

Sample Market Research Report

SECURITY REQUIREMENTS FOR THE DESERT STORM MUSEUM

I. Background

The Desert Shield/Desert Storm Museum commemorates those who served in the Persian Gulf on behalf of our country during Operation Desert Shield/Desert Storm. The museum houses many artifacts of the war and gifts of appreciation from the Saudi Arabian and Kuwaiti Governments. Upgraded security measures are required for the museum.

II. System Requirements

- Six rooms within the museum, each 20' × 20', permanently house the museum's displays. Each room requires 24-hours-a-day/seven-days-a-week video surveillance. An archived record of surveillance must be maintained of the video for the previous four weeks. The video system must be light-compensated for normal extremes of indoor lighting. The control and monitoring room is 8' × 8'.
- A walk-through metal detection system will be installed at the main entrance to the museum. The system must have indicators for power and alarm and a 12-digit key pad, which is hermetically sealed to resist dust and moisture. A humidity tolerance of 95% non-condensing is required, as is an operating temperature of 10°C to 55°C. There must be constant monitoring of each electronic system and an announcement of any major failure. The structure must conform to the structure around it. The detector must be weatherized.
- An uninterruptable power supply or other electrical backup system will be required to support the video and metal detection systems at full capacity for at least two hours.
- The selected contractor will be required to provide system design consulting, system installation and testing, and training for operations personnel. The contractor will provide all necessary labor, equipment, tools, materials, and transportation to support design, installation, testing, and training.

- Both equipment and system warranties will be required.
- Extended warranty and training options will be required. Extended warranties should include 100% coverage of the installed system, 24-hour technical and emergency assistance (including weekends and holidays), 48-hour replacement parts (on most system components) four hours of training yearly on the installed system (excluding training at the time of installation), and three yearly preventive maintenance checks (cleaning and tuning every four months).

III. Schedule

Installation needed not later than September 30, 2002.

IV. Potential Suppliers

No sources were provided on the purchase request by the requiring activity. To ensure that market research efforts would provide comprehensive acquisition management information, our search focuses on identifying commercial sources: (a) recognized as providers of the above requirements; (b) currently under contract with DOD to provide security systems services; and (c) those DOD services/agencies with open/active security systems services contracts.

1. The Thomas Register (World Wide Web edition) was utilized to identify commercial sources of security and surveillance systems. Initial research queries resulted in identifying over 20,000 commercial suppliers. Search qualifiers were more narrowly defined and efforts resulted in identifying 111 commercial providers. A capabilities/product review downsized this selection to 19 firms. Attachment A contains the Thomas Register search results.
2. The Eagle Eye Prime Contract Award database (based on DD350 information) was searched utilizing NAICS Code 561621, Security Systems Services (except Locksmiths). Search efforts resulted in identifying 31 prime contractors who currently are under contract with DOD to provide security systems services. These results are in Attachment B.
3. To identify DOD services/agencies with open/active security systems service contracts (FSC63), we again searched the Eagle Eye database. This search resulted in identifying four purchasing activities, as set out in Attachment C.

The above search efforts provided sufficient information to conduct this market research. Other references, such as contacting GSA's contract representative to gather market information on Schedule No. 539, Solutions & More (SAM); SBA's U.S. Government Purchasing and Sales Directory; SBA's PRO-Net database; the Department of Commerce ABELS minority contractor database; DOD's 4205.1-3 Report (DOD Subcontracting Opportunities with DOD Major Prime Contractors); and many other commercial or electronic sources were available but not utilized.

V. Distinguishing Characteristics

All system components — the video cameras, monitor(s), recorder, control unit, and personnel metal detector — are commercial items. Many variations and small product differentiators exist among the potential offerors' equipment.

VI. Market Analysis

After discussing industry approaches to similar systems, including other museum applications and federal buildings, several refinements to system requirements and to the contracting strategy became apparent:

1. While the total system could be done by any of the providers, there are really two systems that could be differentiated. The video surveillance system and the metal detection system are not integrated and could be contracted separately without difficulty.
2. The consulting, purchasing, installing, and training can best be done by a single contractor — a turnkey contract. Mixing contractors in a system as small as this is very inefficient and is likely to produce breaks in continuity of service, training, and warranty.
3. One-year warranties for all equipment and the installed system are industry standard and should be specified as the minimum.
4. All firms lease and sell. Lease agreements require a security deposit equal to one or two months' lease payments and can be applied to the purchase price at lease-end or is returned at the end of the lease period. Lease agreements may not be canceled, but the equipment may be upgraded prior to expiration of the initial term. Various lease ar-

rangements are available, such as seasonal lease plans, step-payment plans, and 90-day deferred plans.

5. It is not practical to look for suppliers who do not have a local presence. Non-local suppliers would have non-competitive installation costs and would be able to provide no direct service. They may try to use local contractors, but quality problems are more likely under such a scenario.
6. Training is a normal, but not a universal, component of system installations. It should be specified.
7. High value museum items are not sufficiently protected by video surveillance alone. Consideration should be made for the integration of other security systems such as motion or contact sensors.
8. High value museum items, combined with certain types of buildings or building locations may suggest perimeter alarm systems. Capability to integrate these systems should be included.
9. Maintenance contracts are normal for post-warranty periods and the option should be specified. A depot-repair or component mail-in option is less expensive than an on-site repair option.
10. The time to do the installation could vary from one to three months depending on architectural issues.

VII. Customary Commercial Terms and Conditions

1. *Commercial Item Purchase Payment Terms.* Two types of payment terms are standard within the industry. The first is a Net-30 arrangement with payment due after system installation and turnover. The second type involves a 25% deposit at the time of order, 50% upon delivery, and 25% at completion of installation and turnover.
2. *Freight.* FOB origin or FOB destination — as specified in the contract.
3. *Delivery.*
 - *Time.* Most systems can be delivered within 45 days.
 - *Place.* Buyer's stipulated destination or seller's location.

- *Quantity.* Single units/lots or several lots.
4. *Acceptance of Offer/Quote.* Proposal is voidable, by the seller, unless accepted and delivered within thirty days from the date of quote. Disclosure states that the proposal is not for publication and is issued expressly on the condition that it is not to be copied, reprinted, or reproduced in any manner; nor is it to be disclosed to any third party, either wholly or in part, without the express written consent of the seller.
 5. *Performance.* All material is guaranteed to be as specified. All work will be completed in a workmanlike manner according to standard practices. Any alteration or deviation from specifications involving extra cost will be executed only upon written orders and will become an extra charge over and above the original quoted value. All workers are fully covered by workmen's compensation insurance.
 6. *Acceptance/Rejection of Goods.*
 - *Seller Responsibility.* Deliver all equipment to job site; supply all necessary low voltage cables for proper system operation; run all cables as required; mount all equipment; perform all final adjustments and systems testing; train assigned personnel in proper system operation; and provide all necessary drawings and documentation.
 - *Buyer's Responsibility.* Buyer to designate one responsible individual as the point of contact; buyer to inspect goods upon delivery to ensure conformity to contract requirements *prior* to issuing payment. If the goods upon delivery fail *in any respect* to conform to the contract, the buyer may (a) reject the goods at that time or (b) opt to accept the delivery of goods in spite of the non-conformity. Partial acceptance may be accomplished.
 7. *Warranty.* Security systems come with a one-year full-coverage warranty (all components). Warranty becomes effective either after the date of installation/delivery or the effective date of the warranty agreement. Warranty may be extended up to five years and will cover the entire system. The warranty will not cover any damage to the system or its components that is caused by one or more of the following: misuse, abuse, vandalism, fire, acts of God, unprotected power surges, service by unauthorized persons, or other damage not related to the installation, manufacturing, or operation of the installed or purchased equipment.

The list below highlights the details of the warranty. The cost for one year of extended warranty is based on 10% of the system's purchase price:

- 100% of the installed system is covered;
- 24-hour technical and emergency assistance (including weekends and holidays);
- 48-hour replacement parts (on most system components);
- four hours of training yearly on the installed system (excluding training at the time of installation);
- three yearly preventative maintenance checks (cleaning and tuning every four months); and
- one camera relocation (with existing equipment).

VIII. Market Price

A fair market price is easily determined in this competitive market. The cost of equipment is not likely to be a large discriminator. The installation estimates and the comprehensive system costs including training and warranty are the likely discriminators. All telephone respondents believe that \$150,000 to be very much above the market price for such a turnkey system.

The walk-through personnel metal detection system ranges in price from \$3,495.00 to \$6,345.00 depending on whether the system provides single-pulse or dual-pulse technology, variable levels of programming to customize volume and sensitivity settings, and for changing the metal discrimination programs, audible alarm tones, and various optional features.

IX. Trends in Supply and Demand

Security systems is a highly competitive and growing market with many hundreds of competent firms. It is also a technology-driven market with increasing capabilities and decreasing costs, reflecting the underlying technologies of computational power applied to small control systems. Demand in this market is increasing and so is the supply. However, because of the local nature of service, there is less consolidation than one might expect for such a ubiquitous industry. There are some exceptions, such as Wells Fargo and Siemens, among others.

X. Concerns About Quality

Individual components in both systems are highly reliable. However, overall systems do require periodic preventive and corrective maintenance because of the nature of hardware and electronic equipment. Most quality defects will likely come as a result of deficiencies in planning or installing the installation. An experienced turnkey contractor is most likely to build a trouble-free system. A turnkey contractor also has more at stake in the system than if the project was severable.

XI. Acquisition History

The prices paid previously by the government for security-type systems ranged from \$43,000 to \$270,000. An inquiry has been generated and a response is anticipated within 15 days. An update to this market report will be generated at that time.

ATTACHMENTS

Attachment A	Thomas Register
Attachment B	Eagle Eye Prime Contract Awards X NAICS 561621
Attachment C	Government Purchasing Offices for FSC63

ATTACHMENT A THOMAS REGISTER SEARCH RESULTS

I. X-Ray Security Systems

Company Name	Company Address
EG&G, Inc. (Corporate)	Wheeling, IL
Control Screening LP	Northvale, NJ 07647-2219
Heimann Systems Div. Siemens Components, Inc.	Iselin, NJ
Torfino Enterprises, Inc.	West Palm Beach, FL
Siemens Corporation	Iselin, NJ
Federal Labs Systems/Scan-Tech Sec.	Northvale, NJ
Caerocom International, Inc. C.E.I. Group	Laval, PQ Canada

II. Surveillance Cameras

Company Name	Company Address
Phase I Technology Corp.	Deerpark Grove, NY
Toshiba CCTV Group Video Communication & Information Systems, A Division of Toshiba America Consumer Products	Buffalo Grove, IL
Loronix Information Systems	Durango, CO
Diamond Electronics, Inc.	Lancaster, OH
Surveillance Systems, Inc.	Linfield, PA
Control Security & Surveillance, Inc.	Austin, TX
Wells Fargo Alarm Services	King of Prussia, PA
Controlled Access, Inc.	Moorestown, NJ
Integrated Access Systems of New England, Inc.	Glastonbury, CT
Integrated Access Systems, Inc.	Bensalem, PA
Detection Systems & Engineering Co.	Troy, MI
Integrated Access Systems, Inc.	Whippany, NJ

ATTACHMENT B
EAGLE EYE PRIME CONTRACT AWARDS FOR NAICS CODE
561621, SECURITY SYSTEMS SERVICES (EXCEPT LOCKSMITHS)

I. Security Systems Services

Company Size	Company Name	Company Address
Large	Kastle Systems, Inc.	1501 Wilson Blvd. Arlington, VA 22209-2403
Large	Honeywell, Inc.	8975 Three Chapt Road Richmond, VA 23229-4656
Small	Integrated Systems, Inc.	2300 W. Park Place Blvd. Stone Mountain, GA 30087-3561
Small	International Research As- soc.	8030 Cessna Avenue Gaithersburg, MD 20879-4119
Small	Synalec Corp.	87 W. Main Street Sodus, NY 14551-1137
Large	Nation, Inc.	788 Shrewsbury Avenue Eatontown, NJ 07724-3080
Large	MFS Network Technologies, Inc.	1200 Landmark Center, Ste 1300 Omaha, NE 68102
Large	Wells Fargo Alarm Svcs	1010 N. Glebe Road, Ste 680 Arlington, VA 22201-5706
Large	Prudential Security Svcs	1000 Apollo Court #J Antioch, CA 94509-7514
Large	Safemasters Company, Inc.	5655 General Washington Drive Alexandria, VA 22312-2452
SDB	C.A.E. & Associates, Inc.	11400 Airport Road, Ste B Everett, WA 98204-3745
Large	The Foxboro Company	600 N. Bedford Street East Bridgewater, MA 02333-1199
WOB	Executive Security & Engr Tech	900 2nd Street NE Ste 112 Washington, DC 20002-3557

II. Maintenance/Repair of Security Systems Services

Company Size	Company Name	Company Address
Small	Secur-Data Systems Inc.	7340 Executive Way Frederick, MD 21701-9405
Small	Central Security & Electric	104 E. 11th Street Rolla, MO 65401-2866
Small	ALSS, Inc.	3093 E. Main Road Portsmouth, RI 02871-4126
Small	National Guardian Sec Svcs	550 Barneveld Avenue San Francisco, CA 94124-1878
Small	PSC, Inc.	20271 Goldenrod Lane Germantown, MD 20876-4064

III. Facilities Operations/Visitor Control/Guard Services/ Surveillance Services

Company Size	Company Name	Company Address
Small	XERAD, Inc.	767 Paseo Miramar Pacific Palisades, CA 90272-3026
Small	North American Video & Sound Company	2222 N. Memorial Pkwy, Ste G Huntsville, AL 35810-4515
Small	Security East, Inc.	792 Hartford Tpke Shrewsbury, MA 01545-4107
SDB	Integrity Intl Sec Svcs	211 S. 6th Street Clarksville, TN 37040-3607
SDB	WMP Security Svc Co	San Diego, CA
Small	Custom House	4500 3rd Avenue SE Lacey, WA 98503-1053

IV. Installation of Alarm/Signal Systems

Company Size	Company Name	Company Address
Small	Advantor Corp.	6101 Lake Ellenor Drive Orlando, FL 32809-4660
Small	Digital Applications, Inc.	2101 Executive Drive Hampton, VA 23666-2404
Small	Controlled Access Concepts	3959 Pender Drive, Ste 109 Fairfax, VA 22030-6041
SDB	Omnisec Corp.	7926 Jones Branch Drive McLean, VA 22102-3323

V. Lease/Rental of Alarm and Signal Systems

Company Size	Company Name	Company Address
Large	ADT Security Systems Mid-South	7399 Boston Blvd. Springfield, VA 22153
Small	Sentrex, Inc.	3823 Highcliff Drive San Antonio, TX 78218-2423

ATTACHMENT C
GOVERNMENT PURCHASING OFFICES FOR FSC63 (SECURITY SYSTEMS)

FSC #	Purchasing Organization Name	Purchasing Organization Address
6350	Defense Logistics Agency	Defense Supply Center Richmond ATTN: DGSC-P Richmond, VA 23297-5000
6350	Department of the Navy	Space & Naval Warfare Systems Command (SPAWAR) Crystal Park 5 2451 Crystal Drive Arlington, VA 22202-9999
6350	Department of the Navy	Naval Supply Center Puget Sound Bremerton WA (NSC Puget) Bremerton, WA 98314-5100
6350	Department of the Navy	National Center 2 2531 Jefferson Davis Highway Arlington, VA 22242-5160