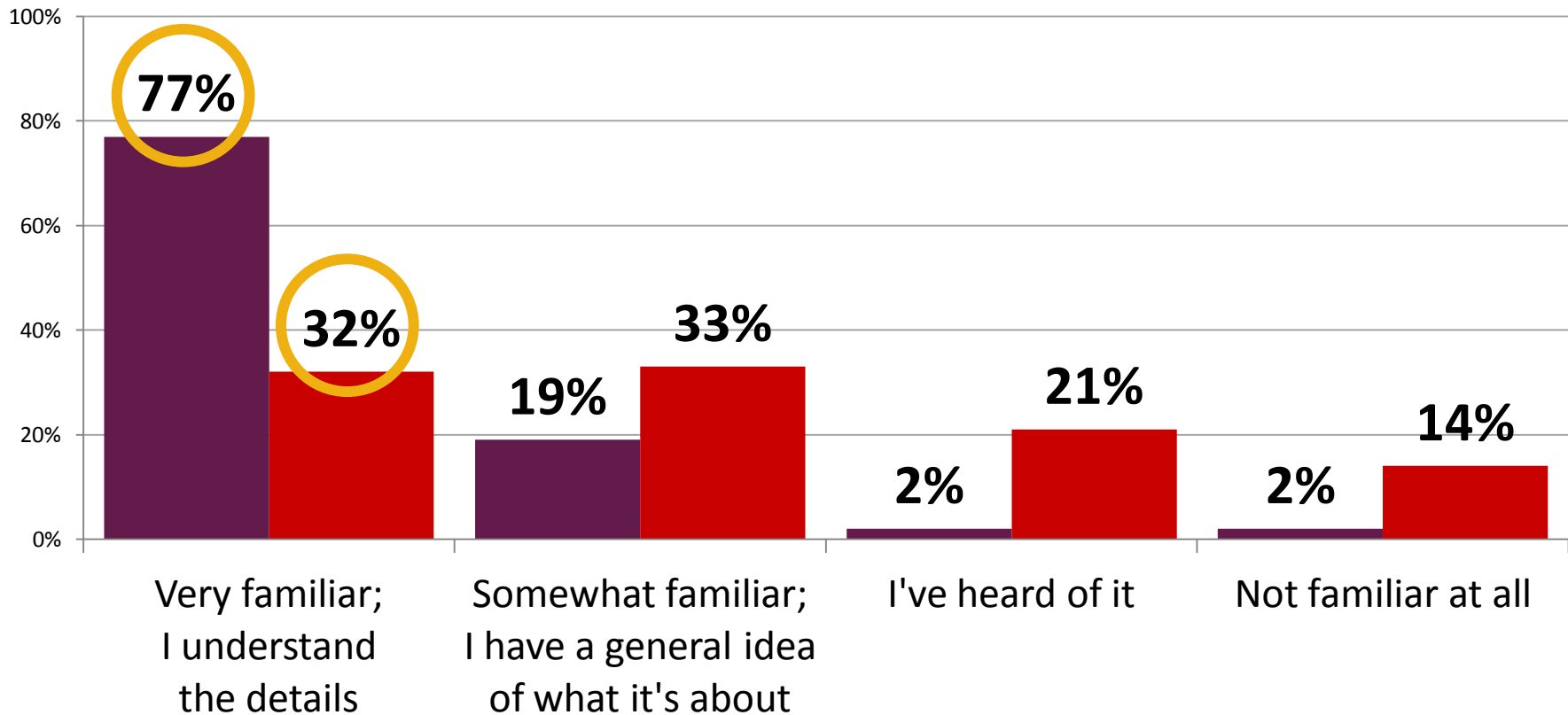
**Federal Agency Type**



# LPTA Familiarity

■ Contractors

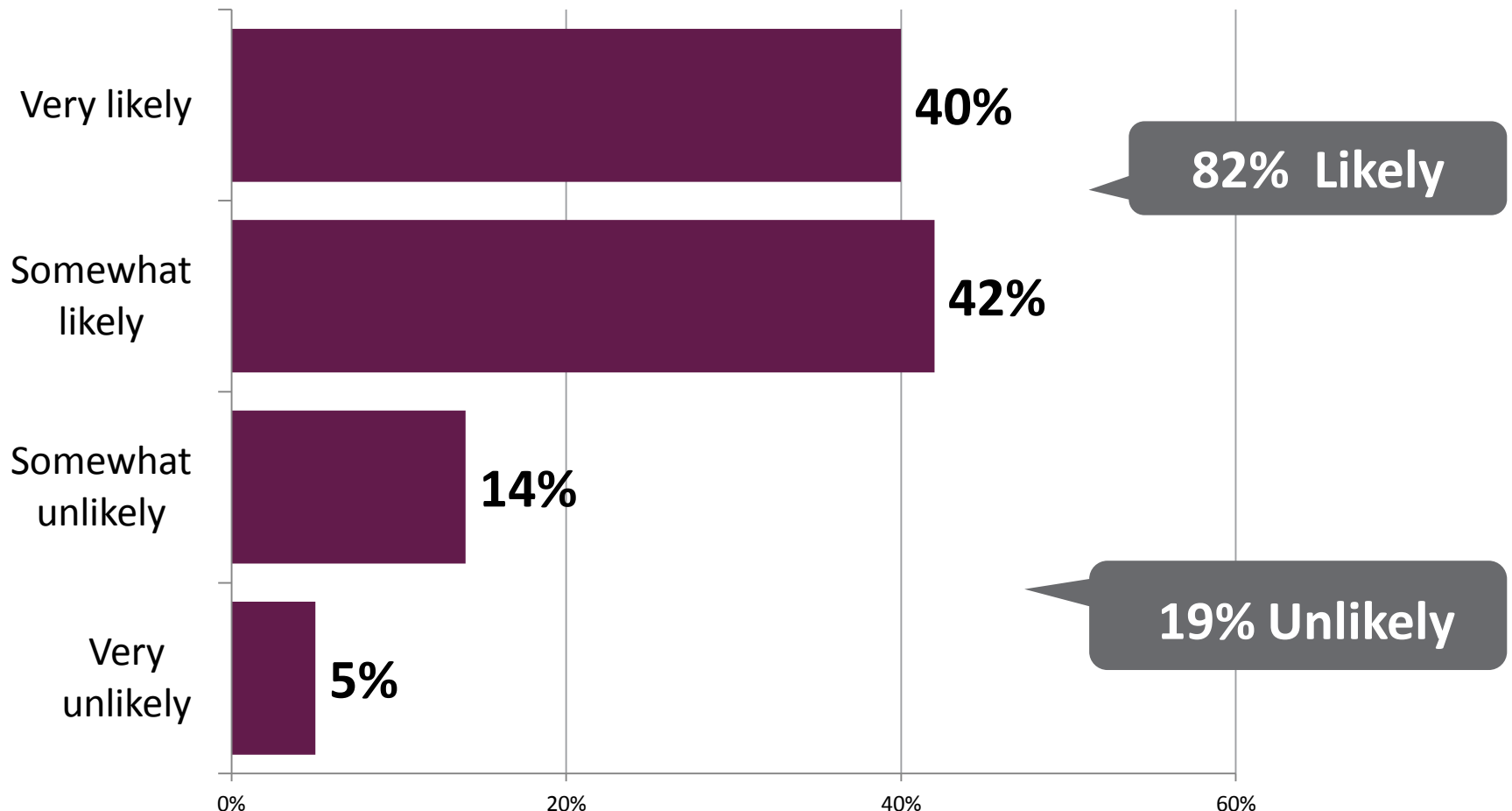
■ Federal Employees



○ = Statistically significant difference

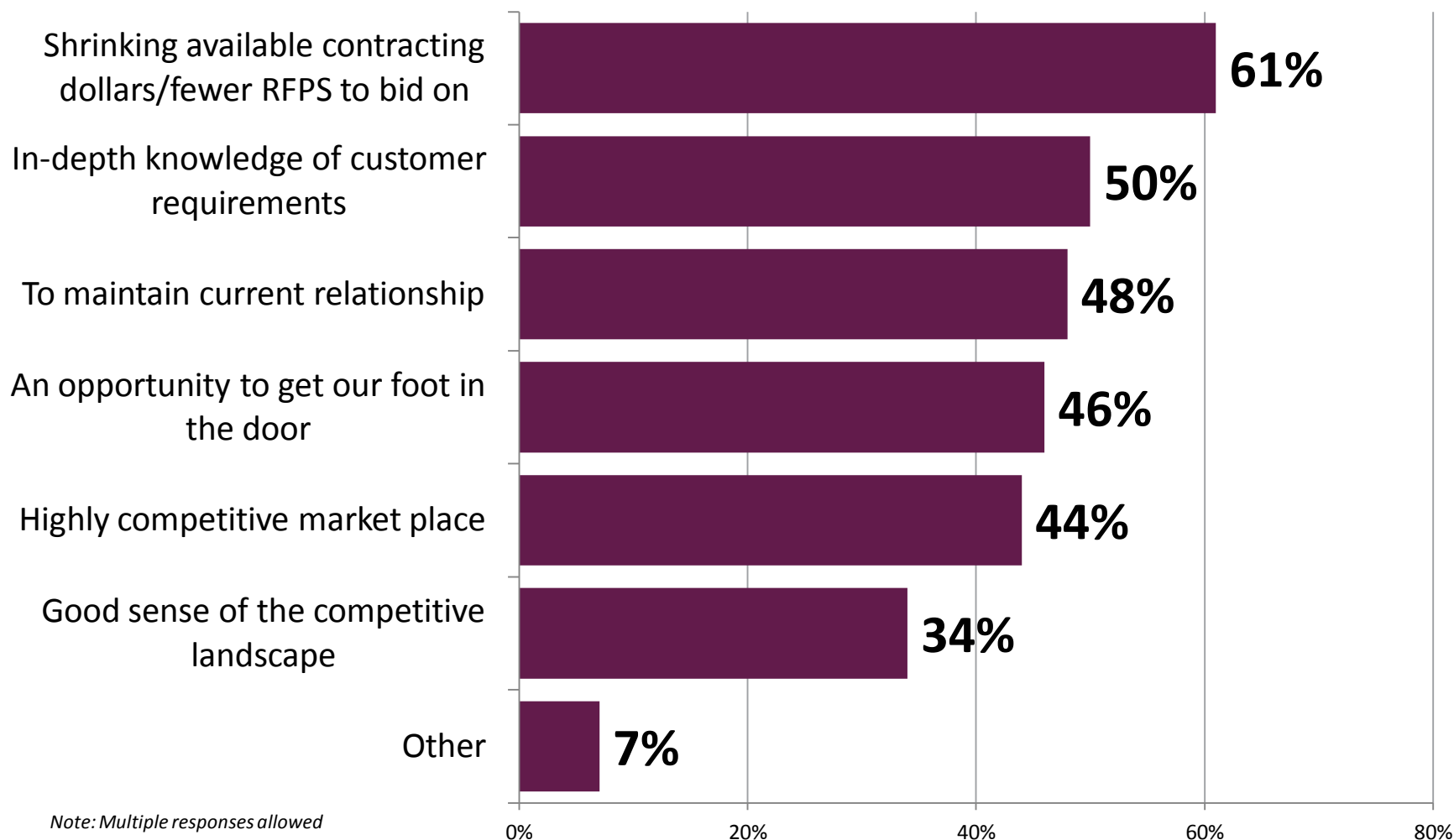
# Likelihood to Respond to an LPTA RFP

## CONTRACTORS



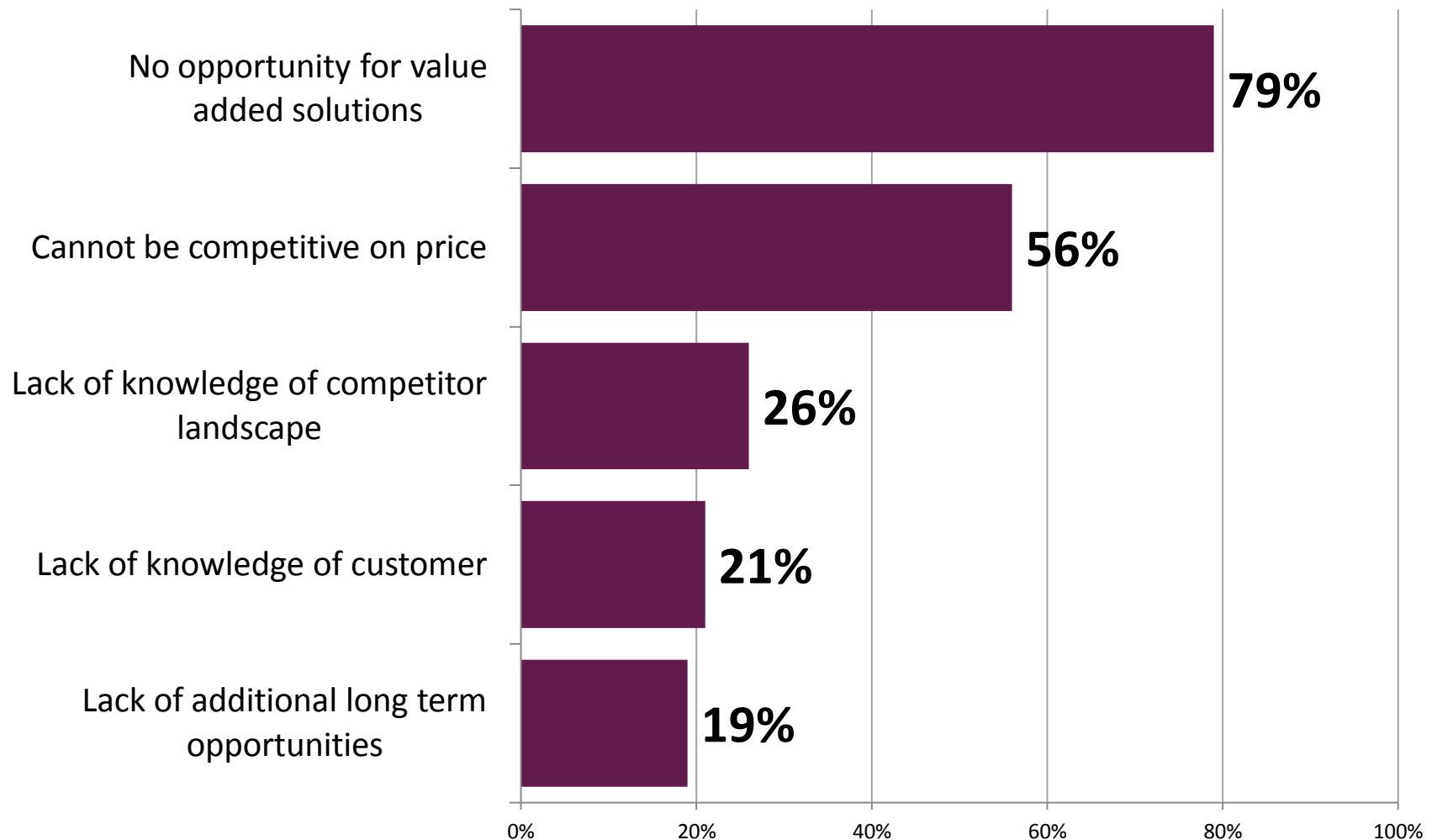
# Reasons to Respond to LPTA RFP

## CONTRACTORS



# Reasons Not to Respond to an LPTA RFP

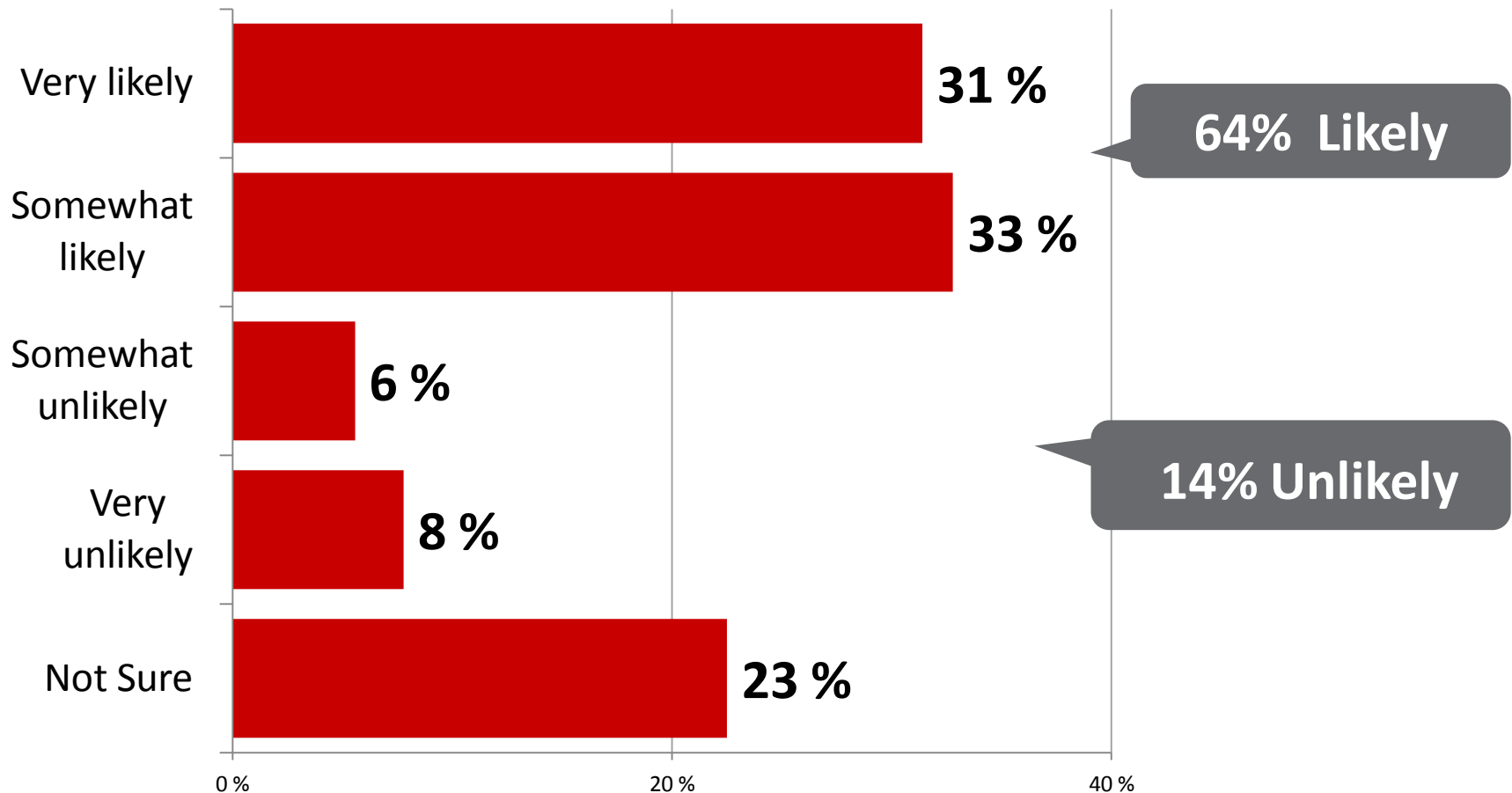
## CONTRACTORS



*Note: Multiple responses allowed*  
*Source: Market Connections, Inc.*

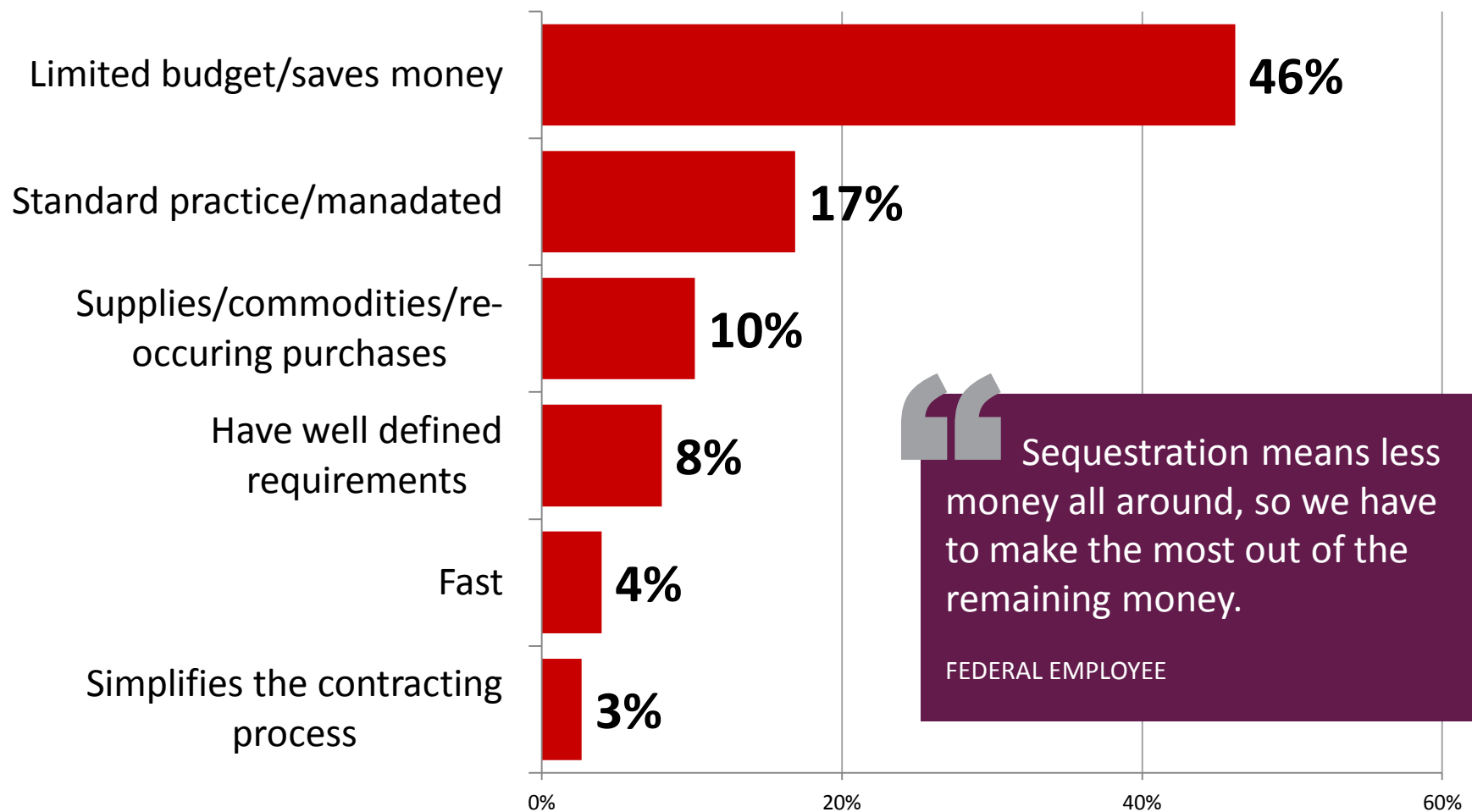
# Likelihood to Issue an LPTA RFP

## FEDERAL EMPLOYEES

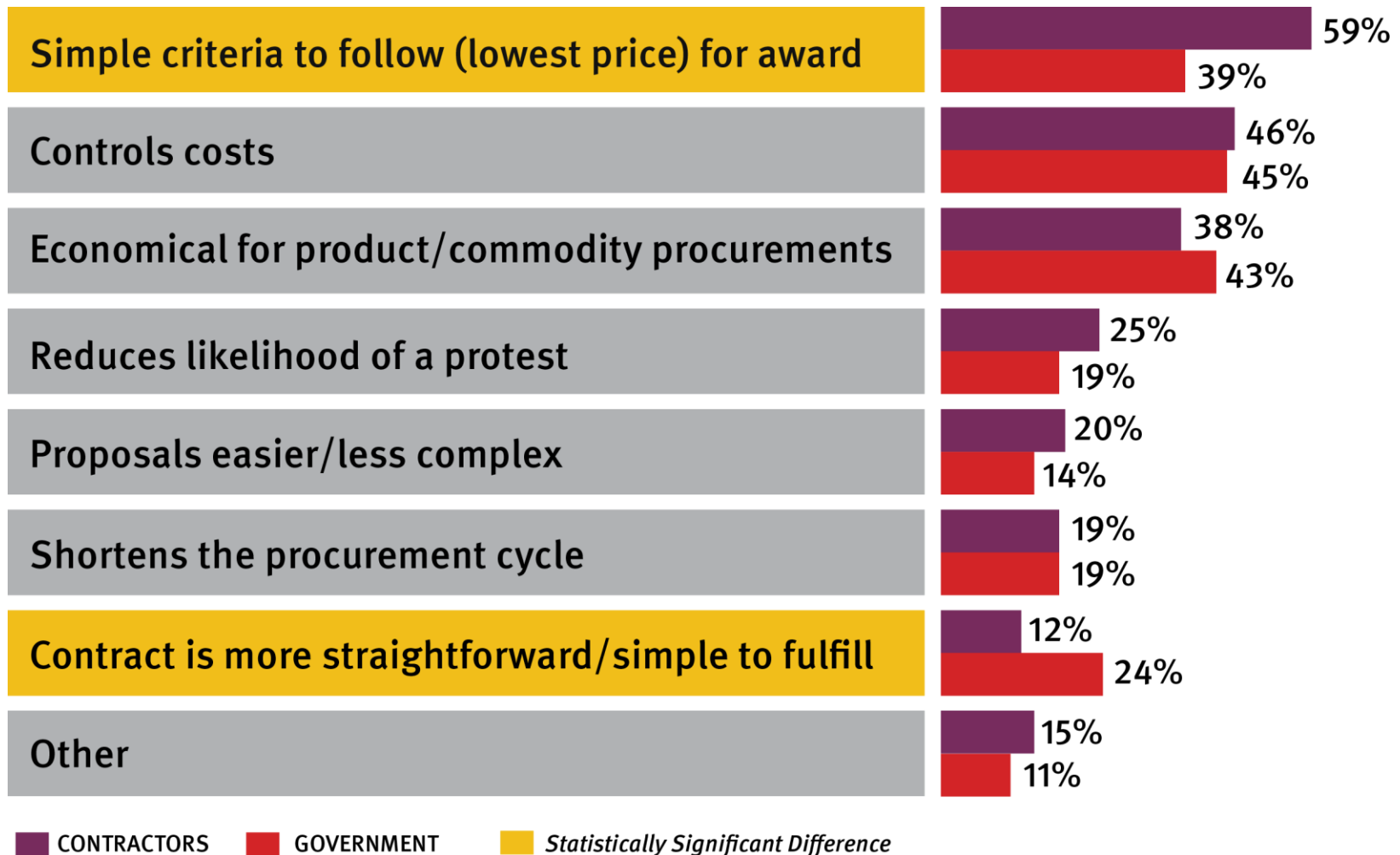


# Reasons for Issuing LPTA RFPs – Coded Comments

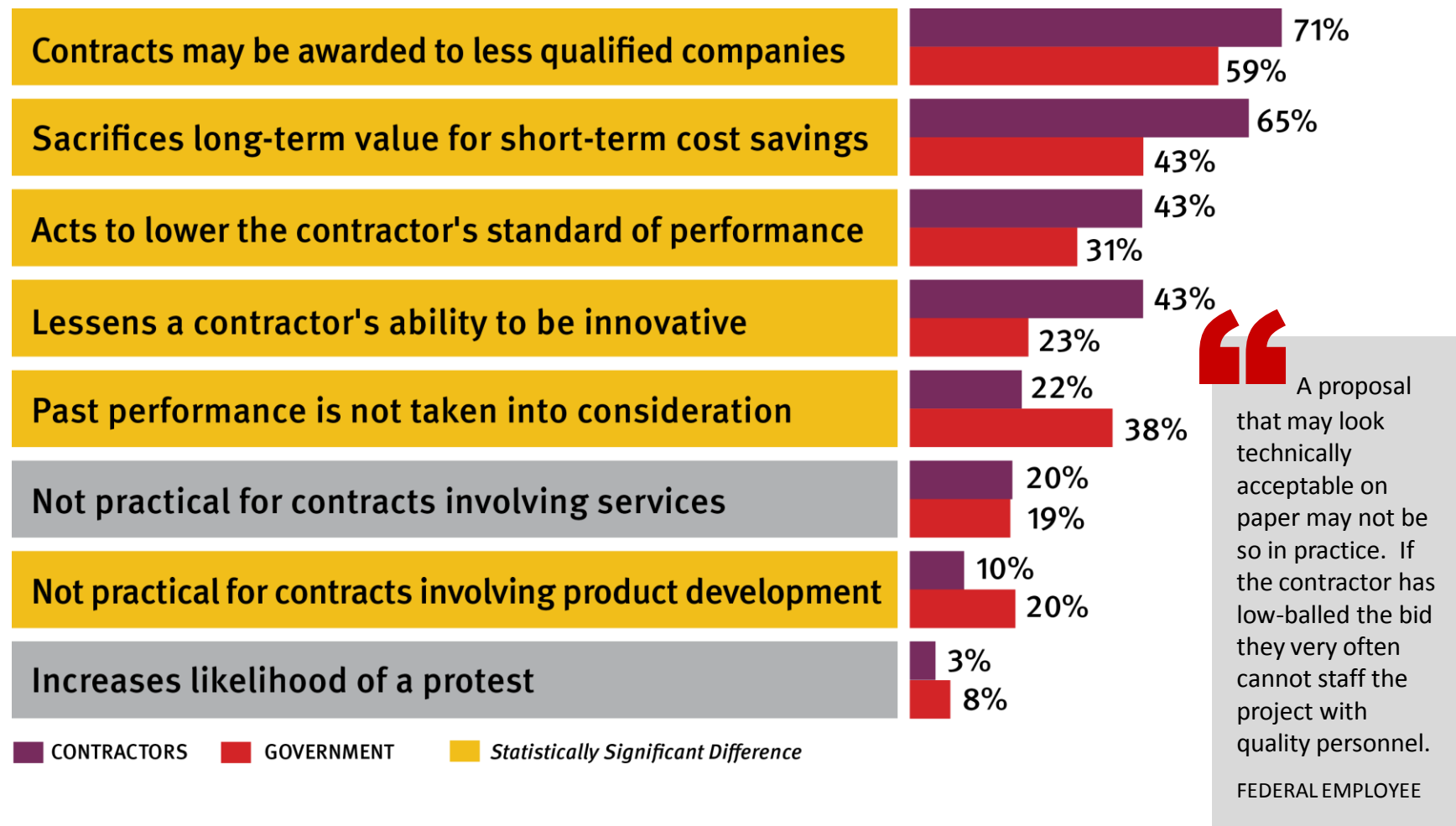
## FEDERAL EMPLOYEES



# LPTA Benefits for Federal Government

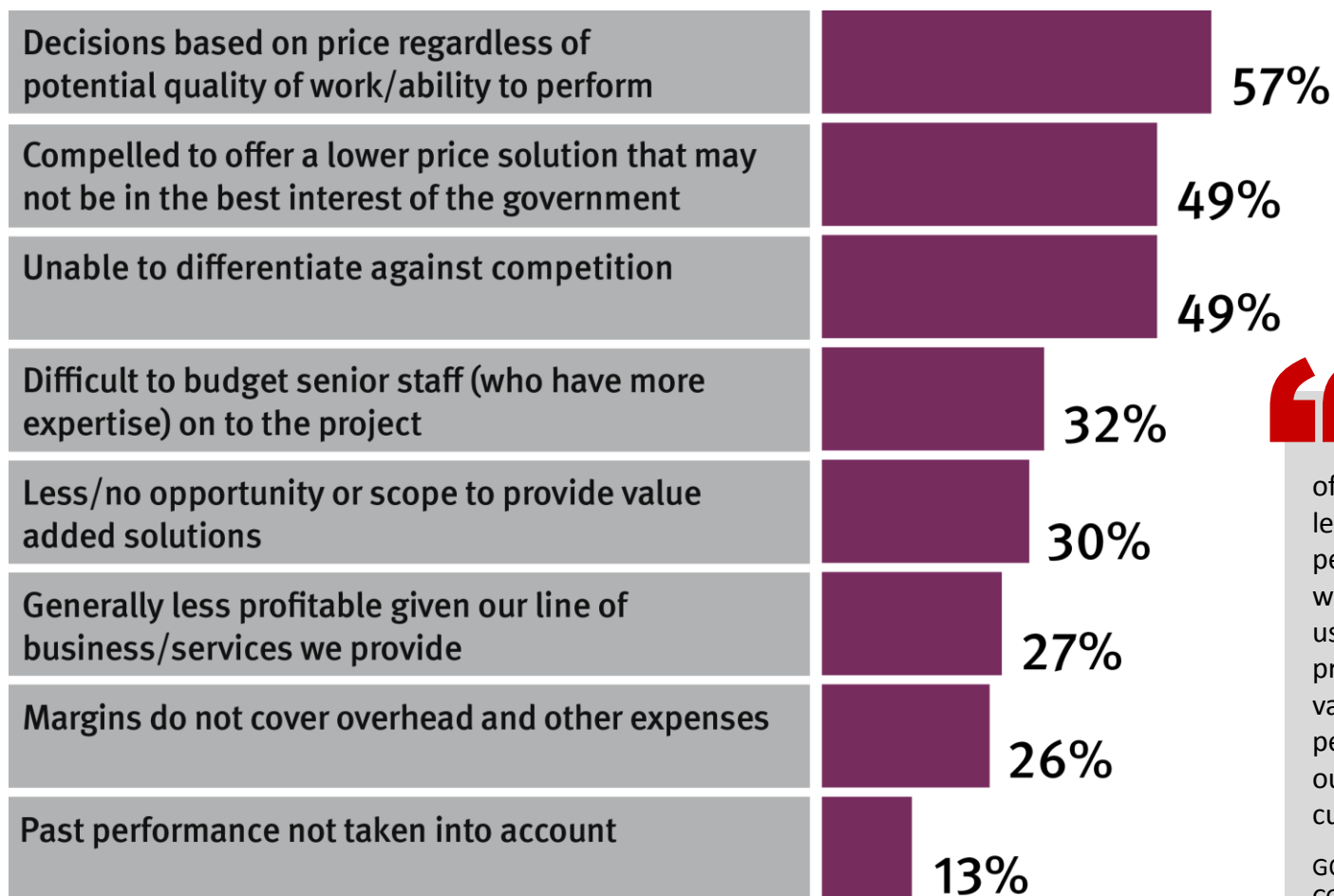


# LPTA Drawbacks for Federal Government



# Top LPTA Challenges for Contractors

## CONTRACTORS



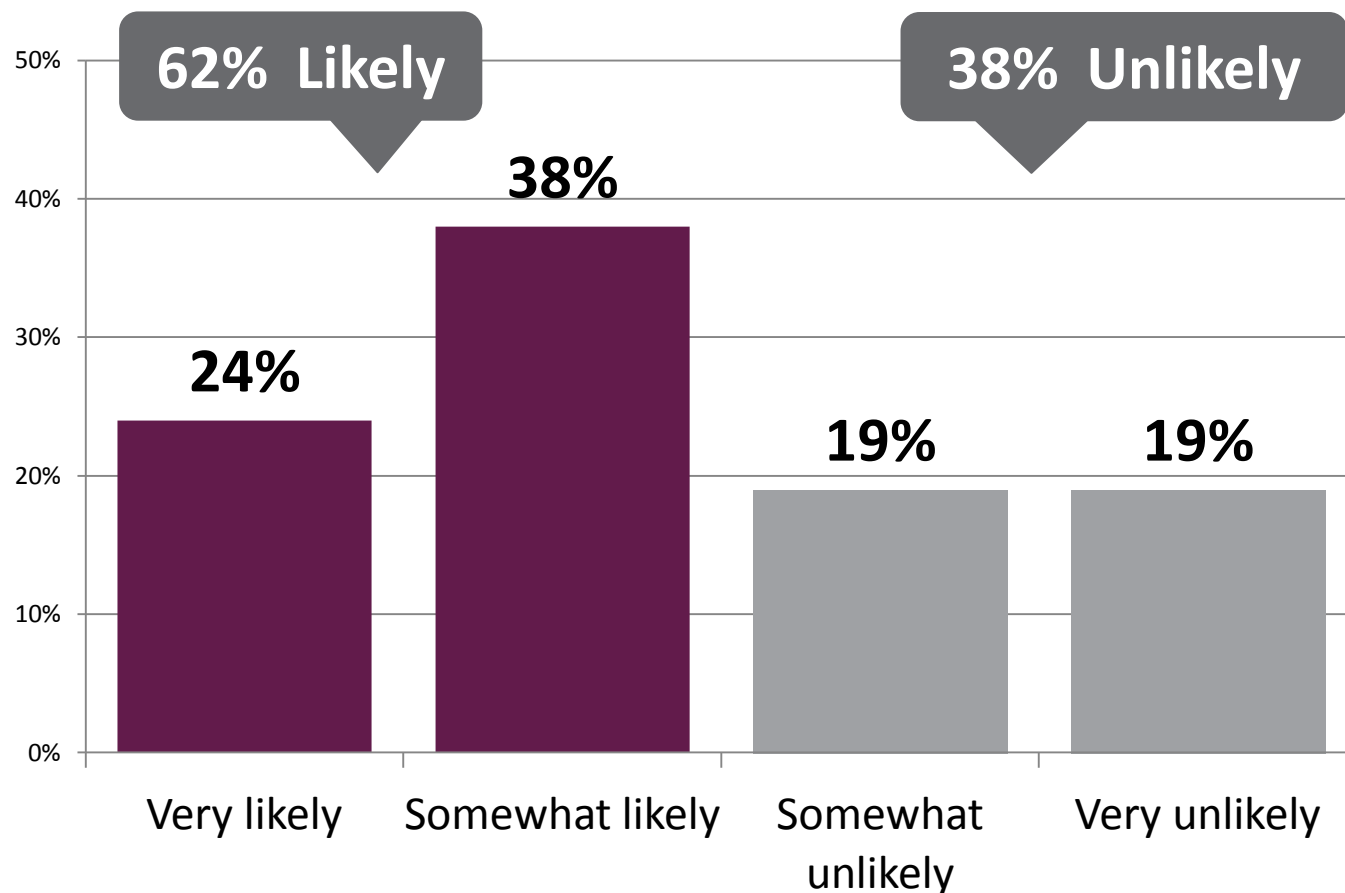
LPTA requires use of cheaper, but often less qualified personnel to do the work. Our company used to focus on providing stronger value, better quality personnel, and better outcomes for our customer.

GOVERNMENT  
CONTRACTOR

*Note: Multiple responses allowed*  
*Source: Market Connections, Inc.*

# Likelihood to Equate “Best Value” with LPTA

## CONTRACTORS

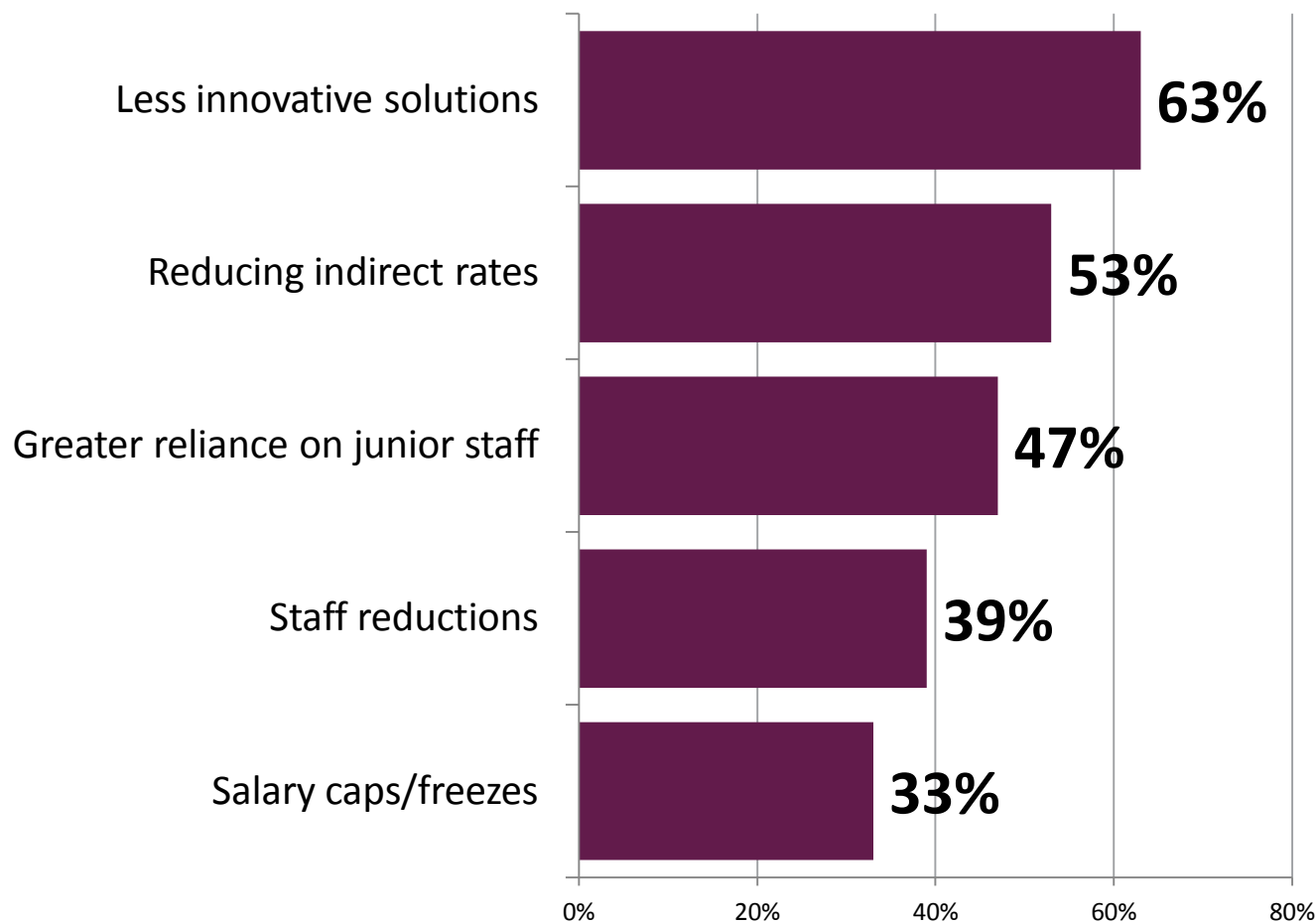


“Any time an RFP tells you that price is not important or is less important than anything else, it’s a bold-faced lie. Everyone knows that.”

GOVERNMENT  
CONTRACTOR

# Top Five Responses to the LPTA Landscape

## CONTRACTORS



We were able to bid and win and still make a profit based on our ability to plan, bid, win, and execute. A marginal profit is better than no profit.

GOVERNMENT  
CONTRACTOR

# Other Strategies to Be More Competitive

## CONTRACTORS



### Organizational

Create new divisions or cost centers

Reduce benefits of current employees (salaries, benefits)

Recruit low-cost workforce



### Market

Pursue non-government markets

Modify service/product offering



### Partners

Pursue NEW partners

Pursue MORE partners

Low-cost subs



### Bid & Capture

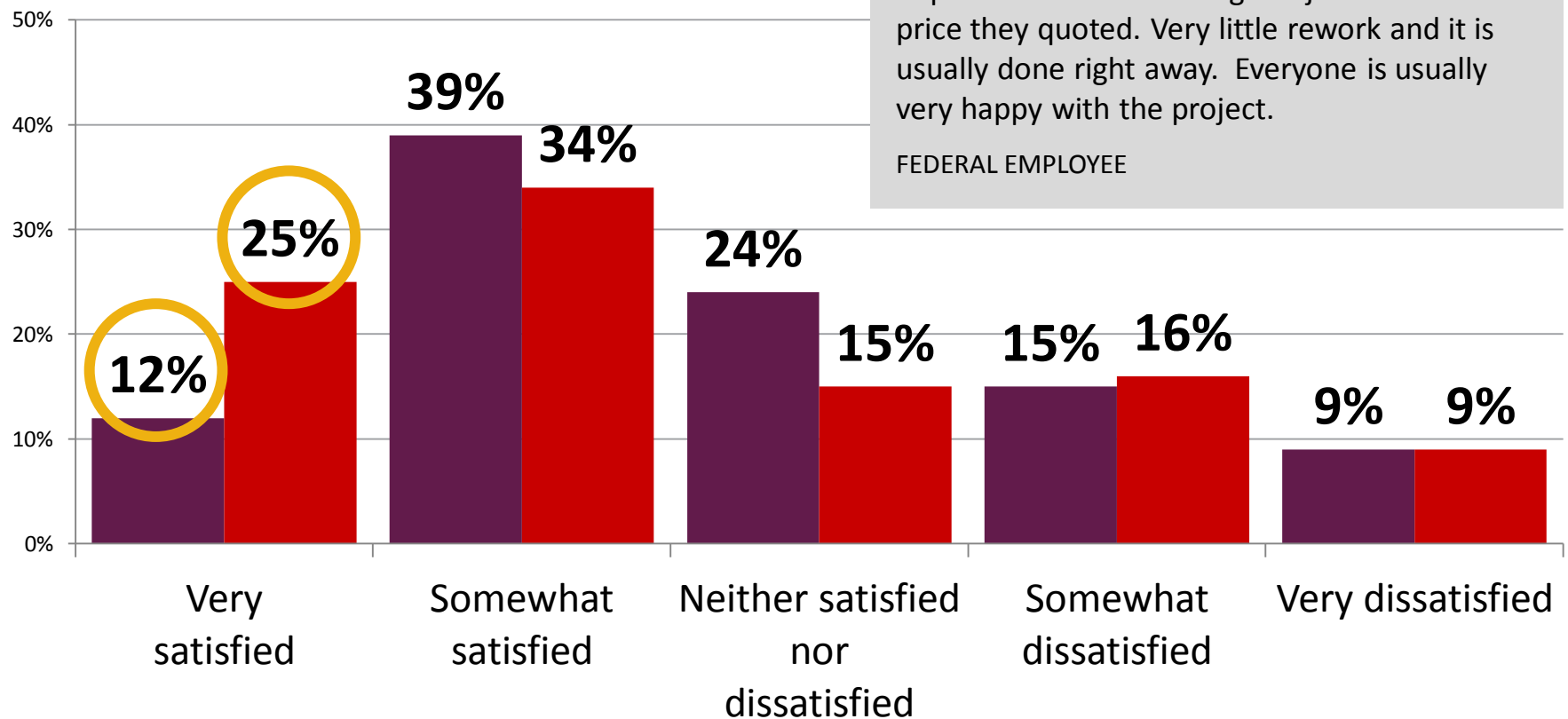
Be more selective in pursuits

Build relationships to influence what's technically acceptable

Reduce B&P budget

# Satisfaction with Deliverables

■ Contractors ■ Federal Employees



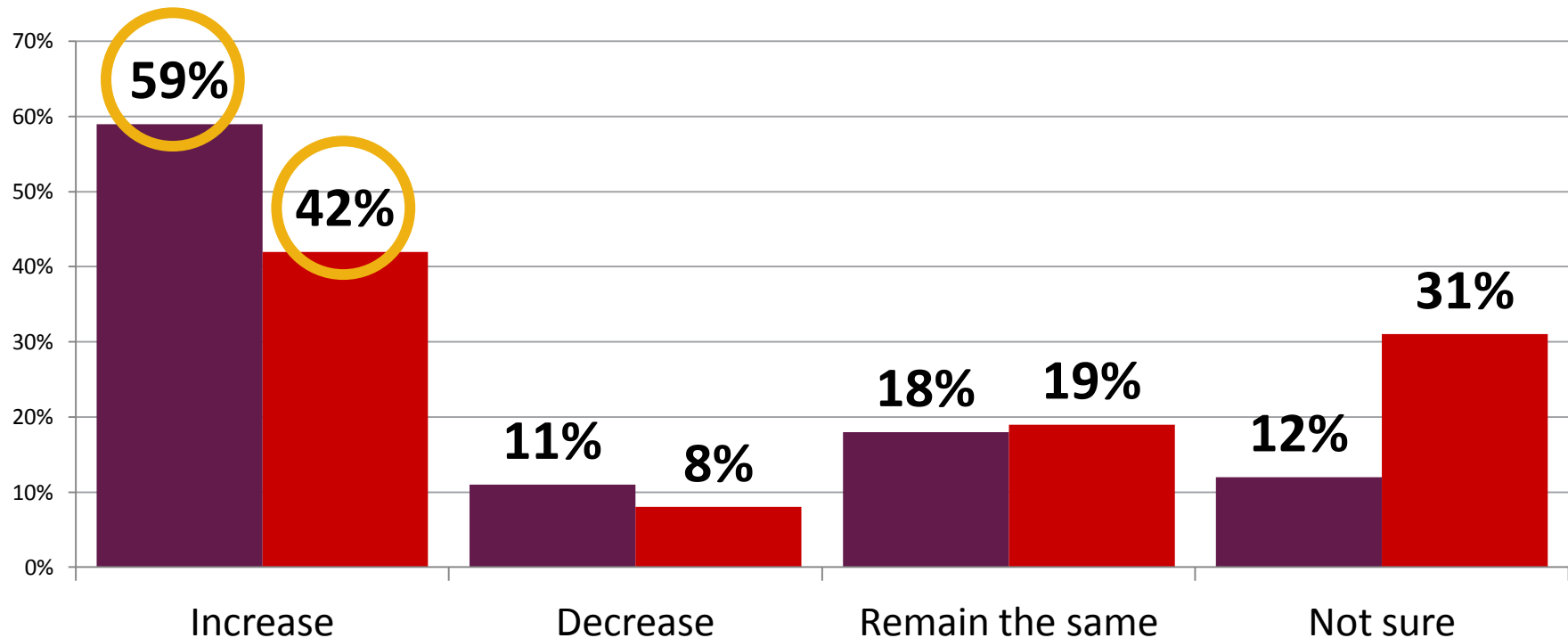
Usually these people have a good record of performance and doing the job within the price they quoted. Very little rework and it is usually done right away. Everyone is usually very happy with the project.


FEDERAL EMPLOYEE

○ = Statistically significant difference

# LPTA Procurement Use Next Three Years

■ Contractors ■ Federal Employees



 = Statistically significant difference

## Top Reasons for Future Increase Use of LPTA

Fiscal restraints/ budget cuts	<b>73%</b> CONTRACTORS	<b>65%</b> FEDERAL WORKERS
Shrinking workforce	0%	5%
Federal employees telling us it will increase	6%	0%
Mandated to use LPTA	2%	7%
Political climate/the administration	2%	2%
Faster/easier	2%	4%



*Note: Multiple responses allowed*  
*Source: Market Connections, Inc.*

## KEY TAKEAWAYS

- **In an LPTA environment, accept that lowest price may be the best value for the government customer.** Federal customers have and will continue to have a higher degree of tolerance for or contentment with more limited solutions.
- **Pursue new and lower cost business models.** A reputation for very good work but at a premium price will no longer carry the day. Create new divisions, reduce overhead and review alignment with lower cost teaming partners and subs.

## KEY TAKEAWAYS

- **Know your customers and your competitors on LPTA bids.**  
Your competition in an LPTA bid is likely to have an in-depth knowledge of the customer's requirements and a good sense of the competitive landscape. Leverage outside resources and tools to acquire knowledge of customers and competitors.
- **Diversify into adjacent markets such as energy, international and state and local.** Look at highly regulated industries such as oil and gas. States will have an increasing need to leverage big data. Rapid growth countries and/or those with social systems similar to that of the U.S. present opportunities for contractors.



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**\$995**

[MarketConnectionsInc.com/LPTA](http://MarketConnectionsInc.com/LPTA)



## Market Connections

Research you can act on.

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