

# Marine Corps Systems Command Small Business Strategy

FY21-22



**Office of Small Business Programs  
Marine Corps Systems Command**

## **Executive Summary**

This strategy is a shared effort by all acquisition program offices under Marine Corps Systems Command and its supported Program Executive Officers.

This small business strategy emphasizes the advantages of small business acquisition and how to incorporate small business vendors into the strategies of Marine Corps Systems Command (MARCORSYSCOM) and its supported Program Executive Officers (PEOs) workforce. The strategy focuses on ensuring key innovation programs have small business participation, increasing commercialization, developing the right tools for acquisition professionals, and streamlining policies and regulations.

This effort is multi-faceted and will encourage our supported Program Executive Officers (PEOs), MARCORSYSCOM Portfolio Managers (PfMs), direct reporting Program Managers (PMs) and Marine Corps Tactical Systems Support Activity (MCTSSA) to support and promote initiatives to facilitate a synchronized, modernized, and agile small business industrial base.

Key areas of investment for the Marine Corps as outlined in the 38th Commandant's Planning Guidance (CPG), include training and education; Ground Based Long Range Precision Fires; Unmanned Systems; Command & Control in a degraded environment; Air and Missile Defense; Artificial Intelligence, Data Science and Emerging Technology. These are the Lines of Effort that MARCORSYSCOM and its supported PEOs will prioritize as we work to build a strong industrial base.

## Marine Corps Systems Command Small Business Strategy

The goal of this strategy is to nurture a dynamic, resilient, and capable supply chain that supports the warfighter and military readiness. The Department of Defense (DoD) has identified two primary objectives: 1) enable innovation and commercialization of technologies to support the National Defense Strategy (NDS) and National Security Strategy (NSS); and 2) attract and enable small businesses to address manufacturing and defense industrial base challenges.

The Small Business Objectives for allocation of Dollars to Award Small Business and Small Business Socio Economic Groups at the Prime Contractor level is as follows:

Socio Economic Group	Obligated Prime Funding (Yearly)	
<b>Small Business</b>	24%	\$520M
<b>Small Disadvantaged Business</b>	11.33%	\$255M
<b>Small Disabled Veteran Owner Small Business</b>	8.5%	\$191.25M
<b>Women Owned Small Business</b>	3.33%	\$75M
<b>HUBZone Small Business</b>	1.33%	\$30M
<b>Estimated Total obligation eligible for SB</b>		\$2.25B

Note: These numbers are compiled based on Federal Procurement Data System (FPDS) and Procurement Management Tool (PMT) forecasting on Non-Classified FAR based Acquisitions.

## Marine Corps Small Business Initiatives

**Ensure Small Business Programs Further National Defense Programs, Priorities and the Marine Corps Commandant’s Planning Guidance.** This strategy focuses on education, workforce development, policy engagement, tool development, data management and interoperability. These focus areas were selected to ensure our acquisition professionals are adequately trained to engage industry and leverage small business programs to meet Marine Corps missions, promote a growing industrial base and improve Marine Corps capabilities in key areas. The strategy also includes methodologies on the use of existing authorities to expand small business participation across acquisition and research and development programs. Further details available in Appendix (1).

**Improve Small Business Points of Entry into Marine Corps Market.** Reduce the challenges small businesses face when participating in Marine Corps procurements. Lacking the overhead and capital of large businesses, small businesses are often unaware of how to navigate the defense acquisition process, which is often complicated, resource-intensive, and limits opportunities for market entry. In addressing these challenges, this strategy provides the way forward for creating clearer entry points for small businesses, increasing their access to decision makers and providing more opportunities. Further, the strategy discusses the development and deployment of tools, technologies, and data to identify capable small business suppliers and attract the most innovative small and non-traditional businesses into the defense market. The strategy also provides a path to supporting small non-

traditional businesses with cyber readiness, adversarial influence risk reduction and intellectual property protection. Further details available in Appendix (2).

**Enable and Promote Coordinated Outreach to Small Businesses.** To facilitate and promote activities providing coordinated outreach to small businesses through the Procurement Technical Assistance Program (PTAP), this strategy pursues improved outreach and communication through Procurement Technical Assistance Centers (PTACs). The Marine Corps must also strengthen its relationships and communication methodologies with the command acquisition community.

As a part of this strategy, MARCORSYSCOM will improve communication between small businesses and the broader acquisition community, collaborating with organizations such as PTACs, HUBZone and 8(a) National Associations, National Defense Industrial Association (NDIA), Modern Day Marine Expo (MDME) and other professional industry focused associations to host events and activities aimed at supporting small business contractors to align with the Marine Corps Industrial Base. Further details available in Appendix (3).

## Anticipated Impacts and Future State

The activities described in the implementation section include initiatives to be undertaken during the FY 2021 - FY 2022 period. Each initiative will directly and positively address the specific industrial base risks as identified in EO 13806, the NDS, and the CPG.

The command will work to increase obligations in all small business categories. The command will work to increase the use of set-aside authorities in Women-Owned Small Business (WOSB) and HUBZone as these have been areas of historical weakness. The command will continue to work to expand the industrial base provide more opportunities to small businesses across the industries MARCORSYSCOM operates in at both a prime and subcontract level. This will be done through the implementation of initiatives listed in Appendix 2 and appendix 3

The Outcomes of the command initiatives will be demonstrated by command total prime contract obligation to small business by industry as shown in the small business dashboards; good news stories related to small business achievements provided up to DON OSBP; participation in small business events to increase outreach; and execution of small business actions throughout the fiscal year.

## Conclusion

DoD and the United States Marine Corps believe in the potential for small businesses to provide innovative solutions to meet the needs of our future forces. Small businesses fill critical manufacturing and industrial base gaps and are key contributors to the modernization of the defense industrial base. Increasing small business participation is beyond just meeting statutory goals; it is critical to our national security, and ultimately key to equipping the warfighter. By implementing this strategy, the Marine Corps will spur maximum small business innovation, increase entry points for small businesses into defense markets, and streamline regulations and policy to ease the process of our nation's innovators and contribute to mission success. The byproduct of these efforts will build a small business defense industrial base that will serve as an economic engine for decades to come.

## **Appendix (1)**

### **Ensure Small Business Programs Further National Defense and USMC Programs and Priorities**

The following addresses the first statutory requirement:

- **Enhance Workforce Education and Development**
- **Maximize the Use of Existing Programs and Authorities**
  - **Innovation & Commercialization**
  - **Acquisition & Sustainment**

#### **Enhance Workforce Education and Development**

Workforce education and professional development are key components of leveraging small business capabilities. From a federal government perspective, adequate training of the acquisition workforce, including small business professionals, is a primary focus of DoD. People drive the acquisition process.

Therefore, regular acquisition workforce training will be provided on key small business innovation programs and incorporated in to command training courses throughout the FY. This will include small business training as part of the existing capstone courses; encouragement of workforce to take DAU and DOD small business training courses and providing Ad Hoc training for PfMs, PEOs, direct reporting PMs and Command Activities to increase the knowledge base on small business policy, regulation and innovative acquisition strategies.

This will require continuous communication of small business initiatives, achievements, policy changes, and industry concerns. This information will be provided in a bi-weekly email to leadership. Also regular training and tips will be shared as part of the MS Team Small Business channel available at the link below:

<https://dod.teams.microsoft.us/l/channel/19%3adod%3af71321e831f343658c9c01014cecd071%40thread.skype/General?groupId=f45d8563-2b83-4150-a00a-a6502355925f&tenantId=f4c44cda-18c6-46b0-80f2-e290072444fd>

Training for the workforce will increase involvement of small business professionals at all stages of the acquisition process and can help raise the visibility of small business contributions, capabilities, and expertise within the Marine Corps enterprise. This has been demonstrated by an increase of communication in FY 20 leading to improvements in HUBZone obligations and resulting in increased small business obligations in the knowledge based service industry. It was also validated by the two nominations for Acquisition Excellence Awards the command received. Training on how to best utilize the small business office will help bring an outside perspective into the requirements process to present potential concerns from industry. Small business professionals conduct outreach throughout the industrial base with large prime contractors, small businesses, nonprofits, academic institutions and non-traditional defense vendors.

This outreach involves long-range acquisition forecasting (LRAF) data tools, attending industry conferences, and providing assistance to small businesses in all socio economic categories. Such outreach also entails reviewing capability statements, facilitating partnerships among industrial base participants, and matchmaking capable small businesses with acquisition commands.

An initiative to provide training for acquisition professionals will teach best practices in industry and small business contracting, how to build a pipeline of talent for the acquisition workforce, and an understanding and respect for how small businesses contribute to the Marine Corps mission. An emphasis on conducting market research and working with PTACs, SBDCs and other business assistance entities to identify potential companies in areas critical to our national security. Efforts will support a robust, capable small business industrial base to diversify and expand the supply chain.

**Initiatives:**

- Provide regular and recurring training to acquisition professionals on how to utilize small business in USMC acquisitions.
  - **Training for FY 21-22 will include the following topics:**
    - Small Business Market Research
    - How to work with the Local PTACs to enhance the small business footprint
    - How to work with the Small Business Administration (SBA) to enhance access to small businesses
    - Small Business subcontracting and participation
    - Networking events with DoD Regional Councils to improve cross-communication on challenges faced in subcontracting
    - Utilization of industry days for small businesses as a part of market research and contract solicitation
    - How the MARCORSSCOM Small Business Office can support/augment PMO efforts
    - Consolidation and Bundling

(Dates will be coordinated with teams at their request)

- Provide training using MS Teams and Adobe Connect
- Communicate regularly with small business advocacy partner organizations and SBA to offer guest speaker opportunities during training sessions.

**Maximize the Use of Existing Programs and Authorities (Innovation & Commercialization)**

The Marine Corps has access to several programs that enable innovation, attract small businesses, and reduce barriers to entry. These programs include statutory small business programs such as the Small Business Innovation Research (SBIR) program, the Small Business Technology Transfer (STTR) program, the Rapid Innovation Fund (RIF), and the Mentor Protégé Program (MPP). Other programs that benefit small businesses include the Manufacturing Technology Program (ManTech), the

Manufacturing Innovation Institutes (MIIs), the Rapid Reaction Technology Office (RRTO), the National Security Investment Network (NSIN), NAVAL X and the Defense Innovation Unit (DIU). Each of these programs focus on a specific segment of the small business industrial base, technology maturation levels, and methods of innovation. Proactively enabling these programs to work together to drive technology transfer into Marine Corps programs is critical to engaging small businesses and increasing their contributions to the NDS's and CPG's objectives. This will be used to increase the amount of innovative companies in the industrial base.

## **Appendix (2)**

### **Improve Small Businesses Points of Entry into Defense Market**

The following addresses the second requirement of this strategy:

- Improve on Policies and Processes
- Tools, Technologies, and Data
  - Streamline the acquisition process and bring together disparate data in a usable format to improve industrial base research.
  - Determine how to better match small businesses with potential opportunities by providing data-based tools and applications
- Develop a Small Business How to Entry checklist
- Enable forums for small business communication to include a Quarterly PALT in conjunction with the contracts division.

#### **Improve on Policies and Processes**

Contributing to the development of right types of regulation when requested, and implementing local policy is important in attracting small businesses to work with the USMC and reduce obstacles for small business growth. Through a robust effort to streamline internal acquisition regulations and policies, MARCORSYSCOM will seek to continue to elevate small businesses' visibility to the acquisition workforce and ensure that small business capabilities are considered at the earliest stages of the acquisition process. The MARCORSYSCOM OSBP will ensure that small business participates in acquisition strategy development and peer reviews so technologies developed from research and development programs such as SBIR, RIF, and others, are considered for inclusion in future procurements. This involvement also ensures that small business solutions for defense missions are fully considered at the prime and subcontracting levels.

Engagement by small business professionals at the earliest stages of the acquisition process will enable the USMC to find solutions to help small businesses overcome barriers. Early engagement by the MARCORSYSCOM small business professionals will allow MARCORSYSCOM to develop better strategies for set-aside where available, provide input to acquisition planning and program management reviews and provide a means to better hold prime contractors accountable for meeting small business participation goals and providing subcontracting opportunities for small businesses.

The OSBP will provide a potential vendor list for PMs and Deputy PMs on a regular basis, at least quarterly. The vendor list will provide data on potential vendors in SB, SDB, WOSB, and HUBZone categories against high-spend areas of category management, ensuring they are considered for potential acquisitions.

Establishing accountability measures will ensure that small business legislation and regulations are properly implemented across MARCORSYSCOM. For example, Federal Acquisition Regulation (FAR) 19.502-2 states that: "purchases shall be set aside for small business unless the contracting



officer determines there is not a reasonable expectation of obtaining offers from two or more responsible small business concerns that are competitive in terms of market prices, quality and delivery.” This requirement is commonly called the “rule of two,” and it applies to all purchases that exceed the micro-purchase threshold. It is imperative for DoD to use this regulation to increase the use of small business set-asides that will promote competition and result in fair market prices for defense procurements. This is particularly effective in areas where small businesses provide services, commercial items, and construction services that enable and sustain the warfighter.

Additionally, the MARCORSYSCOM OSBP will ensure that procurements within the Simplified Acquisition Threshold are reserved exclusively for small businesses to the maximum extent practicable. Reducing barriers to entry within these procurements is important. These smaller acquisitions have more streamlined processes and can be a tool to make small-dollar procurements for prototyping activities from small, non-traditional vendors. Finally, the DoD will continue facilitating prompt payments to small business concerns and encouraging prime contractors to do the same for their supply chain. According to DoD Executive Order 13806 Report, unreliable cash flow to small businesses makes the U.S. defense industrial base more fragile and less secure. These policy and process initiatives should serve to increase small business participation in small business friendly sectors, increase competition on defense procurements, and ensure that there is a Department-wide emphasis on small business consideration from the earliest stages of the acquisition process.

#### **Initiatives:**

- Ensure small business-related policies and best practices are included within MARCORSYSCOM guides and directives.
- Reduce overly burdensome policies that create barriers to entry for small businesses, hold prime contractors accountable for small business subcontracting performance, and continue to hold senior executives accountable for including small businesses in procurements.
- Track data on competition rates for procurements and engage senior leaders to ensure maximum practicable opportunity is given to small businesses throughout defense procurements.
- Track data on small business achievements and determine methods for improvement.

#### **Utilize Tools, Technologies, and Data**

Identifying capable small business suppliers is critical in attracting the most innovative small businesses. This requires a robust set of tools that acquisition professionals can use to streamline how they conduct market research, track performance management, and run comparative analytics across organizations within the USMC and the federal government. MARCORSYSCOM OSBP is planning a hacking for defense challenge that should help us address how to get many of the tools implemented. We are also working to raise awareness of existing tools and engaging across DoD to find new and existing tools to provide solutions for MARCORSYSCOM.

OSBP recently worked with our Partnership Intermediary Agreement (PIA) holder, EPIC to add a virtual industry day (VID) platform to our research tools for innovative technologies. This tool has been successfully used in previous acquisitions. We believe that this online, VID capability can be used as an effective tool to help vet vendors in the emerging technology space. OSBP has created a VID portal for innovative vendors to submit technologies previously received by emailed

whitepapers to ensure they are shareable and easily accessible by technical officials.

The long-term goal is to develop a vendor profiling and forecasting tool to merge with other tools, streamlining market research capabilities and lessening the need for repetitive market research on similar and recurring actions across the enterprise.

MARCORSYSCOM OSBP is working to develop a vendor profiling and action forecasting tool. The goal of these tools is to provide ease of access to vendor data on current contracts, types of businesses performing contract work, and other related information. This tool will be used to pull from multiple existing sources of information, streamlining the current multi-tool process, reducing the number of touch points required for market research, and allowing for easier access to existing market research.

The MARCORSYSCOM OSBP will continue developing and deploying these tools for the acquisition workforce. There are several functions that the acquisition professionals carry out daily that can be e-enabled using the latest open source technologies. This will help identify suppliers for requirements, increase outreach to innovative companies, reduce barriers for entry to small businesses, and create more entry points for small businesses into defense markets. These technologies and tools will facilitate a deeper understanding of the supply chain, promote shared market research and vendor analytics across the Department. They will also permit small business professionals, and other members of the acquisition workforce, to simplify how they manage their engagement with small business to achieve mission requirements.

Using data analytics is critical to understanding the industrial base and measuring success. DoD uses data analytics to effectively measure performance. Some examples include identifying the North American Industry Classification System (NAICS) and Product Service Codes (PSC) that fit into priority areas of the NDS, CPG, DoD, and USMC mission priorities as well as consistently analyzing trend lines to see how DoD is performing against specific products or technologies. If those NAICS codes or PSCs do not exist, MARCORSYSCOM OSBP will work with DoN OSBP and DoD OSBP to get the Department of Commerce to create new NAICS codes that best capture these requirement areas, or work internally to develop appropriate PSCs that best capture the areas on which DoD wants small businesses to focus. MARCORSYSCOM OSBP will also work with SBA to ensure that small business size standards and manufacturing rule waivers are driven by data analysis and market trends.

Both small businesses and the Government Accountability Office frequently cite inconsistent or unsuitable use of NAICS codes and PSCs as a notable barrier to entry. For example, if a product buy is assigned a NAICS wholesale trade or retail store code instead of a manufacturing code, small business manufacturers would normally not qualify for the contract. Absent two or more potential small business offers, the contract would not be set aside for small business. Small firms cannot find contracting opportunities if they are miscoded, and the Department and PTACs become unable to provide consistent information to industry. Miscoding also impairs the Department's ability to analyze the match between industry capabilities and mission requirements, because it forces the Department's buyers to look at incorrect industries. Unduly narrow or unduly broad codes can have the same effect. For example, many multiple-award contracts cover requirements suitable to more than one NAICS code. The SBA recently took steps to encourage multiple NAICS codes on multiple-award contracts, but current reporting systems do not allow for assignment of multiple

NAICS codes to a contract.

**Provide businesses a Small Business How to do business entry checklist:**

Identify common methods of entry in the Marine Corps Business Ecosystem for small, emerging, and non-traditional companies. Provide a one-page checklist they can use to navigate the process with an integration into the command small business webpage.

In the checklist, ensure a common point of contact and assistance are provided for how to do business with the government in general and how to do business with MARCORSYSCOM specifically. This will include PTAC representatives, SBA representatives, and MARCORSYSCOM common mailboxes.

**Provide innovative businesses a forum to showcase their technologies to the USMC for awareness and comment:**

MARCORSYSCOM OSBP will continue to work with DC SEAL and the MARCORSYSCOM tech scouts to introduce new innovative small businesses. We will work to include business in the monthly tech demo days as warranted in conjunction with the Chief Technology Officer (CTO). Providing these forums will allow for evaluation and discussion on new technologies provided by small businesses allowing for potential entry points to be discovered for technologies to enhance the mission.

### **Appendix (3)**

#### **Enable and Promote Coordinated Outreach to Small Businesses:**

Projected Outreach Events for FY 2021 are depicted in the chart below.

<b>Event Name</b>	<b>Dates</b>	<b>Command Teams Supporting</b>	<b>Estimated Command Attendance</b>
Virtual SB roundtable 1 <sup>st</sup> QTR FY 21	2 Nov 2020	MARCORSYSCOM OSBP	25-30 Attendees
Virtual Interservice, Industry Training, Simulation and Education Conference (vI/ITSEC) (Orlando, FL)	Nov 30-Dec 4 <sup>th</sup> , 2020	PM TRASYs Leadership	6+ Attendees
8(a) Association Conference (Nashville , TN)	25-27 Jan 2021	MARCORSYSCOM OSBP	2 Attendees
AFCEA West	16-18 Feb 2021	MARCORSYSCOM Leadership	6+ Attendees
Virtual SB roundtable 2 <sup>nd</sup> QTR, 2021	Feb 2021	MARCORSYSCOM OSBP	25-30 Attendees
MARCORSYSCOM Small Business Symposium (Virtual)	TBD (Planning for March or April)	MARCORSYSCOM and PEO LS	30 + Command Attendees
Virtual SB roundtable 3 <sup>rd</sup> QTR, FY 2021	May 2021	MARCORSYSCOM OSBP	25-30 Attendees
Training & Simulation Industry Symposium (TSIS) (Orlando, FL)	TBD	PM TRASYs Leadership	6 Attendees
SOFIC (Tampa FL)	17-21 May 2021	MARCORSYSCOM OSBP	10 Attendees
NDIA Navy Gold Coast Small Business Conf. (San Diego, CA)	TBD	MARCORSYSCOM OSBP/ MCTSSA (if available)	2-10 Attendees

HUBZone Association Conference (Chantilly, VA)	8-9 Sep 2021	MARCORSYSCOM OSBP	2 Attendees
Modern Day Marine (Quantico, VA)	4-6 May 2021	MARCORSYSCOM and PEO LS	30+ Attendees
Procurement Administrative Lead Time (PALT) (Orlando, FL)	Monthly	TRASYS	5 Attendees
Sea Air Space Expo	1-4 Aug 2021	MARCORSYSCOM Leadership	30+ Attendees

The following addresses the third requirement of this strategy:

- **Improve Outreach and Communications**
- **Address Small Business Cybersecurity Challenges**
- **Protect Small Business Intellectual Property**
- **Support Education and Workforce Development Programs**

Improve Outreach and Communications

MARCORSYSCOM must continue to strengthen its relationships and communication methods with the larger acquisition community and small businesses seeking to do business with the USMC. The PTAP plays a primary role in the Command’s efforts to identify and engage with small companies entering or participating in the defense supply-chain and provides the education and training businesses need to participate in defense procurements. Through the Defense Logistics Agency, DoD provides funding to PTACs that serve as a resource for businesses to obtain information and training related to contracting and subcontracting opportunities with DoD, other Federal agencies, and state and local governments. There are currently PTACs, operating in the U.S. and the territories of Guam and Puerto Rico.

By working with other federal technical assistance programs, which collectively serve over one million small businesses annually,<sup>1</sup> and through public-private partnerships and industry collaboration, PTACs can be an effective means by which the Marine Corps conducts outreach and engages the nation’s small business industrial base. As the primary interface with small businesses in the field, PTACs, with the support of other federal small business resource partners, work directly with private sector, university, non-profit, and local partners. PTACs conduct the type of outreach necessary to develop long-term relationships with the small business community and the larger defense industry. In order to make this successful, it is important for the Department to create a unified communications structure that will better align PTACs with the Department’s small business engagement strategy so that they better understand the Department’s future requirements and

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<sup>1</sup> U.S. Small Business Administration (SBA), *Fiscal Year 2019 Congressional Budget Justification and FY2017 Annual Performance Report*, p. 19, at [https://www.sba.gov/sites/default/files/aboutsbaarticle/SBA\\_FY\\_19\\_508-Final-FINAL.PDF](https://www.sba.gov/sites/default/files/aboutsbaarticle/SBA_FY_19_508-Final-FINAL.PDF).

forecasting, and work closer with small business professionals.

Another essential component to outreach success is engagement from senior leadership across the USMC and DoD in promoting the objectives of this strategy. This includes activities and initiatives, such as outreach events and internal policy guidance within their respective organizations, to ensure maximum practical opportunities are provided to small businesses. The MARCORSYSCOM OSBP will engage with senior levels of the enterprise for assistance where needed and to provide details on our initiatives. An example of one of the senior level initiatives we will engage is the Training and Tactical Assistance Center (TTAC). The TTAC Community of Practice (CoP) will also engage small businesses and provide a clear picture into the entry points of the Department innovation programs. This level of engagement will help small businesses understand where the Department is headed with its future requirements, so they can best align their business models and investments.

### **Initiatives:**

- Increase collaboration between the MARCORSYSCOM OSBP and PTACs to ensure outreach and communication to small businesses are aligned under the NDS and CPG.
- Establish an industrial base training program to train businesses on how to respond to MARCORSYSCOM contracts and common pitfalls.
- Work with PTACs to develop a system that consolidates data collected through industry engagements for use across DoD for more targeted outreach.
- Develop a procurement forecasting Strategy working collaboratively with contracting leadership to effectively communicate with small businesses and share forecasts with small business advocacy groups and industry partners accordingly.

### Address Small Business Cybersecurity Challenges

Protecting the nation's cyber infrastructure from increasingly sophisticated threats posed by foreign competitors and adversaries remains a critical national security priority for DoD. The U.S.'s private sector partners within the defense industrial base are continually assessing and mitigating cybersecurity vulnerabilities. However, the importance of small business within that base and the cyber risks posed to the supply chain remains a significant concern. Supporting cyber resilience within small business manufacturers is key to enabling these companies to address industrial base gaps across the Department.

According to a research survey by Enterprise Strategy Group (ESG) of 400 cybersecurity and information technology (IT) professionals working at small organizations in North America, two-thirds of the organizations surveyed experienced at least one cybersecurity incident over the past two years.<sup>2</sup> In August 2017, the Council of Better Business Bureaus conducted a poll of 2,000 consumers and a survey of about 1,100 businesses in North America. According to this survey, about 10 percent of respondents could not tell if they had been a target of a cyberattack, supporting the notion that threats are becoming more sophisticated and attacks are underreported.<sup>3</sup>

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<sup>2</sup> Oltsik, Jon. "The State of Cybersecurity at Small Organizations." *CSOOnline.com*. IDG Communications, Inc. 16 Aug. 2018. [www.csoonline.com/article/3298437/security/the-state-of-cybersecurity-at-small-organizations.html](http://www.csoonline.com/article/3298437/security/the-state-of-cybersecurity-at-small-organizations.html).

<sup>3</sup> Fanelli, Bill, *et al.* "2017 State of Cybersecurity Among Small Businesses in North America." *BBB.org*. Council of Better Business Bureaus. Aug. 2017. [www.bbb.org/globalassets/shared/media/state-of-cybersecurity/updates/cybersecurity\\_final-lowres.pdf](http://www.bbb.org/globalassets/shared/media/state-of-cybersecurity/updates/cybersecurity_final-lowres.pdf).

The DoD and USMC have a strategic interest in supporting the cyber resiliency of its supply chain. According to the Executive Order 13806 Report, many small businesses lack the resources to implement cybersecurity enhancement measures. At the same time, in 2017, cyber-attacks cost small- and medium- sized businesses an average of \$2,235,000.<sup>4</sup> Several studies show that the biggest contributor to security incidents is a general lack of understanding about cyber risk and a lack of adequate cybersecurity training for non-technical employees resulting in poor or absent security preparation and hygiene.<sup>5</sup>

To address these concerns, DoD's OSBP is working with DoD cybersecurity components and using both regulatory and voluntary programs to improve the collective cybersecurity readiness of the small business industrial base, with a focus on small manufacturers. These efforts support Defense Federal Acquisition Regulation Supplement (DFARS) regulatory compliance by small federal contractors with respect to adequate security, cyber incident reporting, and malicious software reporting, and supporting damage assessment.<sup>6</sup>

### **Initiatives:**

- Work through OSBP and other programs to develop mechanisms to create roadmaps and threat assessments for small manufacturers.
- Provide guidance for small businesses within the defense industrial base to conduct voluntary self-assessments for cyber preparedness.
- Support development of tools, technologies, and training to improve cyber resiliency.
- Support the broader acquisition community in meeting DFARS requirements for the implementation of cybersecurity measures set forth by the National Institute for Standards and Technology (NIST).<sup>7</sup>

### **Protect Small Business Intellectual Property**

Intellectual property protections are significant drivers in the success of innovators and entrepreneurs producing critical technology solutions in support of national defense. It is also increasingly important as DoD seeks to grow the participation of commercial companies and innovators not currently within the defense supply chain to meet manufacturing and industrial base gaps. Small businesses and inventors are facing unprecedented threats and challenges by near-peer adversaries that are aggressively seeking technologies and intellectual property developed within the U.S. Additionally, while small business owners and entrepreneurs enjoy statutory protection to preserve their intellectual property rights when contracting with the federal government, they generally do not have the knowledge or resources large businesses possess when negotiating Terms of Use and are at a disadvantage in comparison to larger firms.

When theft or infringement of intellectual property rights occur, small businesses are left at an

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<sup>4</sup> "2017 State of Cybersecurity in Small & Medium-Sized Businesses (SMB)." *Keepersecurity.com*. Ponemon Institute. Sept. 2017. [keepersecurity.com/assets/pdf/Keeper-2017-Ponemon-Report.pdf](https://keepersecurity.com/assets/pdf/Keeper-2017-Ponemon-Report.pdf).

<sup>5</sup> Oltsik, par. 8.

<sup>6</sup> 48 CFR § 252.204-7012.(2016). Print. [80 FR 51745, Aug. 26, 2015, as amended at 80 FR 56930, Sept. 21, 2015; 80 FR 81474, Dec. 30, 2015; 81 FR 73000, Oct. 21, 2016].

even greater disadvantage than larger businesses. For the defense industrial base, which depends on the innovation and participation of small businesses and entrepreneurs, ensuring small businesses have the education and tools necessary to protect their intellectual property is vital to their success. The success of small business innovators is critical to the nation's overall safety and security. Recent efforts by the U.S. Patent and Trademark Office, the SBA entrepreneurial development programs, and other agencies and industry partners have successfully educated small business owners and entrepreneurs about intellectual property and helped them to understand their rights.

**Initiative:** Work with federal government and industry partners to include information about current intellectual property education programs in outreach and communications efforts to small businesses.

### Support Education and Workforce Development Programs

The MARCORSYSCOM OSBP will make efforts to ensure the industrial base has the supply of talent necessary to grow personnel competencies in STEM, as well as critical trade skills. OSBP will do this through Education and Workforce Development (EWD) programs. This is a focus area of the Executive Order 13806 Report. Small business suppliers will be one of the greatest beneficiaries of these initiatives. According to the SBA, small businesses represent 99.9 percent of employer firms, and constitute nearly half of all private sector employment.<sup>8</sup> Additionally, according to the most recent Wells Fargo/Gallup Small Business Index, 18 percent of small businesses indicate that finding employees with the right skills is their most important challenge, with one in 10 stating it is their only issue. EWD programs will support enhanced capabilities within the small business industrial base that can be harnessed to support mission requirements.