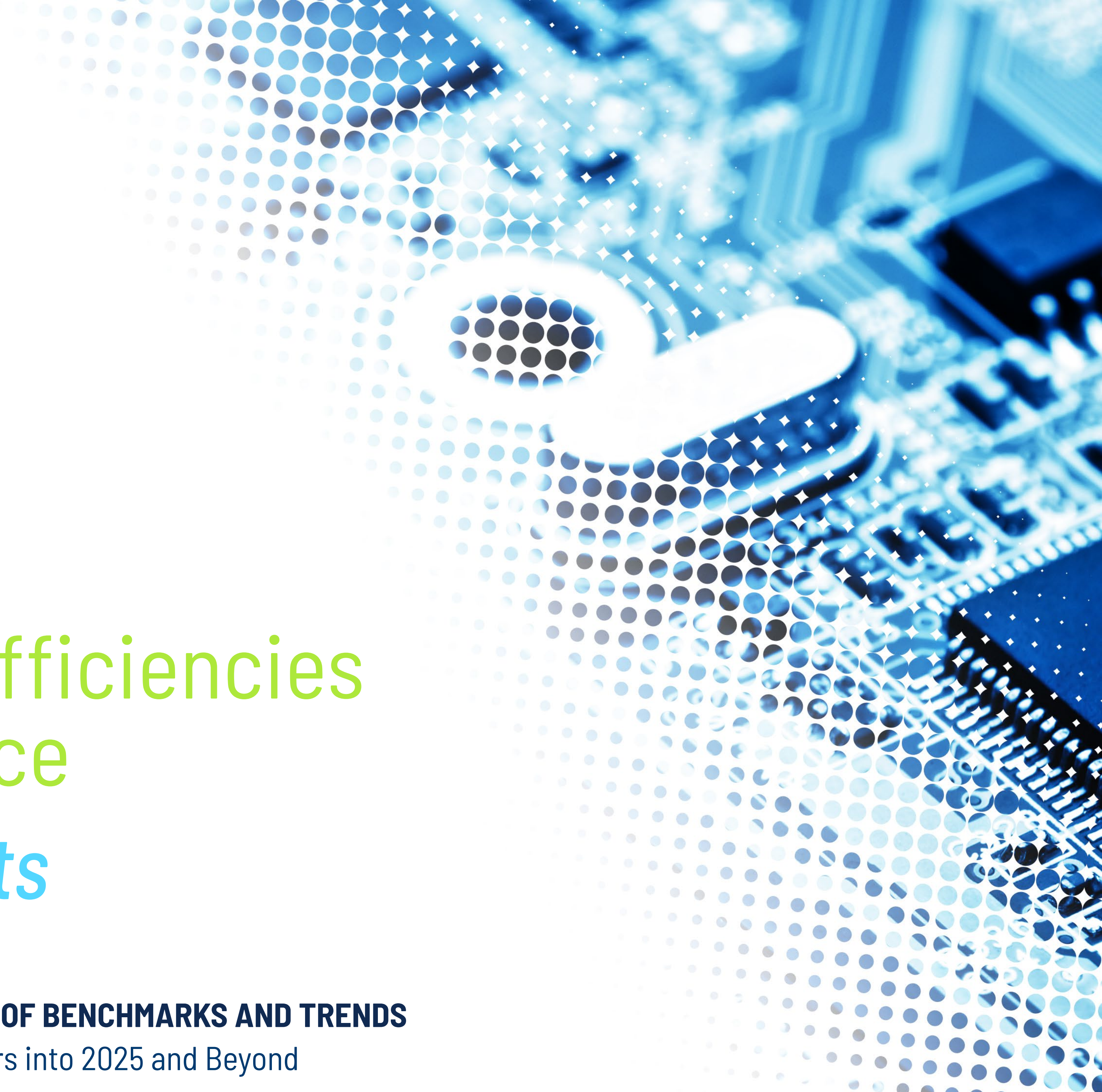


GAUGE 2024 REPORT

Balancing Efficiencies & Compliance

w/ AI Insights

ANNUAL INDUSTRY ROADMAP OF BENCHMARKS AND TRENDS

Guiding Government Contractors into 2025 and Beyond

Unanet

8TH EDITION

CohnReznick

GAUGE

Table of Contents

8TH EDITION

DON'T MISS: FAST FORWARD

Each GAUGE section concludes with **ready-to-apply AI insights and best practices** to accelerate your firm's compliance, efficiency, and profitability.

GAUGE

Foreword

In a fluctuating market landscape, the government contracting industry stands as a bastion of stability. Many of our industry benchmarks have held steady from last year, underscoring how reliable and dependable the market is.

To drive significant growth and profitability, GovCons must prioritize operational efficiency and balance this need against increasingly urgent compliance demands from new policies and intensifying regulatory scrutiny.

Enter Artificial Intelligence. Many fear that AI technology will soon replace people. This is not true—but people using AI will replace those who do not embrace AI. Though its full impact on our industry is yet to be seen, there is no doubt that AI will prove a valuable ally in navigating the pressures facing GovCons today.

From enhancing strategic forecasting and planning, automating tedious administrative tasks, detecting operational issues, and analyzing data trends, AI offers many powerful capabilities that growth-minded GovCon businesses can no longer afford to ignore.

By leveraging the massive potential of AI to optimize day-to-day operations wherever possible, GovCon businesses can focus more on building and maintaining relationships—the lifeblood of our industry's economy.

For eight years, the GAUGE Report from Unanet and CohnReznick has been a resource that members of the government contracting community can turn to for industry-wide performance benchmarks and insights into emerging trends and best practices. This 2024 edition of the GAUGE is all about **Balancing Efficiencies & Compliance w/ AI Insights** to win more business from the federal government.

Our goal remains to provide the industry with a roadmap for maximizing opportunities and navigating risks, and to equip firm leaders with actionable insights to inform decision-making in the year ahead.

Kim Koster
VP of Product Marketing, Unanet

Christine Williamson
Partner, Government Contracting Industry, CohnReznick

Kim Koster Christine B. Williamson

G GOVERNMENT CONTRACT COMPLIANCE

A ACCOUNTING

U UTILIZATION

G GROWTH

E EFFICIENCIES

THE 2024 GAUGE REPORT CONTAINS BENCHMARKS, INSIGHTS, AND ANALYSIS FROM TOP INDUSTRY LEADERS ON:

- Market dynamics and key organizational issues, opportunities, and challenges.
- Business outlook, performance, and operations metrics.
- Project management approach, performance, opportunities, and challenges.
- Compliance and audit experiences, costs, and key metrics.
- Strategic and regulatory considerations.
- Noteworthy trends and actionable steps for addressing industry issues, with a focus on AI enablement.

Overview

The goal of the GAUGE Report

For many years, Unanet and CohnReznick have partnered to produce this benchmarking report. Our goals are to gauge the pulse of the government contracting industry, to illuminate industry trends and the competitor landscape, and to offer best practices and actionable insights to guide firm leaders in decision-making.

Each section of the GAUGE dives into greater detail for specific knowledge areas. Plus, don't miss our Fast Forward insights for actionable steps to help you get ahead.

The current state of government contracting

The government contracting industry is a stable one—growth is anticipated to remain steady, the President's Defense budget has gone up 3% from the previous fiscal year, and no major budgetary changes are expected going into the 2024 election season.

However, survival is never assured. Achieving new business wins and finding opportunities are ongoing and urgent concerns, business development resources are a continued struggle, and relationships remain the leading method of landing new work. Resource recruiting and retention, though down since last year, remains a top issue keeping GovCon leaders up at night. Firms are also experiencing heightened anxiety about the political climate—a worry that has shot up precipitously in the last year.

71%

of firms are optimistic about the current GovCon environment

57%

list new revenue resources as their first or second-most significant financial challenge

69%

experience issues winning new contracts

45%

cite lack of business development resources as a challenge

74%

rely on personal relationships as their first or second approach for finding new opportunities

Compliance burdens are intensifying. Business systems are appearing more and more on RFP solicitations. Questioned costs in excess of $10K are creeping up in this year's survey. A quarter of firms spend over 40 hours a month on compliance. CMMC 2.0 is slated to come into effect as early as December 2024, and 36% believe ESG compliance will have a moderate to significant impact on their company in the coming years, meaning compliance costs will increase quickly and soon. With 30% of firms being concerned with operational efficiencies, it's clear the pressure is mounting.

To get ahead, GovCons need to optimize existing opportunities by being ruthlessly efficient. Finding ways to become more profitable and efficient while maintaining compliance will be a careful balancing act.

8%
decrease in worry over recruitment and retention from 2023 to 2024

14%
increase in worry over political environment from 2023 to 2024

Issues Keeping GovCon Leaders Up At Night
(% Ranked 1st & 2nd Shown)

		2024 Annual Revenue				Employee Size	
	Total	$0 - <$10M	$10 - <$25M	$25 - <$50M	$50M+	1-99	100+
Resource Recruiting / Retention	44%	37%	53%	39%	49%	44%	44%
Increasing Competition for Contracting	37%	33%	43%	45%	34%	38%	37%
Political Environment	36%	36%	23%	47%	39%	30%	41%
Overall Economy	32%	42%	30%	21%	28%	37%	27%
Operational Efficiency	30%	30%	32%	24%	31%	30%	30%
Cybersecurity	18%	20%	15%	19%	17%	17%	18%
Other	3%	2%	4%	5%	2%	4%	3%

Getting—and staying—ahead of the curve

GovCons are always looking to drive smart, strategic, informed decisions about what contracts to bid on, how to price themselves, how to manage indirect costs more efficiently, and how to predict the most likely wins. This is not easy to do, especially for small and midsize businesses facing intense cost pressures and resource shortages.

Business development also cannot come at the cost of operational considerations. Accounting, resource management and project management all must continue apace—all while GovCon firms find ways to make these operations leaner, too.

Fortunately, Artificial Intelligence can help.

AI and you: what GovCon firms need to know

There are many types of AI. From natural language processing (NLP) tools and the famous large language model (LLM) CHATGPT, to predictive tools and machine learning (ML) algorithms, AI is helping firms do more, faster, with less. For GovCons, the applications are wide-ranging: automating tasks, validating data, preparing proposals, checking clauses, acting as a virtual assistant, etc. AI can turn a photo of an invoice into a cost entry or pull information from multiple platforms into a single dashboard in real time.

Not all organizations or areas are ready to incorporate AI into their core strategy and operations. Before making the leap, assess your readiness with our AI maturity model on the next page.

SEVEN SIMPLE STEPS TO KICK-START YOUR AI STRATEGY

1. **Identify** processes and systems where AI can provide the most benefit.
2. **Build** internal expertise with leaders and key personnel who understand AI governance.
3. **Prepare** organizational data, ensuring its security, cleanliness, accuracy, and relevance.
4. **Assess** your cybersecurity and privacy risk profile; implement measures to enhance security where needed.
5. **Map** processes and tools to compliance requirements, keeping industry regulations in mind.
6. **Pinpoint** AI-based tools and platforms to enable the outcomes desired by the business.
7. **Plan** for a phased implementation across core systems and find areas where quicker AI implementation wins are possible.

AI Maturity Model

Where do you and your company stand?

LEVEL 1
Resistant

1. Siloed data. Large amounts of unprocessed (dark) data.
2. Limited business intelligence. Basic or unreliable forecasts.
3. Unclear or rarely reviewed processes.
4. Heavy reliance on spreadsheets or manual tools. Little automation and no AI usage.
5. No dedicated committee for governance. No expert stakeholders.
6. Limited understanding of secure, compliant AI implementation.
7. Disjointed tools and processes make auditability a challenge.
8. People are resistant to or uninterested in the idea of using AI.
9. There are no internal champions. Leadership is minimally engaged.

LEVEL 2
Curious

1. Some data systems are integrated. Data occasionally reviewed and cleansed.
2. Static business intelligence. Regular performance of key forecasts.
3. Clear, occasionally reviewed procedures.
4. Mix of spreadsheets and purpose-built platforms. Some automation. Ad hoc AI use.
5. Governance falls within other committees. Some knowledgeable stakeholders.
6. Compliance and security considerations for AI implementation are understood.
7. Some audit challenges due to partial integration and basic processes.
8. People are interested in using AI for core business functions in the future.
9. There are a few identifiable internal champions. Leadership is supportive.

LEVEL 3
Emergent

1. Significant integration of key data systems. Regular data management.
2. Dynamic business intelligence. Comprehensive, frequent, and regular forecasting.
3. Detailed, regularly reviewed policies and procedures.
4. Mostly purpose-built platforms. Significant automation. AI use in many business areas.
5. Standalone technology committee with experienced and knowledgeable stakeholders.
6. AI implementation follows industry best practices for compliance, with adoption and change management still needed.
7. High level of auditability from centralized platforms and defined processes. Audit deficiencies defined and assessed.
8. People are comfortable with and actively use AI for core functions in their business area.
9. Internal champions lead AI initiatives. Leadership provides guidance.

LEVEL 4
Mature

1. Full, seamless integration of data systems. Robust, proactive data management.
2. Real-time dynamic business intelligence with advanced analytics and predictive forecasting.
3. Robust governance framework with regular audits and updates.
4. Purpose-built platforms customized to business needs. Significant automation. Firm-wide AI use.
5. Cross-functional technology committee. Stakeholders with deep subject matter expertise.
6. AI implementation fully compliant to regulatory standards and full change management phases implemented.
7. Clear audit trail from centralized infrastructure and standardized operating procedures, with rotational audits occurring utilizing AI.
8. People are proficient at using AI and identifying potential new applications. AI competency is assessed in performance evaluations.
9. Internal champions are a part of key management positions. Leadership collaborates to drive AI strategy.

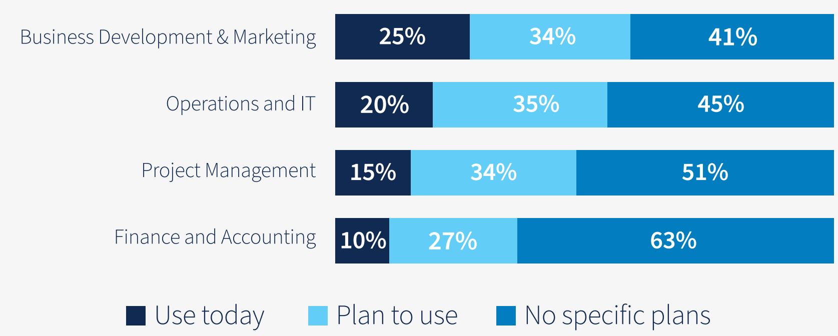
Balancing Efficiencies & Compliance w/ AI Insights

How is the government contracting industry using AI to grow business?

One-third of respondents are using Artificial Intelligence—and AI has gained a real foothold in Business Development and Marketing, areas where ChatGPT and predictive tools are very attractive. More than half of responding GovCon firms either currently use or plan to use AI in these business areas in the next year. Finance and Accounting remains a no-go zone for most firms.

Interestingly, the most prolific users of AI tend to be firms with revenues between $25M and <$50M. Not only do they surpass other firms in AI usage today, they also plan to significantly increase AI usage in Business Development and Marketing. It seems these firms have recognized the value of AI in achieving growth and efficiency as they navigate the tricky transition from Small-Medium Business (SMB) to Other Than Small Business (OTSB).

What areas of your business are leveraging AI technology today or plan to in the next 12 months?

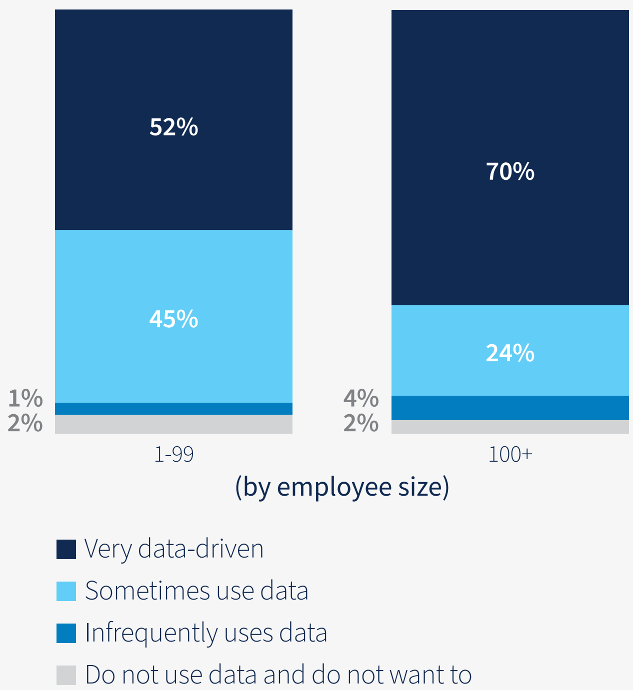


			2024 Annual Revenue				Employee Size	
		Total	$0 - <$10M	$10 - <$25M	$25 - <$50M	$50M+	1-99	100+
Business Development & Marketing	Use today	25%	20%	27%	33%	22%	21%	28%
	Plan to use	34%	34%	28%	41%	34%	34%	34%
	No specific plans	41%	46%	45%	26%	44%	45%	38%
Operations and IT	Use today	20%	11%	18%	35%	21%	14%	25%
	Plan to use	35%	34%	36%	33%	38%	31%	39%
	No specific plans	45%	55%	46%	32%	41%	55%	36%
Project Management	Use today	15%	9%	16%	28%	12%	13%	16%
	Plan to use	34%	35%	34%	35%	34%	31%	37%
	No specific plans	51%	56%	50%	37%	54%	56%	47%
Finance and Accounting	Use today	10%	6%	9%	17%	10%	5%	14%
	Plan to use	27%	26%	27%	28%	28%	24%	29%
	No specific plans	63%	68%	64%	55%	62%	71%	57%

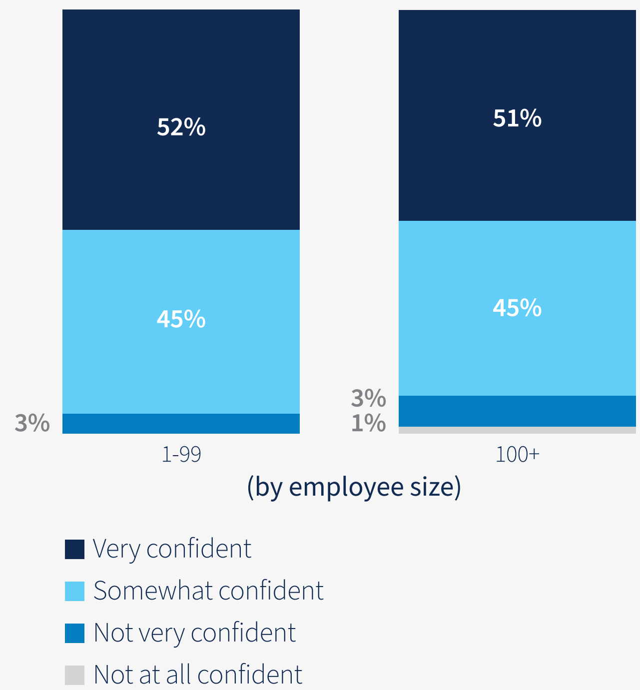
What do firms need to extract the most benefit from AI?

AI runs on data; the better the data, the more effective the AI. It follows, therefore, that OTSBs who more frequently use AI would also more frequently consider themselves as "very data-driven." They also tend to be more confident in the quality and accuracy of their data. However, the data shows that regardless of the number of employees, the level of confidence in the quality and accuracy of data being used remains eerily similar—sounding the alarm that all companies need to focus on data integrity.

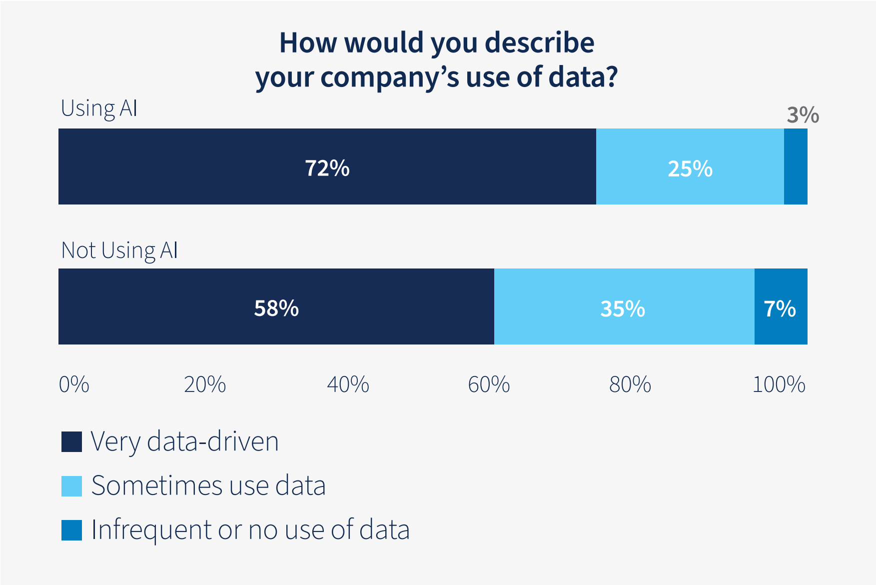
Which of the following statements best describes your company's use of data?

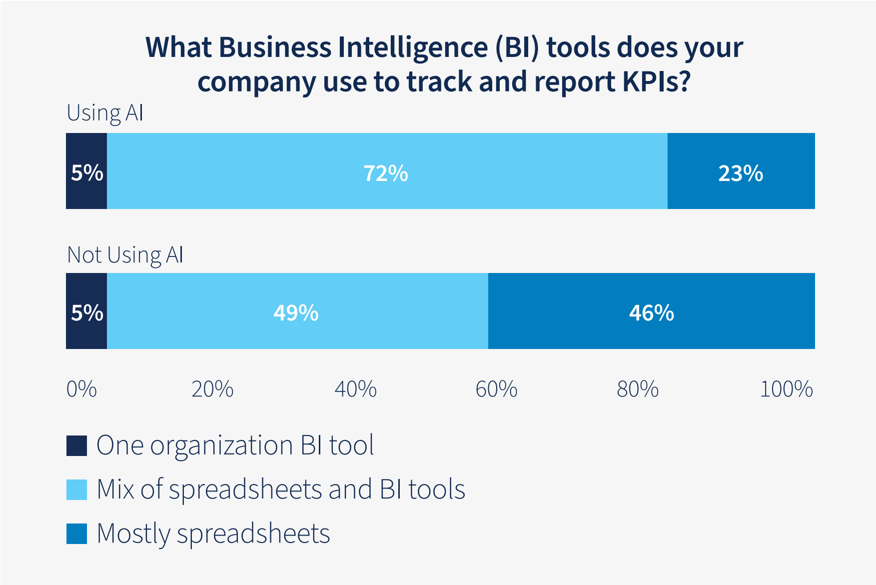


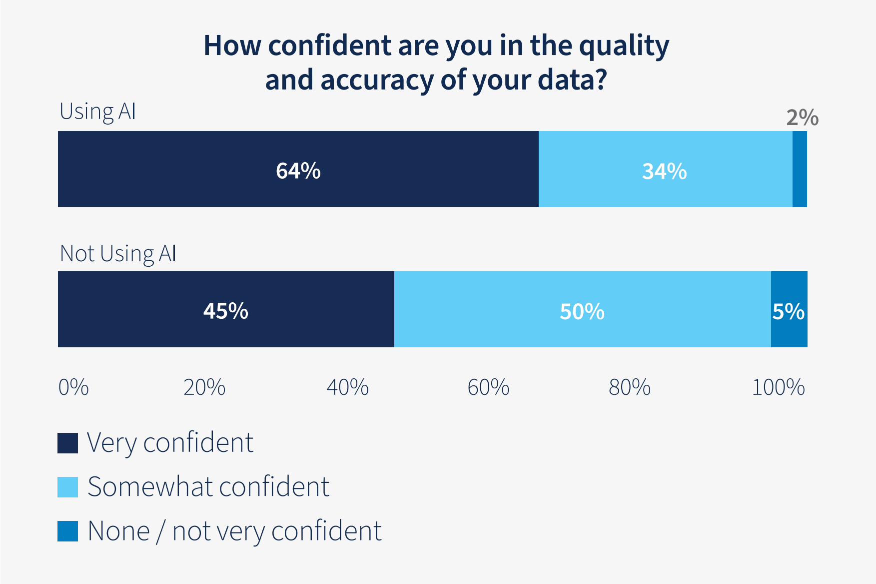
How would you rate your level of confidence in the quality and accuracy of data your company is using?

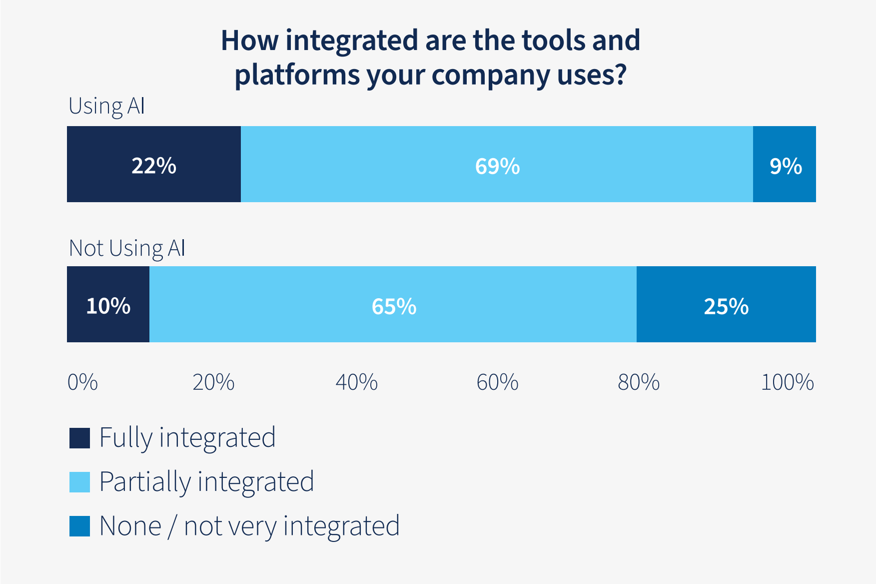


But data maturity is not the only predictor of successful AI use. Firms that use AI more often use purpose-built tools to capture and report on business intelligence data. They also have more fully integrated software infrastructures that permit data to flow seamlessly across business areas, teams, and applications.









The positive impact of AI on growth and profitability

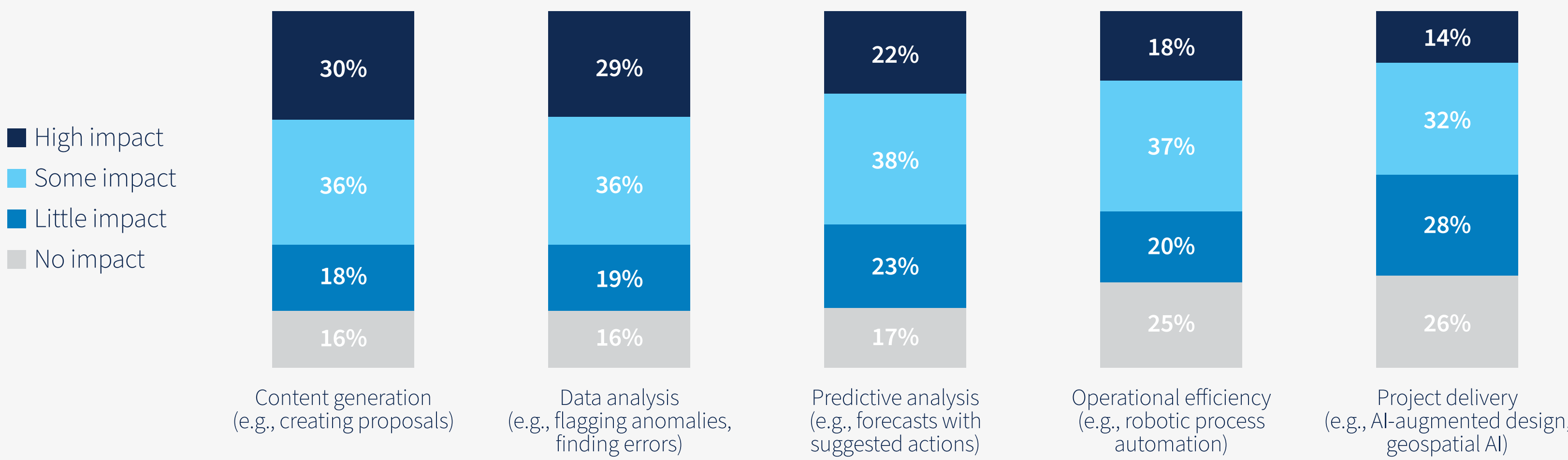
About two-thirds of respondents believe AI will offer some level of benefit for content generation and data analysis—key disciplines for business development. The applications are wide-ranging: writing proposals, analyzing market data, triaging opportunities, examining historical performance, validating compliance for bids, predicting win probability. It bears noting that 34%-54% of the respondents say AI will be of little to no impact across all of these areas, highlighting the learning journey that many GovCons are still on.

AI also holds tangible benefits for utilization and efficiency. OTSBs more frequently believe AI will greatly benefit predictive analytics, operational efficiency, and project delivery. Top-earning firms also tend to believe it will highly improve data analysis.

The potential of AI is massive, even (or maybe especially) for departments like Finance and Accounting, departments ripe for operational improvement. Getting these functions to buy into an AI-driven strategy may be a question of investing in training, education, and socialization. It's an investment worth making now, before the gap between AI users and non-users becomes impassable.

It's clear from the research that firms with the scale to maintain data hygiene, integrate their systems, and invest in the right tools are reaping the many benefits of AI. And although risks—regulatory, ethical, cybersecurity—are very real, they are also worth the reward. Firms must proceed with caution, or else increase the risk of falling behind on operational efficiency. The time to harness the AI wave for growth and profit is now.

Please rate the potential positive impact of AI technology on the following areas of your business



About the Survey

Respondent demographics

About our respondents

In discussing detailed findings, the GAUGE Report will occasionally for ease of identification employ specific terms to categorize respondents according to a particular trait or characteristic they exhibit in the current survey year. Below is a list of common descriptors that will be used throughout the report.

Small or Midsize Business (SMB): Any firm with an annual revenue under $25M, regardless of employee size or NAICS.

Other Than Small Business (OTSB): Any firm that does not classify as SMB.

AI user: Any firm that is currently using AI in any business area, with or without organizational governance.

AI non-user: Any firm that is not currently using AI, regardless of attitude or intention towards AI usage.

Data-driven: Any firm that uses data on a regular or daily basis for business activities, to assess performance, and to make decisions.

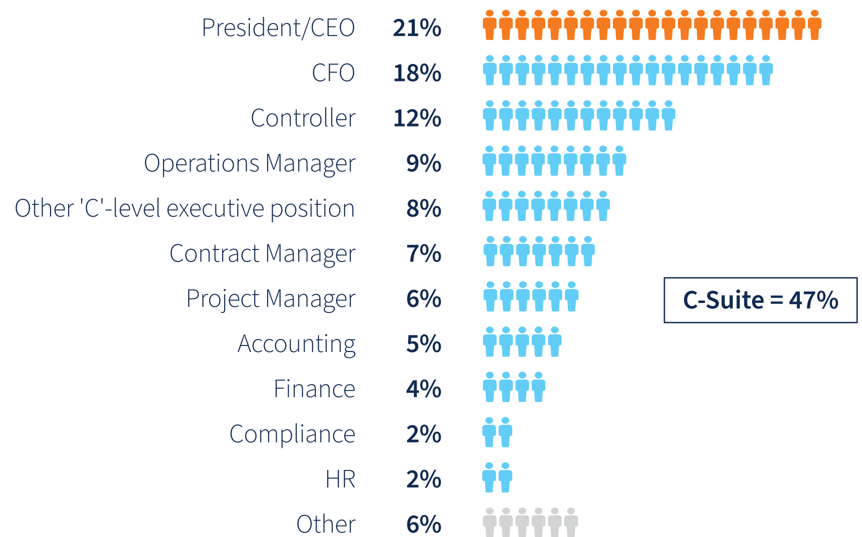
Less driven: Any firm that sometimes, seldom, or never leverages data in the manner of data-driven firms.

The GAUGE Report aims to capture a representative cross-section of the government contracting industry in its responses.

Research methodology and criteria

Findings are based on 1,255 contributors gathered from a wide range and variety of self-identified government contracting professionals. Survey responses were collected between February and April of 2024. The survey, which lasted 15-20 minutes, consisted of closed-ended questions.

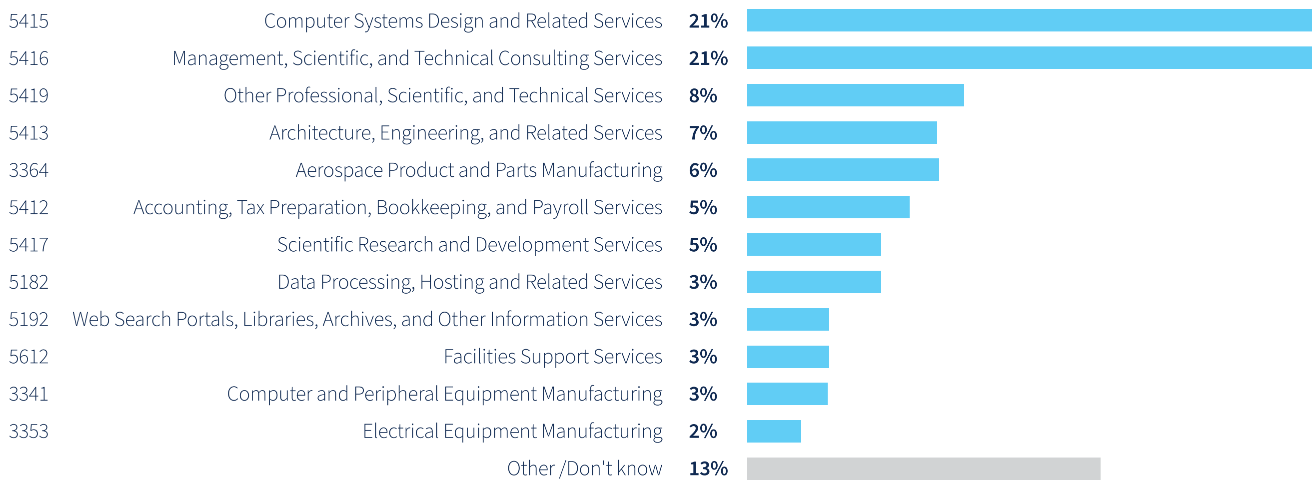
Respondents by Job Title



Approximately half of all participants in this year's survey were C-level executives, meaning that our findings reflect the views, concerns, and priorities of these executive decision-makers.

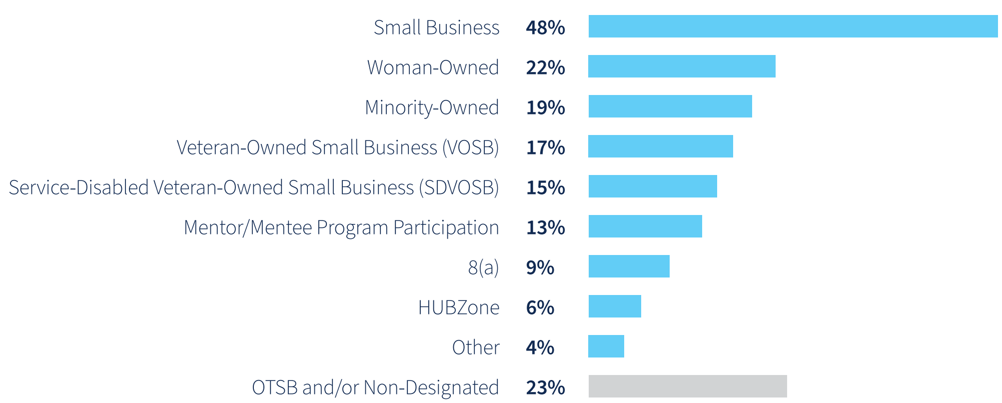
The North American Industry Classification System (NAICS) classifies businesses by sector, subsector, industry group, and national industry. Respondents self-identified under a variety of NAICS group codes, representing a diverse range of industries.

Respondents by primary NAICS Industry Group Code



The government creates “set-aside” contracts for businesses that meet certain designations; a business may meet more than one designation. Our participants identified a variety of designations such as small business, woman-owned, veteran-owned, and service-disabled veteran-owned. Woman-owned business participation increased this year by 4%, while small business contributors decreased by 8%. Our respondents are larger and are more diverse in the 2024 GAUGE Report.

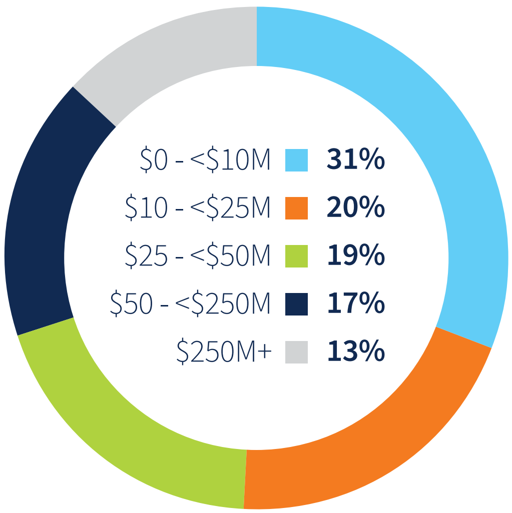
Respondents by Set-Aside Designations
(Select all that apply)



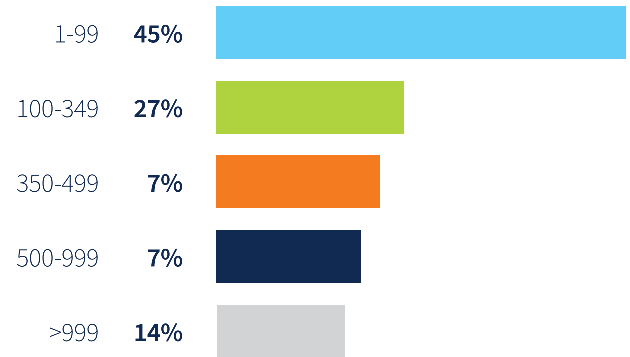
Respondents represented a broad range of GovCon firm sizes and revenue bands. Our respondents are evenly divided into SMBs with annual revenues less than $25M, and OTSBs with higher revenues, making our data a meaningful representation of the industry.

A little under half of participants had fewer than 100 full-time employees in total. It is important to note that FTE count does not include subcontractors.

Respondents by Annual Revenue



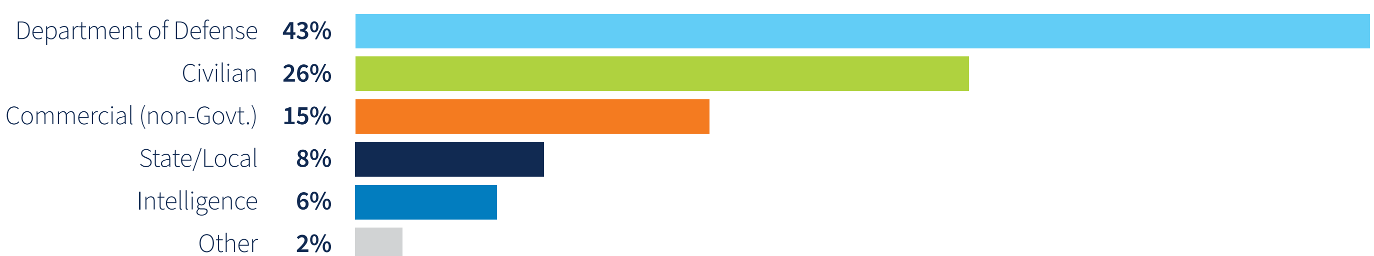
Respondents by Full-Time Employees



The U.S. Department of Defense (DOD) is still the largest source of revenue for our respondents, representing over 40% of all derived revenue—a number that has mostly trended upwards from 2022, though still below 2020 levels. Civilian agencies remain the second biggest customer group, and commercial business has seen a small uptick in activity since last year. Since COVID, the procurement boost is diminishing; agency revenue for our respondents is getting back to 2019 levels.

Revenue Sources

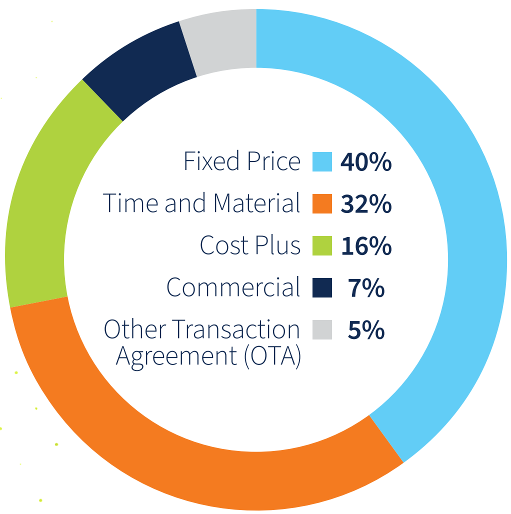
(Provide % for each that apply)

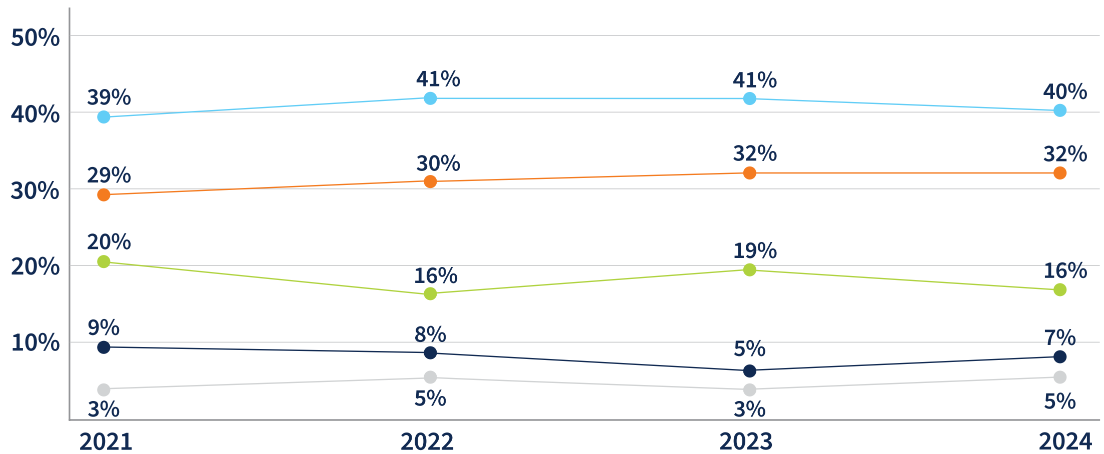


The mix of contract types has not changed much since 2018. Fixed price contracts and time and material contracts are most frequently used, accounting for a combined 72%. Cost plus contracts are more common for firms with annual revenues $50M+.

DOD has remained steadfast in ordering fewer services and products using cost type contracts, reflected in the 6% decrease in the proportion of revenue earned through such contracts over the lifetime of the GAUGE survey.

Revenue Earned By Contract Type
(Provide % for each that apply)





Fixed Price Time and Material Cost Plus Commercial Other Transaction Agreement (OTA)

GAUGE

Government Contract Compliance

Achieving compliance in government contracting requires understanding and adapting to evolving mandates, standards and systems. This section highlights the critical elements of being a compliant contractor, and sheds light on the current state of CMMC 2.0, ESG sustainability, the business systems most likely to appear on solicitations, top audit challenges, and other compliance trends.

Cybersecurity Maturity Model Certification 2.0 compliance is a pressing consideration.

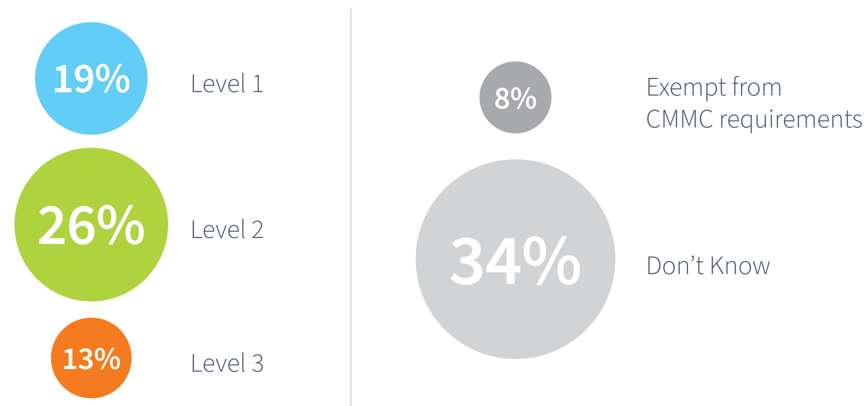
After many fits and starts, the DOD published the proposed rule for Cybersecurity Maturity Model Certification (CMMC) 2.0 in the Federal Register in December 2023. The final rule, which will take the existing model from five cybersecurity levels to three, is expected to go into effect December 2024—meaning that Level 2 compliance could be required for applicable solicitations and contracts by early- to mid-2025.

The cost and opportunity impact of CMMC 2.0 will be massive, particularly for firms at Level 2 and up. While some Level 2 firms may be able to self-assess, most will require third-party assessments by C3PAOs. For Level 3 firms, DCMA-led assessments with the Defense Industrial Base Cybersecurity Assessment Center (DIBCAC) will be mandatory.

About 40% of our respondents will be significantly affected. With only 55 authorized C3PAO assessors as of July 2024, delays and backlogs are likely, especially for Level 2 firms. It is also alarming to note that over one-third of respondents do not understand CMMC 2.0 requirements well enough to determine their level.

These numbers signal a clear need for GovCons to prioritize CMMC 2.0 preparation to remain compliant in 2025 and beyond.

What CMMC level would you assign to your company?



Approved business systems are becoming a major differentiator in bids.

Accounting systems remain the most frequently required system on RFP solicitations, appearing most or all of the time on 64% of solicitations. Though this number has decreased from 2023, requirements for all other systems have increased in frequency, with purchasing, estimating, and Earned Value Management systems all about 7% more likely to appear in new solicitations than before.

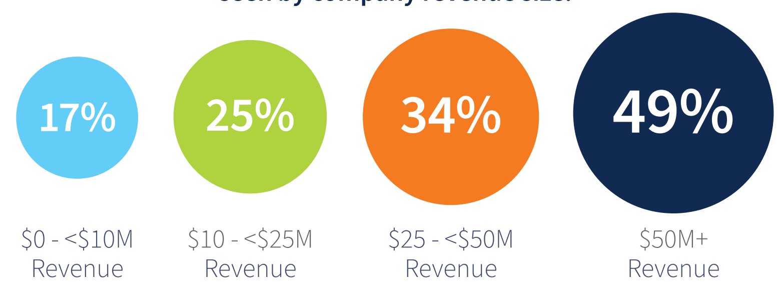
This trend highlights the growing significance of business systems as an indicator of compliant, high-quality service delivery—and a key competitive differentiator for GovCons when bidding. Proficient contractors are likely to be especially attractive for Indefinite Delivery, Indefinite Quantity (IDIQ) contracts and Government-Wide Acquisition Contracts (GWACs).

Bottom line: don't let a business system be the difference between winning a bid and losing an opportunity.

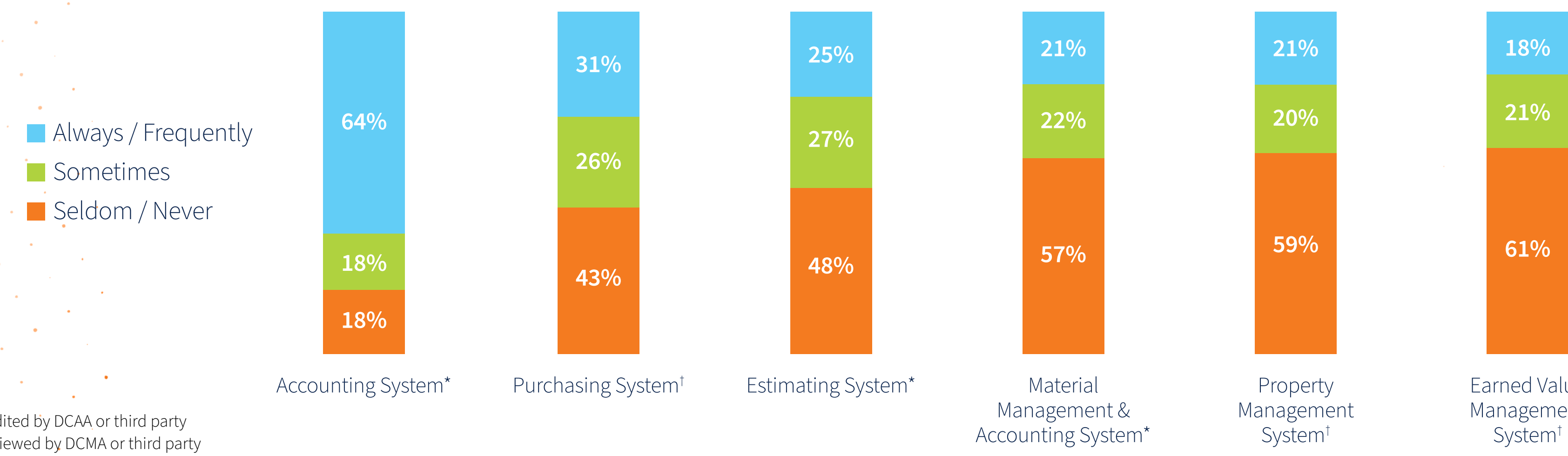
Picture purchase

The higher a firm's revenue, the more often they see purchasing systems required in solicitations.

Percentage of solicitations requiring purchasing systems seen by company revenue size:



Which of the following approved business systems have you experienced as being required on (new) solicitations in the past year?



*Audited by DCAA or third party
†Reviewed by DCMA or third party

Which of the following approved business systems have you experienced as being required on (new) solicitations in the past year?

(% Say Always and Frequently)

		Year			2024 Annual Revenue				Employee Size	
	Total	2022	2023	2024	$0 - <$10M	$10 - <$25M	$25 - <$50M	$50M+	1-99	100+
Accounting System	64%	66%	71%	64%	58%	64%	74%	64%	61%	66%
Purchasing System	31%	20%	23%	31%	17%	25%	34%	49%	19%	42%
Estimating System	25%	16%	18%	25%	23%	15%	28%	32%	18%	31%
Material Management & Accounting System	21%	13%	19%	21%	16%	11%	28%	28%	14%	27%
Property Management System	21%	16%	19%	21%	10%	17%	26%	31%	11%	28%
Earned Value Management System	18%	9%	11%	18%	7%	21%	24%	25%	9%	26%

Environmental, social, and governance (ESG) compliance looks likely to impact businesses.

While the majority of firms anticipate at least some level of business impact within the next two years due to ESG compliance, 29% of firms predict no impact at all. Firms with 100+ FTEs more often believe they will be affected, and significantly so.

Interestingly, perceptions have grown more diverse since last year. The percentage of firms who believe ESG compliance will have significant impact has almost doubled, but the number of firms who predict no impact has also grown.

More FTEs, more impact from ESG

15% of firms with 100+ FTEs predict significant impact from ESG compliance, whereas only 6% of their smaller counterparts believe the same.

Overall, 36% say ESG will have some effect on their business within the next two years.

How will ESG compliance affect your company in the next 1-2 years?

	2023	2024
Significantly	6%	11%
Moderately	28%	25%
Minimally	46%	35%
Not at all	20%	29%

Time spent on compliance is becoming an important metric.

With the burden of compliance increasing, time spent on compliance is a highly insightful new metric for firms to track. Twenty hours and forty hours proved interesting inflection points: 62% of firms spent 20 or fewer hours on compliance, while 25% of firms spent more than 40 hours. Firms making $50M+ and firms with greater data and AI maturity more frequently prioritize compliance.

Compliance is a major part of operating in the government contracting space, and excellence in compliance is a major competitive differentiator. Firms looking to differentiate themselves on this basis must be prepared to invest the appropriate time and cost in compliance activities.

AI may become a component in compliance efficiency.

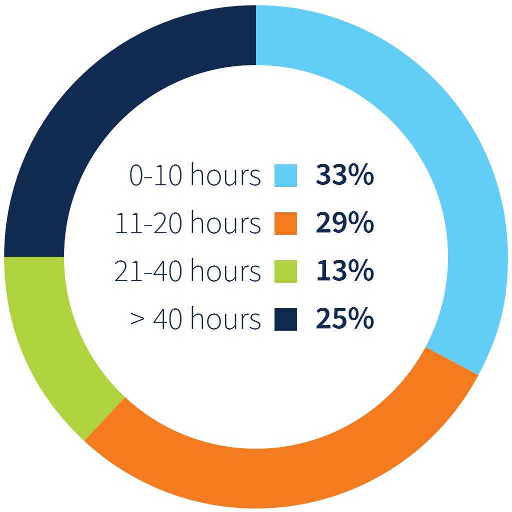
GovCons are always thinking about ways to become more efficient while assuring and maintaining compliance. Three-quarters of firms report creating and updating new policies and procedures, and almost half are reviewing their project-based goals—fairly standard approaches. Interestingly, almost 40% of firms are either considering how to use AI or are already using AI to support greater efficiency in compliance.

This trend hearkens a fundamental shift in attitudes towards emerging technology and a growing recognition of the impact of digital transformation in GovCon.

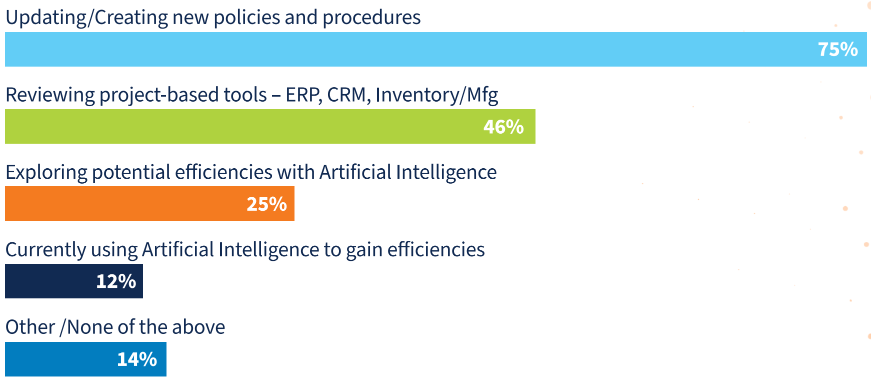
Empowering compliance with AI

Firms with 100+ FTEs are twice as likely to use AI to gain efficiencies.

How much time does your company spend on compliance on average each month?



What are you doing to be more efficient in satisfying compliance requirements?
(% Ranked 1st & 2nd Shown)



Training holds steady on the same tracks as last year.

The majority of respondents provide annual code of conduct, conflict of interest, and whistleblower training. Firms earning $50M+ annually offer these trainings as well as Diversity and Inclusion programs about 20% more often than others, reflecting a strong emphasis on compliance and governance. Not surprisingly, OTSBs more frequently prioritize training in all categories, whereas SMBs must balance what training they can afford to remain compliant.

Very data-driven firms more often provide a variety of annual trainings, being on average about 10% more likely to offer training than less data-driven firms.

Rates remain the biggest audit challenge for GovCons.

Indirect rates, though decreasing since 2022, remains the most frequently cited audit challenge, with timekeeping, adequate business systems, and billing round out the top four. Firms earning $50M+ most frequently find business systems to be their top audit challenge, while SMBs more often say rates.

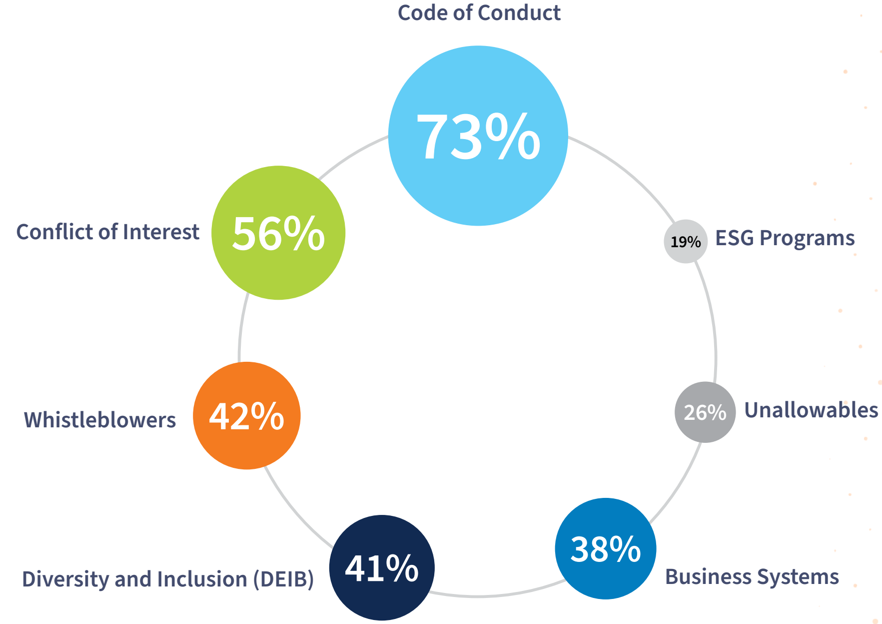
Though the priorities of the DCAA shift slightly every year, overall compliance remains the key to success in the realm of government contracting.

Fastest growing audit challenges

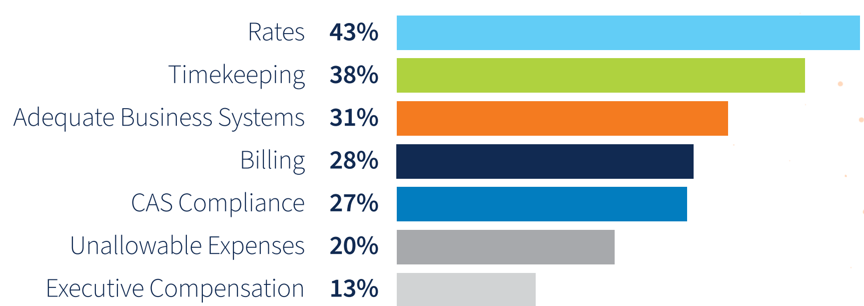
Since 2022, there has been an 8% increase in CAS compliance and a 5% increase in timekeeping appearing in firms' top two challenges.

Firms can expect these pressures to continue in the years to come.

For which of the following does your company provide annual training?
(Select all that apply)



Rank the following audit challenges from the most to the least significant last year
(% Ranked 1st & 2nd Shown)



Incurred cost submissions and accounting systems head the list of contractor audits.

There were no changes to the top four most common DCAA audits from last year. Incurred cost audits remain the most frequently performed, with over a quarter of participants affected; in its FY23 report to Congress, the DCAA reported issuing 583 incurred cost audit reports examining some $186B. However, additional billions of dollars are also audited by third-party auditors hired by cognizant agencies other than DOD.

Incurred cost and floor check audits are especially prevalent for firms earning $50M+ annually, reflecting heightened scrutiny on the financial and operational controls of industry giants.

With over half of firms reporting at least one audit in the past year, regulatory scrutiny seems unlikely to slacken anytime soon. Firms must be prepared to manage administrative affairs efficiently to maintain and demonstrate continued compliance.

Audits Undergone Within Last Year

	YOY comparison			2024 Annual Revenue				Employee Size	
	2023		2024	$0 - <$10M	$10 - <$25M	$25 - <$50M	$50M+	1-99	100+
Incurred Cost Submission	32%	▼	26%	16%	17%	26%	42%	18%	33%
Accounting System (Pre- or Post-Award) / 1408	25%	▼	24%	9%	22%	28%	36%	13%	33%
Provisional Billing Rate Audit	22%	◀ ▶	22%	13%	15%	23%	36%	15%	29%
Labor Floor Check	13%	▼	12%	5%	5%	8%	27%	2%	21%
Purchasing System (CPSR)	9%	▲	12%	8%	0%	18%	21%	4%	19%
Material Management Accounting System (MMAS)	8%	▲	12%	8%	2%	21%	16%	3%	19%
Proposal	7%	▲	12%	5%	5%	10%	24%	2%	20%
CAS Compliance or Disclosure Review	6%	▲	9%	5%	0%	5%	21%	2%	15%
Estimating System	3%	▲	9%	8%	5%	10%	12%	4%	13%
Property System	3%	▲	8%	5%	2%	10%	12%	2%	12%
Defective Pricing	3%	▲	4%	6%	0%	5%	4%	2%	6%
Earned Value Management System (EVMS)	2%	▲	4%	5%	0%	8%	3%	2%	5%
None of the above	47%	◀ ▶	47%	61%	63%	38%	30%	68%	30%

Larger incurred costs are being questioned.

Incurred cost audits that result in questioned costs over $10K are on the rise, and the number of audits questioning costs in excess of $100K is the highest it's been in seven years.

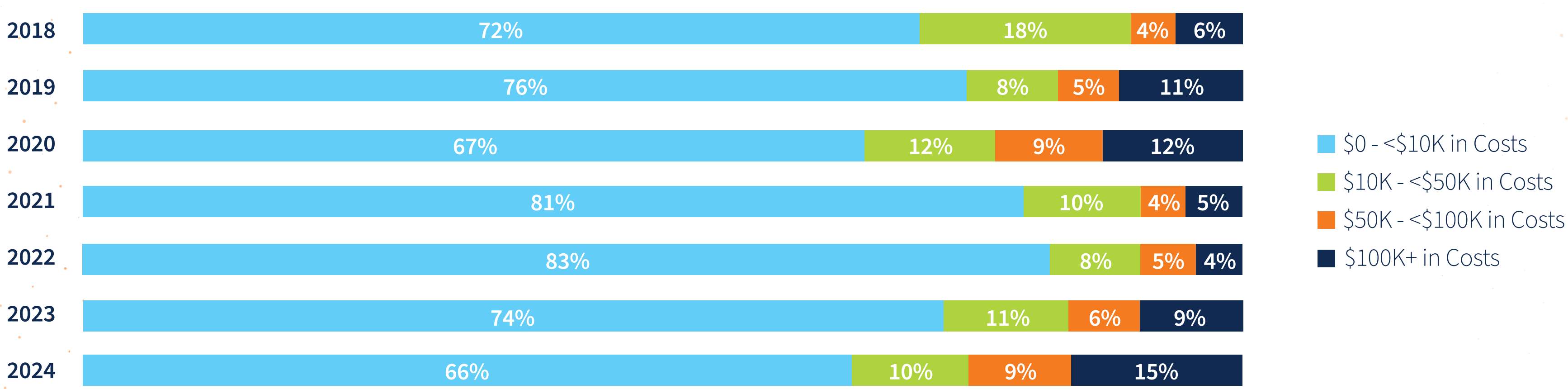
SMBs tend to be audited less frequently for incurred cost than the largest firms—but when they do, they are more likely to have higher amounts of costs questioned.

Big money, big whammy

Larger firms are audited more frequently, and often for larger amounts.

	$50M+	SMBs
Audited	**42%**	16%
Questioned for >$100K	27% (of audits)	7% (of audits)

What was the amount of questioned costs from your company's last Incurred Cost Submission?



FAST FORWARD *w/ AI Insights*

Compliance and auditing are facts of life for government contractors. The unique language of the Federal Acquisition Regulation (FAR) and the pace of regulatory change make it difficult to maintain a nuanced understanding of the latest standards.

The benefits and risks of AI in compliance

While compliance-specific AI tools are not yet available, AI can still make compliance easier—especially for embattled SMBs with resource constraints. AI models can be trained to interpret the language of the FAR, to flag compliance risks like mismatched data or unallowable costs, or to generate training on the latest compliance requirements.

But AI also introduces multiple possible points of risk, and raises concerns about auditability, accountability, and cybersecurity—particularly in GovCon, where a security breach is an existential threat. CMMC 2.0 compliance will be imperative. To be effective, AI also requires strong data management and high-quality data; "Garbage in, garbage out" is particularly apt. And there is always a risk of bias or hallucination, which can be mitigated with better data, but never entirely eliminated.

No to AI overlords; yes to human oversight

For these reasons and more, AI cannot operate without human oversight. As AI development accelerates, firms must have governance in place for managing its implementation, risks, and compliance.

AI implementation in GovCon is not a question of if, but rather when. Government agencies are already using AI tools to discover new vendors with experience in specific sectors or agencies. Soon, they'll use the same technology for their own internal operations, and where they go, the industry follows.

The best way to successfully implement an AI strategy is to develop a methodical, structured and strategic approach—before any risks turn into reality.

How AI can make compliance easier:

1. Analyzing and applying rules by contract or project.
2. Continuously monitoring time and expense entries.
3. Providing automated detection and alerts for data disparities across systems or reports.
4. Checking whether relevant clauses are included in RFPs.
5. Sending automated alerts for project milestones or project plan deviations.
6. Providing updates and training on policy changes.
7. Creating dynamic learning modules to update and train employees on new requirements.

GAUGE Accounting

GovCon success hinges on having rigorous, transparent processes for tracking, managing, and reporting a variety of costs. This section examines areas of opportunity in finance and accounting. Expect a review of industry trends in M&A, accounting practices, profit margins, days sales outstanding (DSO), and more.

M&A? Majority say not today (maybe tomorrow).

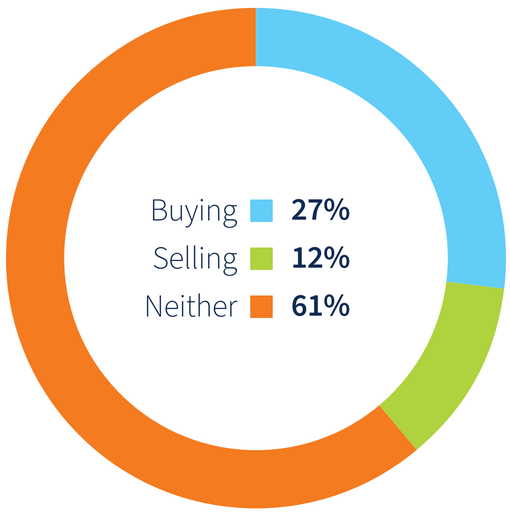
Although the last four years have seen a modest overall increase in M&A intentions, both buying and selling, most respondents still express no firm plans to do either.

In general, the pendulum is swinging toward less interest in selling, and more interest in buying, though SMBs often may not entertain a sale until they are being courted by a serious prospect. The most likely buyers are firms with revenues $50M+, perhaps to access particular contract vehicles or secure opportunities in special niches.

Firms with 100+ FTEs show higher levels of interest in buying.

Smaller firms, in particular, seem decidedly resolved against M&A activity. For the time being, about three-quarters of firms with revenues under $10M and FTEs under 100 express no desire to sell or buy—at least until they begin receiving multiple broker and private equity calls.

Is M&A a priority for your company in 2024?



Yes (buy and sell)

2021	31%
2022	35%
2023	35%
2024	39%

WHO'S IN SYNC TO BUY BUY BUY?

46% of firms with $50M+ annual revenue (vs 14% of SMBs)

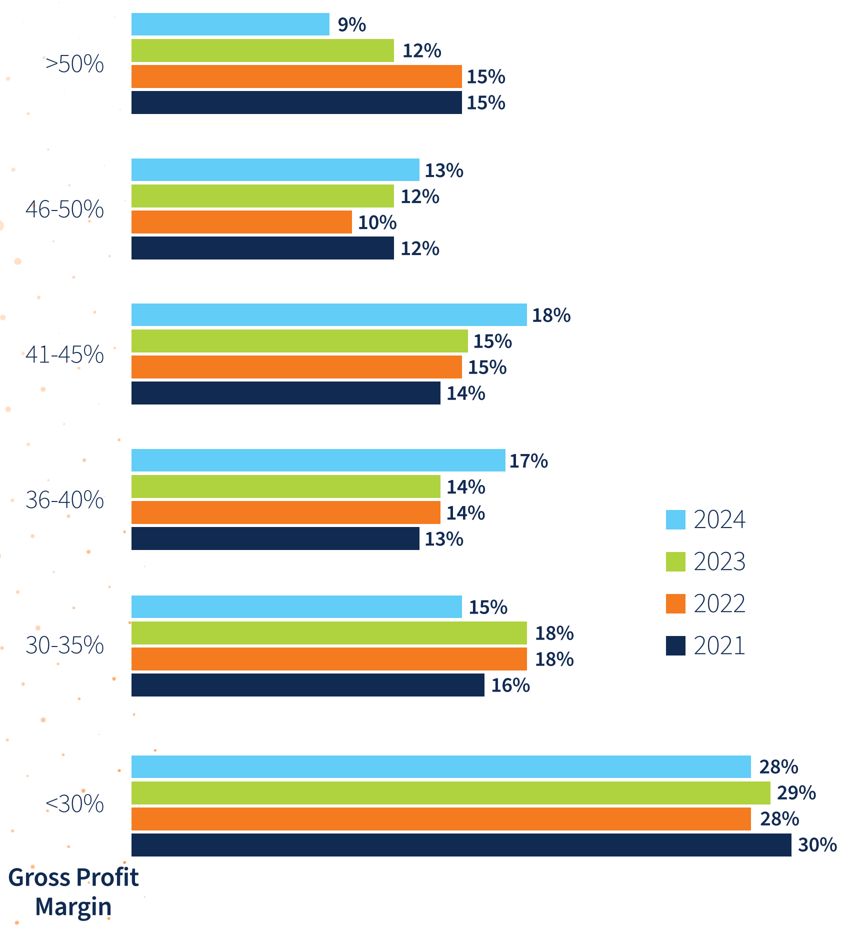
34% of very data-driven firms (vs 17% of less data-driven)

39% of firms with 100+ FTEs (vs 12% of firms with <100 FTEs)

Gross profit margins hold more or less steady.

The last five years have seen no significant changes to gross profit margins. The majority of firms—63%—are able to maintain gross profit margins between 30% and 50%; only a few outliers can achieve margins over 50%. The remainder of the respondents struggle to manage direct cost and see margins below 30%; firms that don't use AI are twice as likely to be in this category.

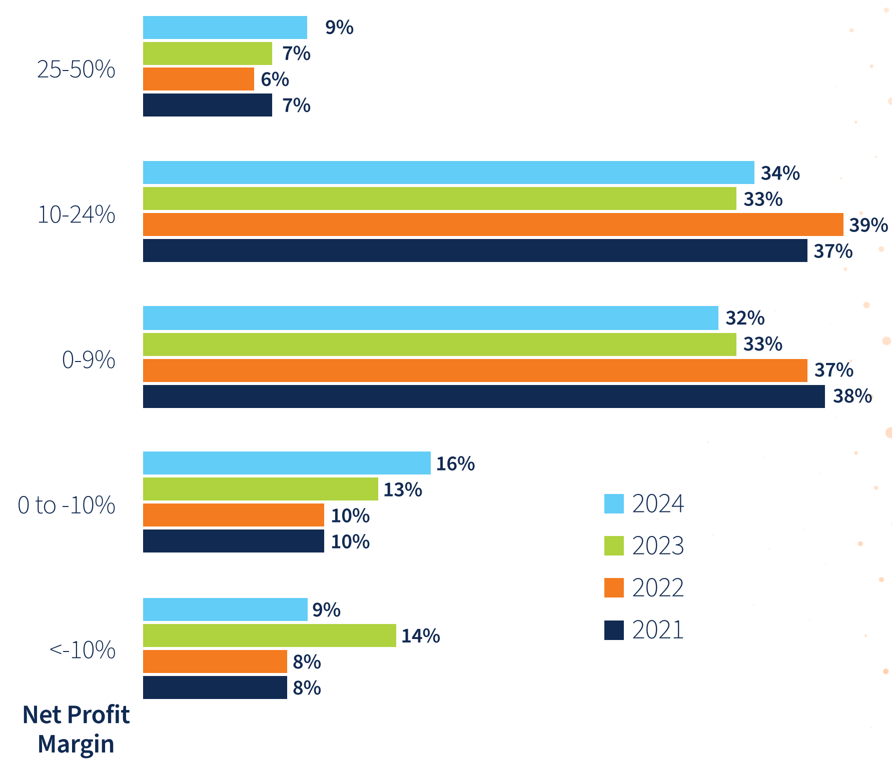
What was your Gross Profit Margin? (Revenue - Direct Contract Cost / Revenue)



Three-quarters of firms report positive net profits.

For many, the last two years have been about balancing costs and aiming to restore profitability back to pre-2020 standards. This year's proportion of firms reporting a zero or negative net profit margin remains similar to last year at 25% versus 27%, though still higher than in the COVID era of 2021 and 2022. The good news is that there are fewer firms making less than -10% net profit. For some firms, these losses may be strategic; any recent acquisitions, for example, would lead to lower net profits for a number of years following the purchase.

What was your Net Profit Margin? (Revenue – Direct & Indirect Contract Cost / Revenue)



Days Sales Outstanding is mostly unchanged, but fewer report DSO under 15.

Very similarly to last year, about 75% of respondents report DSO at or below 45 days. Companies with revenues $50M+ are more likely to report higher DSO, while SMBs tend to keep DSOs low to enable consistent cash flows. The smallest firms excel at this; 13% of firms earning under $10M report DSO under 15, more than double other firms.

Regardless, the overall percentage of firms reporting DSO under 15 days has dropped. A number of factors may be contributing. Contracting officers are becoming more particular with approvals, often delaying approvals and increasing DSO. Rising interest rates are also lengthening payment cycles, with primes looking to retain cash for longer.

What is your approximate Days Sales Outstanding (DSO) excluding the invoice preparation time?

	YoY Comparison			2024 Annual Revenue				Employee Size	
	2023		2024	$0 - <$10M	$10 - <$25M	$25 - <$50M	$50M+	1-99	100+
More than 60 days	5%	▼	4%	2%	0%	3%	9%	1%	6%
46-60 days	20%	◀ ▶	20%	13%	15%	22%	30%	15%	25%
31-45 days	35%	▼	34%	23%	41%	38%	36%	30%	37%
15-30 days	28%	▲	36%	49%	44%	32%	21%	46%	28%
Less than 15 days	12%	▼	6%	13%	0%	5%	4%	8%	4%

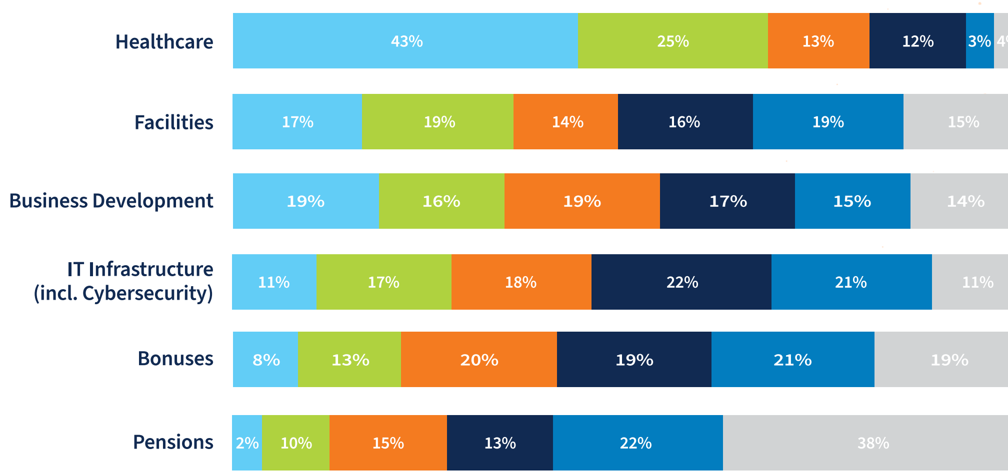
Healthcare is the biggest non-labor indirect cost.

Not counting labor, healthcare is far and away the most substantial indirect cost across firm sizes, headcounts, and almost all sectors. IT-related costs have increased 8% over the past three years; with the advent of AI and the looming specter of CMMC 2.0, firms should expect these to continue climbing.

Process automation development and acceptance in finance and accounting departments is going to be key in the future to help firms conquer the shortage of the accounting workforce. See the benefits and what's holding firms back from using AI on the next page.

Other than indirect labor, rank the following indirect costs from the highest to lowest cost.

(Shown in Rank Order 1st - 6th)

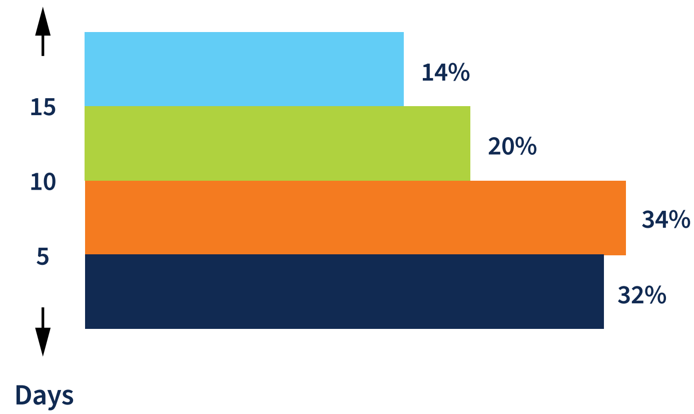


Invoice cycle times shorter for smaller firms.

The invoice cycle measures how many days after month-end are needed to prepare, review, and issue all invoices. Two-thirds of respondents take 10 or fewer days, with one-third citing five or fewer days. Smaller firms are twice as likely as larger firms to have an invoice cycle under five days, reflecting their heightened attention toward matters of cash management.

Firms that use AI are much less likely to have invoice cycles longer than 15 days—only 8% of these firms take as long, compared to 18% of firms that don't use AI. Particularly for small firms facing cash flow pressures, AI could represent an opportunity to streamline and gain efficiencies in invoicing.

What is your average Invoice Cycle (preparation and review time) in days (last day of the month until the last invoice is out the door)?



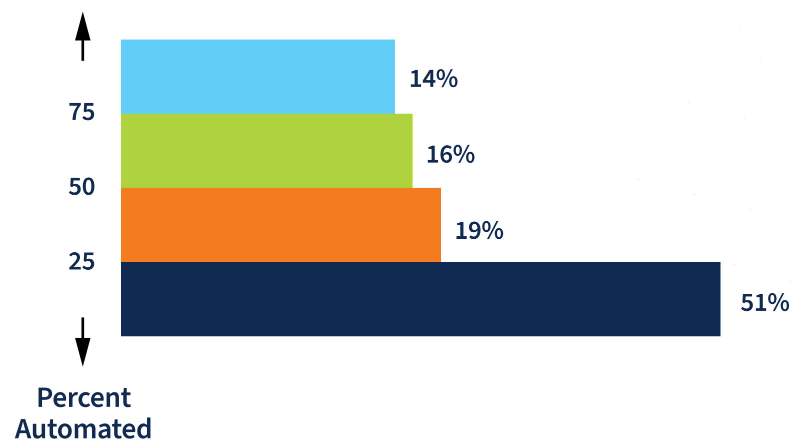
Little automation where it (ac)counts.

Accounts Receivable and Accounts Payable functions represent massive opportunities to win more efficiencies via tech—a variety of tools exist to automate invoice delivery and tracking, payment acceptance, and posting and reconciliation. Yet 51% of firms automate less than a quarter of their AR/AP processes.

Very data-driven firms are more likely to have automated over 75% of AR/AP functions—about four times as many as less data-driven counterparts.

Process automation development and acceptance in finance and accounting departments is going to be key in the future to help firms conquer the shortage of the accounting workforce. See the benefits and what's holding firms back from using AI on the next page.

What percentage of your current AR/AP processes (e.g., invoice delivery and tracking, payment acceptance, posting and reconciliation) are automated?



FAST FORWARD *w/ AI Insights*

AI products and machine learning tools offer immense potential benefits for AP and AR applications. Unfortunately, due to an unrelenting combination of pop culture and overhyped product marketing, many seasoned accounting professionals remain unsure about (and even mistrustful of) using AI technology. With half of firms barely leveraging automation at all, let alone AI-powered automation, the GovCon industry in general has much room for improvement in finance and accounting functions.

Is your billings and collection program ready for AI?

A good place to begin planning your accounting department's digital transformation is by asking yourself the following:

- Are our AR and AP processes defined, standardized, and understood?
- Is our AR and AP data housed in a central location?
- Have we audited our AR and AP data for incomplete, incorrect, or duplicate entries?
- Are we using technology to automate manual tasks?

If you answered yes to the above: congratulations! You are ready for an AI-enabled accounting strategy.

If you answered no: look for a solution that can centralize your data and automate your activities. This will help you manage your firm's cash flow and growth while laying the groundwork for a more comprehensive AI solution later down the line.

What are the benefits of using AI in finance and accounting?

- Provide real-time cash flow monitoring and insight
- Analyze trends and make predictive forecasts
- Present complex data with dashboards
- Speed up AP/AR processes with automation
- Process large amounts of data and documents quickly and accurately
- Automatically detect and flag anomalies or errors
- Integrate with other systems (CRM, email) to import cost data
- Centralize financial data and records
- Facilitate collaborative reviews like TINA sweep
- Make defending data estimates easier

What's holding firms back from using AI in finance and accounting?

- Immature finance and accounting practices
- Lack of AI expertise leading to high levels of resistance
- Conservative risk approach toward emerging tech
- Data is not ready for use with AI
- No clearly defined, firm-specific use cases for AI
- Existing solutions do not meet functionality criteria
- Tools are too new or unproven
- No budget for AI implementation or customization

FAST FORWARD *w/ AI Insights*

Questions to ask before implementing AI at your firm

Before catching the AI wave, ask the following questions to determine whether you would benefit from implementing AI in your current business ecosystem.

- ❒ Are our processes auditable, and can we maintain auditability with AI?
- ❒ Do we have enough data (structured or not) to use with an AI model?
- ❒ Have we centralized our data and eliminated silos?
- ❒ Do we understand how our data should flow?
- ❒ Have we been deliberate in architecting and collecting the right data?
- ❒ Do we have a way of ensuring the quality of incoming data?
- ❒ Will we be able to manage data privacy and confidentiality?
- ❒ Do we understand the cybersecurity, ethical, compliance and operational risks of AI?
- ❒ Is there a strategy to manage those risks for implementation?
- ❒ What checks and safeguards do we have against bias and/or hallucination?
- ❒ What business goals and outcomes do we believe AI can accelerate and deliver?
- ❒ Is there a recovery plan in case of an AI-related breach of compliance?
- ❒ Do we have the right culture to ensure AI adoption?
- ❒ Are there internal champions who will support implementation?
- ❒ Will we invest in AI-related training and education?
- ❒ Do we have the right culture to ensure AI adoption?
- ❒ Where do we anticipate there to be resistance?
- ❒ How much are we willing to spend on an AI tools and platforms?
- ❒ How many hours are we willing to spend on AI governance activities?
- ❒ How will we manage implementation/migration without interrupting business as usual?
- ❒ Do the benefits of AI outweigh the drawbacks for us right now?

GAUGE Utilization

Optimizing utilization means being efficient at managing projects, internal resources, subcontractors, consultants, and other resources. In this chapter, we examine trends in headcount, PMO structures, resource and project management maturity, utilization challenges, and strategies for gaining additional efficiencies.

FTE headcount is rising in all functional areas across the industry.

Last year, firms reported resource recruiting and retention as top concerns keeping leaders and executives—and in particular those helming SMBs—up at night. This year, firms are averaging a higher headcount across all functional areas.

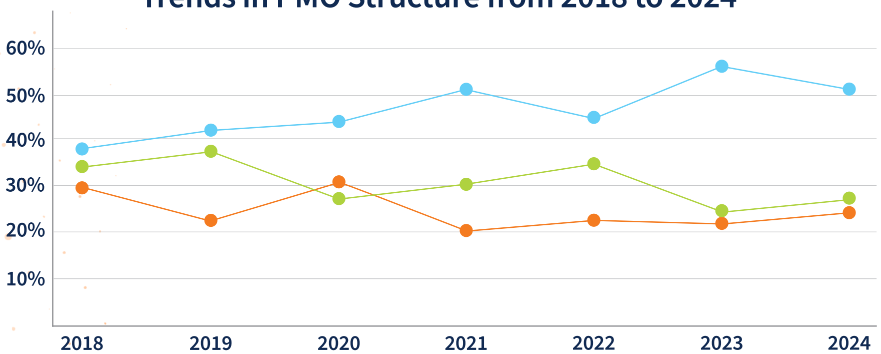
Please indicate the full-time equivalent (FTE) headcount in your company for each of the following functions.

	Year			Annual Revenue				Employee Size		NAICS Code				
	2023		2024	$0 - <$10M	$10 - <$25M	$25 - <$50M	$50M+	1-99	100+	Archt. & Engr. (5413)	Comp. Systems Design (5415)	Mgmt/ Sci/Tech Consult. (5416)	Sci Rsrch & Dev. (5417)	Other Prof/Sci/ Tech Svcs. (5419)
IT	4.3	▲	5.0	1.9	2.8	5.7	9.6	1.5	7.9	4.5	3.9	2.5	7.8	5.4
Accounting	4.7	▲	4.8	1.6	2.6	4.0	10.3	1.7	7.3	4.7	2.8	2.5	7.8	6.5
Business Development	4.2	▲	4.7	1.5	2.9	4.8	9.6	1.5	7.4	4.6	3.8	2.9	6.2	7.2
Human Resources	3.5	▲	4.1	1.2	2.6	3.3	9.1	0.9	6.8	3.7	2.9	2.0	6.4	5.6
Project Controls	3.5	▲	4.1	1.3	3.1	4.2	7.9	1.4	6.4	5.1	2.7	2.1	5.9	5.4
Contracts	3.3	▲	3.8	1.1	2.6	3.7	8.0	1.2	6.1	3.2	2.5	2.0	6.4	4.9
Recruiting	2.8	▲	3.5	1.1	2.4	3.7	7.1	0.8	5.9	3.7	3.1	1.6	3.9	5.0
Compliance	2.0	▲	2.7	0.7	2.1	2.8	5.2	0.8	4.3	1.3	1.9	1.0	2.4	2.5
Internal Audit	1.5	▲	2.1	0.5	1.4	2.6	4.4	0.4	3.7	1.7	1.3	0.4	1.2	1.8
Legal	1.3	▲	1.9	0.5	0.1	2.2	4.1	0.2	3.4	0.9	0.7	0.6	1.4	1.5

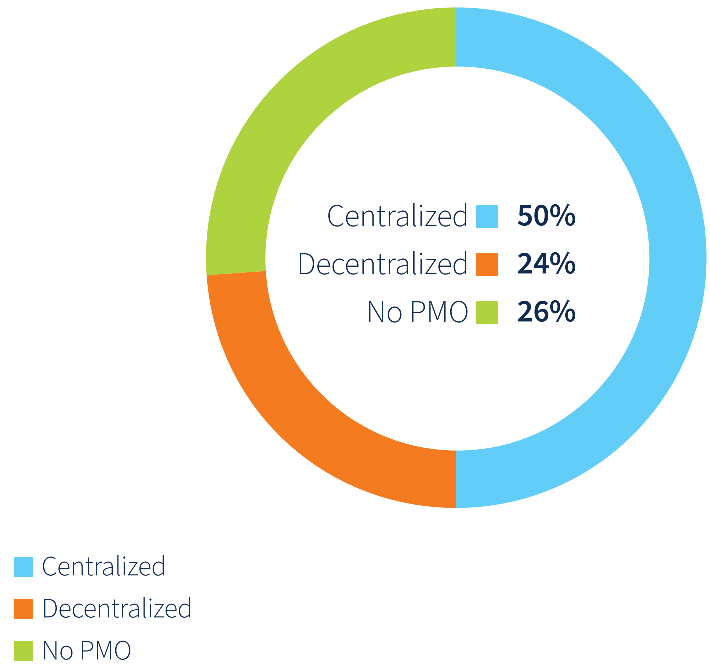
PMO trends hold steady from last year.

Half of all respondents say they have a centralized PMO model, reflecting a sustained focus on standardization of project management practices. Just over a quarter of firms—in particular, firms with under 100 employees or under $50M in annual revenue—are more likely to not have a PMO at all. AI, and in particular generative AI, has the potential to substantially improve PMOs. Not only does it allow firms to author standard PM processes quickly and efficiently, it can also facilitate their centralization, reducing the need for multiple disparate systems.

Trends in PMO Structure from 2018 to 2024



Select the option that best describes your Project Management Office (PMO) model



Perennial project management challenges persist, and concerns about visibility are increasing.

Resource management remains the top project management challenge for GovCons, regardless of headcount or industry. Interestingly, 50% of firms cite this as a challenge despite 64% saying their resource management practices are mature—a curious discrepancy that persists every year.

As they did last year, forecasting and inexperienced project managers round out the top three, while lack of project status visibility has become a more significant project management challenge.

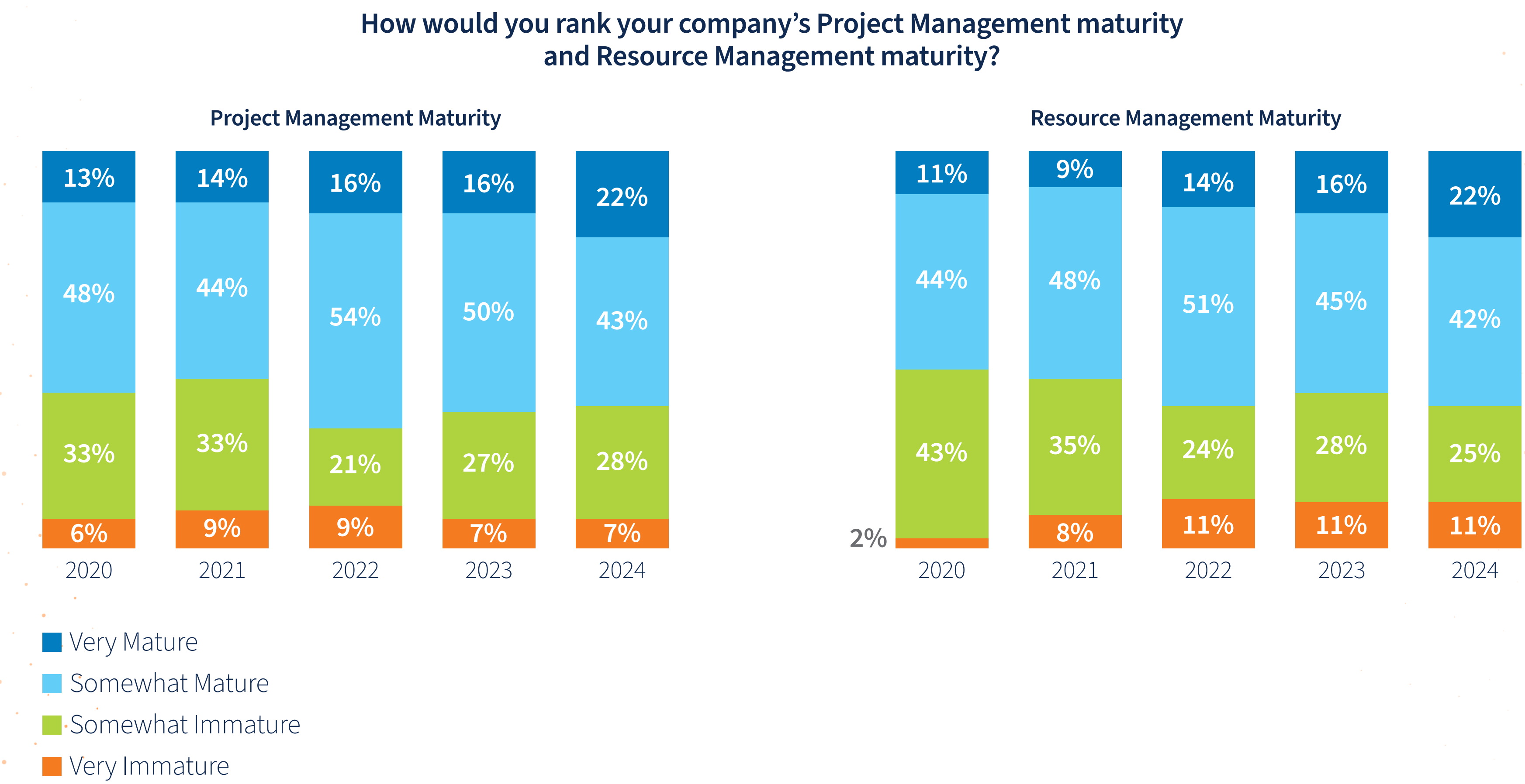
Rank the following project management challenges for your company from the most to least significant

(% Ranked 1st & 2nd Shown)

	2021	2022	2023		2024
Resource Management	39%	54%	51%	▼	50%
Forecasting	50%	42%	40%	▲	44%
Inexperienced Project Managers	44%	39%	41%	▼	36%
Lack of Visibility into Project Status	20%	18%	18%	▲	26%
Timeliness of Subcontractor Cost	23%	18%	26%	▼	23%
Poor Scope Definition	24%	29%	24%	▼	21%

Project and resource maturity are on the rise but still need improvement.

The proportion of companies who rank their project and resource management maturity as "very mature" continues to gradually increase—an encouraging sign. However, about one in three firms rank both practices as immature. Lack of maturity is most often the case among firms with lower revenues and smaller headcounts, which also more frequently lack a PMO.



Most firms leverage policies to gain project management efficiency; automation and AI are also catching on.

By far, the most popular tactic for gaining project management efficiencies is to update and create policies and procedures. However, tech is also top of mind for many firms—more than a third are looking to ditch spreadsheets in favor of automation, and almost as many are considering the merits of AI for predictive forecasting.

Larger and more tech-advanced firms are especially likely to look toward automation for increased project management efficiency.

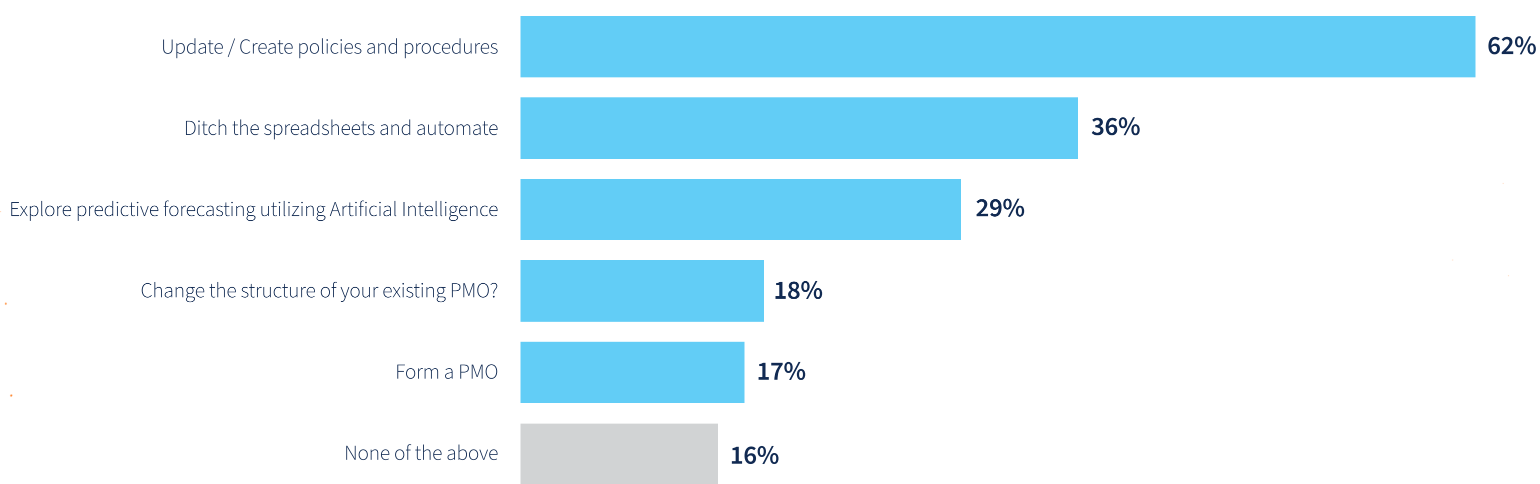
One major automation opportunity for firms? Integrating timesheet and resource management tools. This type of automation confers multiple benefits—better utilization tracking, more visibility, reduced administrative burden—and equips project managers with the real-time insights they need to make critical adjustments.

NO PAIN, NO GAIN

43% of firms with 100+ employees plan to ditch spreadsheets and automate

40% of firms using AI will more likely explore predictive forecasting than firms not using AI

What tactics are you using or planning to use to gain project management efficiencies?
(Select all that apply)



FAST FORWARD *w/ AI Insights*

Project managers have the unenviable task of tracking scopes, resources, budgets, timelines, decisions, risks, files, compliance requirements—the list goes on. Even with dedicated software, this is a tall order.

Project managers across the industry are feeling the pressure. Luckily, AI can assist.

Here are eight reasons to integrate AI into project management processes.

1. **Improve efficiency.** Reduce labor hours spent on repetitive, non-value-added work by automating the capture of clauses, project codes, and tasks.
2. **Improve resource management.** Integrate and automate timesheet and payroll systems for improved resource tracking over the project lifecycle.
3. **Improve cost control.** See cost trends, predict potential overruns, and send automated reports and recommendations to decision-makers.
4. **Improve project status visibility.** Get real-time insight on project progress, delays, milestones, budget variances, and resource utilization.
5. **Improve skill utilization.** Optimize team composition by analyzing skills, certifications, experience, and historical performance.
6. **Improve collaboration.** Instead of using email to communicate status updates, outstanding items, and assets, drive stakeholders to a single source of truth.
7. **Improve accuracy.** Automate manual, repetitive tasks and avoid simple input errors that cost valuable time and dollars to rectify.
8. **Improve risk.** Create a more agile, proactive operational landscape. Leverage predictive analytics to anticipate and prepare for resource shortages, supply chain issues, or other disruptions.

1 in 2

firms list resource management as one of their top two challenges

1 in 3

have immature project management and resource management

51%

of firms with $50M+ annual revenue want to ditch spreadsheets and automate

29%

want to explore predictive forecasting using AI

GAUGE Growth

Sustainable growth is the goal for any GovCon firm—but competition over new contracts is stiff and charting a course to growth is not always easy. This section examines the industry's top financial and business development challenges, concerns, growth trends, win rate projections, proposal submission volumes, and top business development approaches to help GovCons target smart and win more reliably.

The industry's financial hurdles reveal opportunities for more efficient business development.

Finding new revenue sources is by far the most significant financial challenge in 2024, with 57% of firms citing this as one of their top two financial challenges. Over a third of firms also struggle with organic growth.

There is a substantial opportunity for firms to address these challenges more efficiently with AI. Machine learning algorithms paired with AI-powered analytics can optimize business development efforts by identifying lucrative (and likely) opportunities, predicting the success for different projects, and streamlining RFP creation and compliance.

Concerns around uncertain federal spending, though third overall, are no more urgent than usual heading into the upcoming election period; according to Bloomberg, the President's FY24 budget for defense is $842B, some 3% higher than the previous year.

Cash flow process challenges have seen significant increase since last year; combined with the slight uptick in EBITDA challenges, this suggests that efficiency is indeed top of mind for many firms.

Rank the following financial challenges for your company from the most to least significant.

(% Ranked 1st & 2nd Shown)

	2023		2024
New revenue resources	61%	▼	57%
Organic growth	43%	▼	37%
Uncertain federal spending	35%	◀ ▶	35%
Cash flow (managing AP/AR processes)	22%	▲	29%
Increasing EBITDA	23%	▲	26%
Executive alignment	16%	◀ ▶	16%

WHO'S GOT THE NEW REVENUE BLUES?

These firms cite new revenue resources as a top financial challenge.

68% of firms with <100 FTEs

56% of firms not using AI

Firms' top concerns echo the industry's biggest challenges.

The majority of firms still say that obtaining and winning new contracts is a concern; SMBs, which could be shuttered by a single lost contract, are especially worried. It is no coincidence that this cohort also sees the lowest win rate and often lacks a formalized capture process for proposals.

Amidst perennial concerns about talent, budget, and compliance, over one-third of firms are preoccupied with gaining efficiencies—a new and noteworthy category for this year.

Who's looking to attract new contracts?

75% of SMB
(vs 63% of OTSB)

77% firms with < 100 FTEs
(vs 62% of firms with 100+ FTEs)

What issues are the most concerning to your GovCon organization currently?
(Select all that apply)

	2023		2024
Obtaining / winning new contracts	77%	▼	69%
Lack of qualified talent	55%	▼	47%
Budget and funding constraints	47%	▼	42%
Cost of compliance	44%	▼	42%
Gaining efficiencies*	N/A	◀ ▶	37%
Lack of integrated project management / account tools	29%	▼	24%

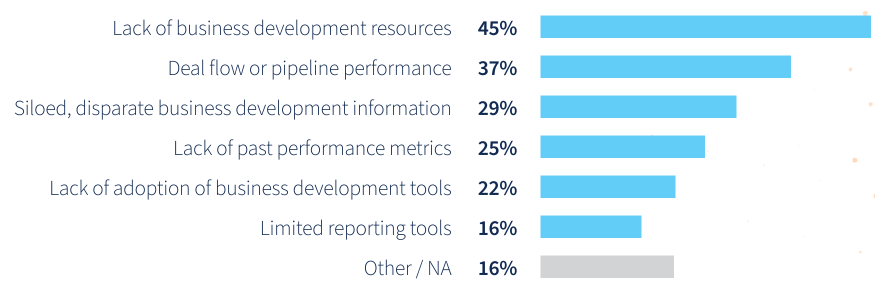
*Option added in 2024, no trending available

Business development in GovCon is challenged by lack of resources and visibility.

Nearly half cite lack of resources as one of their biggest business development challenges. This lack of resources is always a struggle, but < $10-$25M are feeling significantly more constrained (58%) compared to the highest earners (35%). Companies <$10M are more severely affected by BD lack of tools (26%)—with cost pressures throttling budgets and exacerbating resource deficits, escaping this vicious cycle to achieve sustainable growth is not an easy task.

Larger companies more often find siloed, disparate business development information to be challenging—a natural consequence of the patchwork tech ecosystem unfortunately common to such enterprises.

What are your biggest business development challenges?
(Select all that apply)



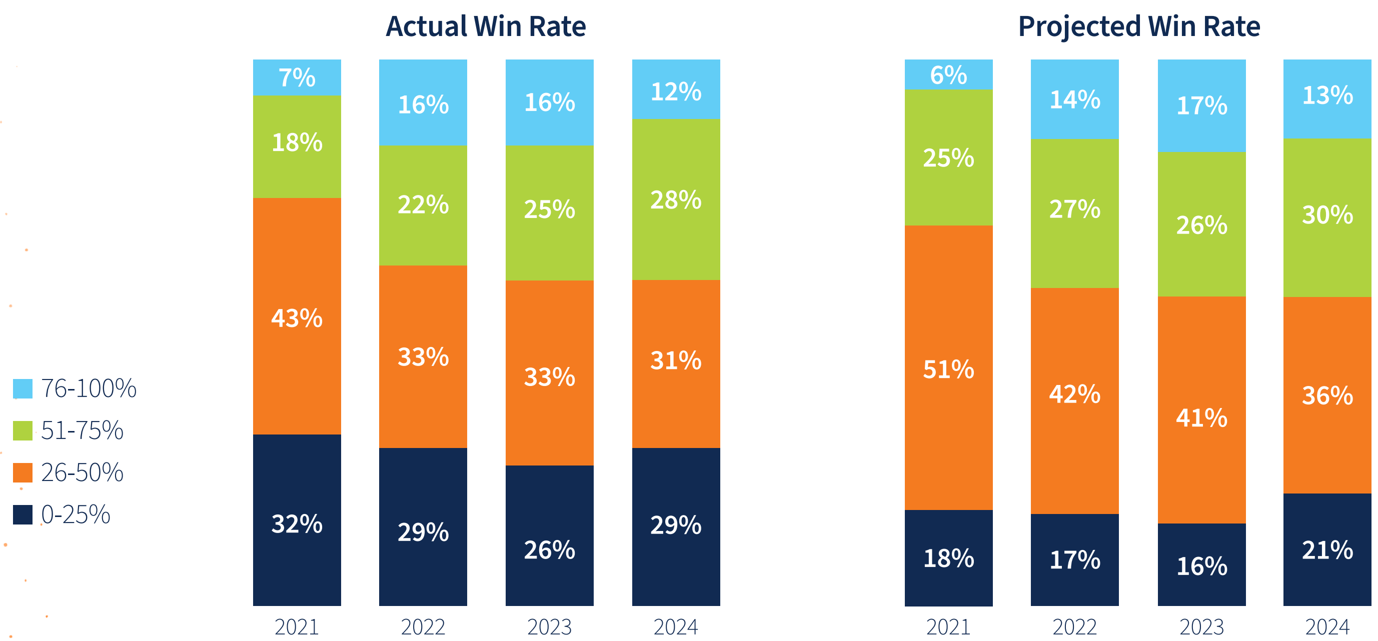
Win rates have improved, but there remains more to win.

Overall win rates have gone up significantly—a good omen. There is still, however, ample room to improve. It is regrettably common for firms to win less than half their bids; a glance at future projections reveals that little change is anticipated in the year ahead.

Companies with revenues below $25M show struggling proposal win rates despite being among the most concerned with securing new contracts. They are also unwontedly optimistic about winning more next year.

There is unquestionably a substantial opportunity to increase wins. Ruthlessly targeting the most qualified opportunities and creating highly compelling proposals will improve win rate. Both these approaches benefit from increased standardization, automation, visibility, and measurability. Firms looking to win more must be prepared to invest in AI-enhanced BD tools and formalize bid and capture processes.

What is your actual proposal win rate and what do you project it to be in the next 12 months?



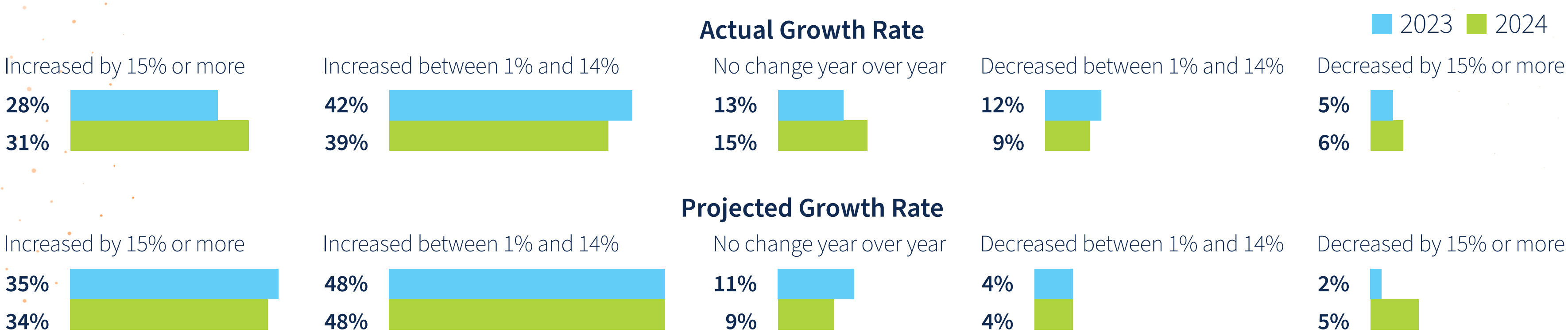
What is your actual proposal win rate and what do you project it to be in the next 12 months?
(by revenue and employee)

		2024 Annual Revenue				Employee Size	
	Total	$0 - <$10M	$10 - <$25M	$25 - <$50M	$50M+	1-99	100+
Actual Win Rate - Past 12 Months							
76-100%	12%	9%	7%	7%	21%	7%	16%
51-75%	28%	28%	28%	22%	31%	29%	27%
26-50%	31%	26%	41%	42%	25%	28%	35%
0-25%	29%	37%	24%	29%	23%	36%	22%
Projected Win Rate - Past 12 Months							
76-100%	13%	13%	4%	9%	22%	8%	18%
51-75%	30%	32%	25%	31%	31%	32%	29%
26-50%	36%	30%	53%	36%	31%	33%	37%
0-25%	21%	25%	18%	24%	16%	27%	16%

Growth rates hold steady for another year running.

Growth rates have not greatly changed since 2023. Over the last two years, about 40% say their actual growth rate is between 1% and 14%, and almost half project it increasing by the same. The number of firms predicting a contraction has increased slightly, with 9% of firms projecting a decrease in growth this year versus 6% last year.

From last year to this year, indicate your company's actual and projected growth rate.

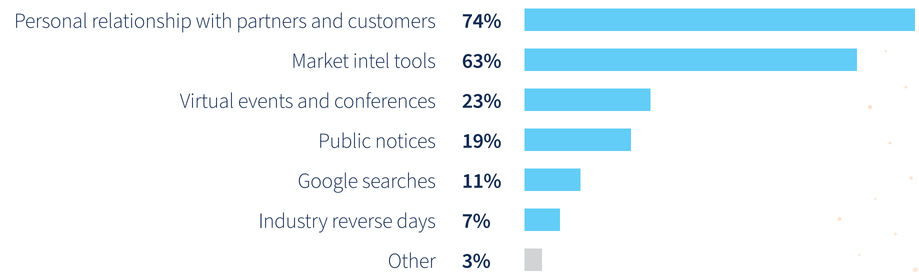


For finding new opportunities, personal relationships and market intel tools are top tactics.

In many ways, government contracting runs on relationships—and relationships will always be a primary source of new opportunities. Nearly three-quarters of firms rely on connections with partners and customers to unearth new opportunities.

About two-thirds cite market intelligence tools as a leading method. This approach is especially prevalent among companies that use AI.

What are the top two approaches you are currently using to find new opportunities? (Select all that apply)

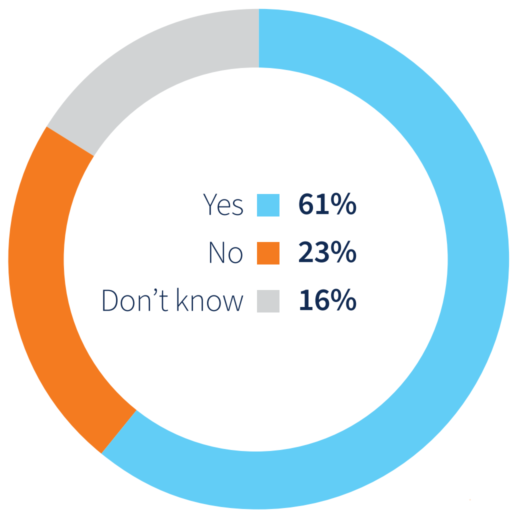


GovCon must keep pushing capture process progress.

Though most firms report a formalized capture process, about a quarter of firms have no formal capture or gating process for proposals. Smaller companies are most likely to be in this cohort. One in six firms are not even aware of their capture process or lack thereof.

Smaller firms would be well advised to introduce a formalized capture process. Even a simple capture process will still bring visibility, measurability, and repeatability to the bidding process. With this valuable capture data in hand, firms can hone in on the most promising opportunities; a particular benefit, given the resource limitations they often face.

Do you have a formalized capture or gate process for federal proposals that is followed within your organization?



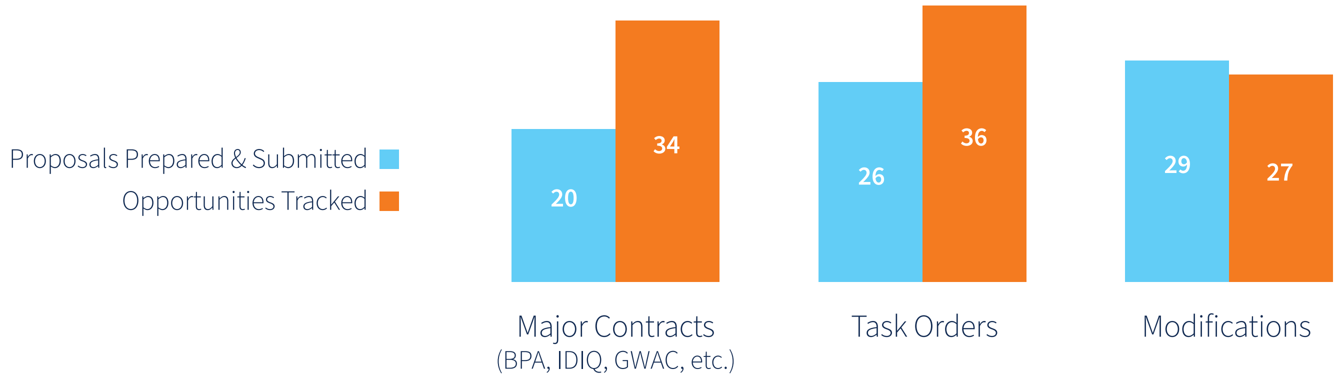
	2023	2024
Yes	65%	61%
No	20%	23%
Don't Know	15%	16%

More proposals but same number of opportunities.

The average number of proposals submitted has increased year over year to an average of 20 in 2024, but opportunities tracked have remained the same on average at 34.

Firms with $50M+ in annual revenue report many more prepared task orders and modifications than lower-revenue counterparts; unsurprising, as these industry titans' larger, more complex contracts are habitually modified. These firms are equipped with greater resources to bid on task orders, and are frequently invited to do so.

Approximately how many proposals (opportunities) does your company prepare/submit and track in a 12-month period?



				2024 Annual Revenue				Employee Size	
	2022	2023	2024	$0 - <$10M	$10 - <$25M	$25 - <$50M	$50M+	1-99	100+
Number of Proposals Prepared and Submitted									
Major Contracts	19	14	20	14	9	24	31	13	26
Task Orders	18	26	26	8	15	20	55	11	39
Modifications	14	27	29	6	6	34	62	8	46
Number of Opportunities Tracked									
Major Contracts	34	34	34	17	21	30	60	18	47
Task Orders	23	26	36	8	19	42	71	13	56
Modifications	15	26	27	6	6	38	56	8	43

FAST FORWARD *w/ AI Insights*

The business of business development

Time is money. Pursuing unprofitable opportunities or hard-to-win leads is a waste of both. But it is a massive lift to slog through massive amounts of information to identify opportunities, predict performance based on past RFPs, uncover trends, and put together bids (often from scratch).

AI can assist in assessing the attractiveness of an opportunity, identifying pain points, creating solutions, interpreting contracts, and optimizing pricing for proposals that align service delivery with customer demand—and the bottom line.

Relationships are a start—but proposals seal the deal

It cannot be overstated how valuable business growth resource project managers are. Project managers are the holders of indispensable knowledge, the keepers of key relationships, and the custodians of their firms' good standing with customers.

In a relationship-based ecosystem, a project manager who has already distinguished themselves through outstanding project performance is a real ace in the hole.

The best way of capitalizing on this valuable currency is by pursuing the right leads, bidding smart, and creating winning proposals.

AI can help supercharge the business development cycle

FAST FORWARD *w/ AI Insights*

Take the quiz: what kind of AI is right for you?

Which of these business development activities do you currently find most challenging?

A) Writing compelling custom-made proposals
B) Using past data to score and qualify opportunities
C) Consolidating data across multiple systems

Which of these would be most valuable to you when creating a proposal?

A) Validating the proposal for compliance against the contract
B) Calculating its probability of win (Pwin)
C) Seamlessly sharing data across departments when writing

Which of these possibilities do you find most exciting?

A) Developing innovative ideas to generate customer demand
B) Getting data-driven recommendations to bid/no-bid
C) Allocating more hours to growth initiatives

Which of the following do you most want to scale?

A) Creating customized, high-quality content
B) Analyzing bigger, more varied sets of data
C) Optimizing resource utilization and efficiency

Which of these statements best describes your data situation?

A) The main issue isn't data; it's knowing how to frame it persuasively
B) Too much time is lost combing through massive datasets when preparing bids
C) The data exists, but it's a pain to find, export, and use

What would you love to start doing/do more of?

A) Create case studies, white papers, and industry reports to showcase our expertise
B) Leverage market trends, competitor data and customer insights to inform our strategy
C) Streamline our pipeline management with things like automated follow-up emails

Which of these is holding your business development team back?

A) We don't have enough time to devote to RFPs
B) We aren't getting enough insight out of our data
C) Our data is scattered across too many systems

MANY SOLUTIONS ARE MULTIFUNCTIONAL. TO FIND THE RIGHT ONE, BE SURE TO DEFINE CLEAR, SPECIFIC AI SOFTWARE CRITERIA.

How did you score?

If you answered mostly A's:
Look into generative AI solutions, which are great for writing, content creation, and coming up with new ideas.

If you answered mostly B's:
A predictive AI tool will help you pull out the incisive insights you're looking for to really level up.

If you answered mostly C's:
You would benefit from predictive and automation AI tools to take over routine tasks so you can focus more on growth.

GAUGE
Efficiencies

Efficiency is the cornerstone of GovCon success. This section examines how firms are approaching efficiency and profitability, and what they are doing to manage costs, indirect rates, rate composition, intermediate pools, overhead allocations, G&A bases, and more.

Wrap rates decline as companies look to tame indirect costs.

A wrap rate is a particularly telling indicator of efficiency, as it includes all costs—direct labor, fringe, overhead and general and administrative costs—in its calculation.

These rates have declined in the past few years, meaning firms are paying serious attention to efficiency and looking for ways to be more competitive in an increasingly competitive GovCon environment.

WHAT IS YOUR ORGANIZATION'S RATE FOR EACH OF THE FOLLOWING?
(MEDIAN RATE)

1.66
Wrap rate for work at your Company's sites

1.63
Wrap rate for work at customer sites

Wrap Rates Without Fee YOY

	2018	2019	2020	2021	2022	2023	2024
Wrap rate for work at your Company's sites	1.79	1.78	1.79	1.75	1.75	1.71	1.66
Wrap rate for work at customer sites	1.75	1.65	1.67	1.68	1.69	1.64	1.63

Wrap Rates Without Fee by Revenue and Employee

		2024 Annual Revenue				Employee Size	
	Total	$0 - <$10M	$10 - <$25M	$25 - <$50M	$50M+	1-99	100+
Wrap rate for work at your Company's sites	1.66	1.64	1.64	1.67	1.70	1.68	1.64
Wrap rate for work at customer sites	1.63	1.62	1.67	1.63	1.61	1.67	1.60

Rate structure changes are beginning to slow as things return to pre-pandemic normal.

For the first time in five years, there is a notable drop in the number of companies reporting changes to their indirect rate structures in the last 12 months. On the other end, some 15% report having never changed their indirect rate structures, up from the all-time low reported last year.

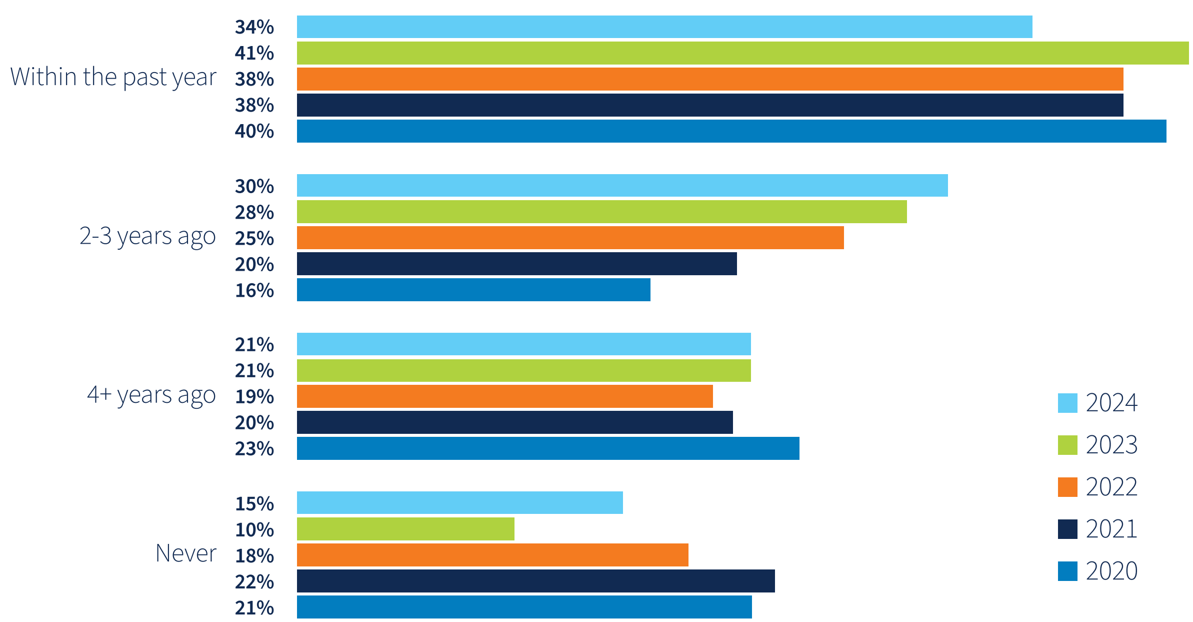
As the height of the COVID-19 pandemic is over, fewer companies are seeing a need to alter indirect rates as the effects of the pandemic continue to diminish.

Rateshifters

Firms that earn $50M+ per annum show a much greater tendency to revise their indirect rate structures.

100% of $50M+ respondents have revised their indirect rate structure at least once versus an average of 21% of <$50M respondents that have never changed their structure.

When was the last time you changed any part of your indirect rate structure?



In general, indirect rates have gently declined over the past seven years; this trend is likely to continue.

Fringe rates have changed little from last year, indicating some stabilization in fringe benefit costs. Compared to others, firms with annual revenues topping $50M report higher overhead rates for work performed on their own site.

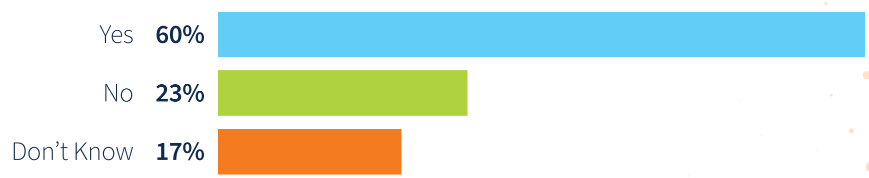
What is your organization's rate for each of the following?
(Median Rate)

	2018	2019	2020	2021	2022	2023	2024
Fringe Rate	34%	32%	33%	32%	32%	31%	30%
Overhead Rate for work at your Company's Sites	22%	24%	25%	20%	20%	18%	16%
Overhead Rate for work at your Customer's Sites	18%	13%	15%	14%	15%	12%	13%
Material/Subcontractor Handling Rate	3%	3%	3%	4%	4%	5%	3%
General and Administrative Rate	15%	14%	13%	15%	15%	15%	14%

Most firms integrate fringe costs into their overhead allocation.

Similar to years previous, about three in five say they bundle fringe costs into allocation bases for overhead. Companies that make less than $10M are less likely to do this than higher-earning firms.

Does your overhead allocation base include your fringe costs?



		2024 Annual Revenue				Employee Size	
	Total	**$0 - <$10M**	**$10 - <$25M**	**$25 - <$50M**	**$50M+**	**1-99**	**100+**
Yes	60%	53%	74%	62%	58%	56%	64%
No	23%	32%	13%	22%	21%	30%	17%
Don't Know	17%	15%	13%	16%	21%	14%	19%

Total Cost Input is the most widely used General & Administrative base.

The majority of respondents use Total Cost Input to calculate general and administrative costs; a quarter use Value-Added. Companies that earn more, are more data-driven, or that use AI are more likely to use a Value-Added allocation base.

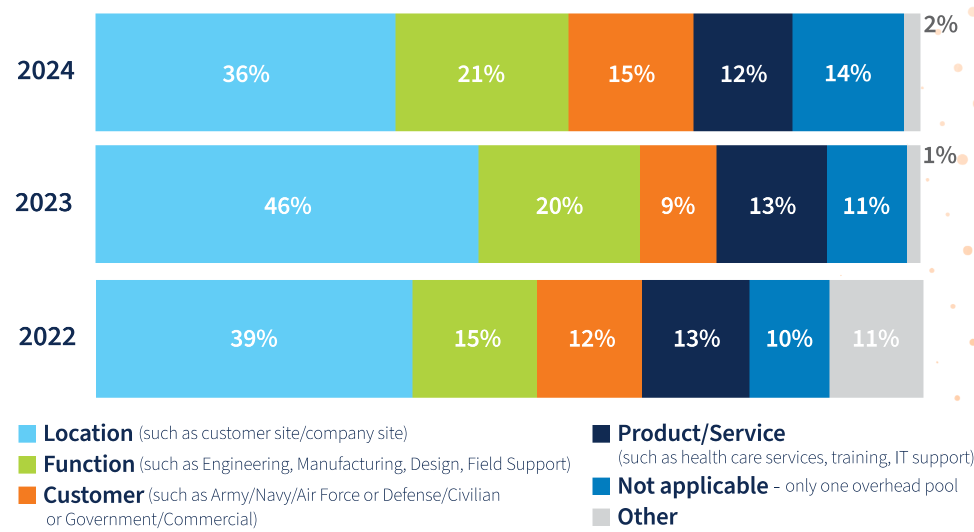
Is your G&A base TCI (Total Cost Input) or Value Added?

		2024 Annual Revenue				Employee Size	
	Total	$0 - <$10M	$10 - <$25M	$25 - <$50M	$50M+	1-99	100+
Total Cost Input	76%	84%	74%	89%	62%	83%	70%
Value-Added	23%	14%	26%	11%	36%	16%	29%
Other	1%	2%	0%	0%	2%	1%	1%

Location leads the list of bases used for distributing overhead.

Although there were some fluctuations due to the pandemic, the strategies used to calculate overhead rates have not changed dramatically since 2022. Location continues to be the commonly used overhead allocation basis. However, since 2022, there has been an increase in the number of firms using function as a base; in this era of remote work, locations are becoming less relevant and employees' skills more critical to profitability and recovery of cost.

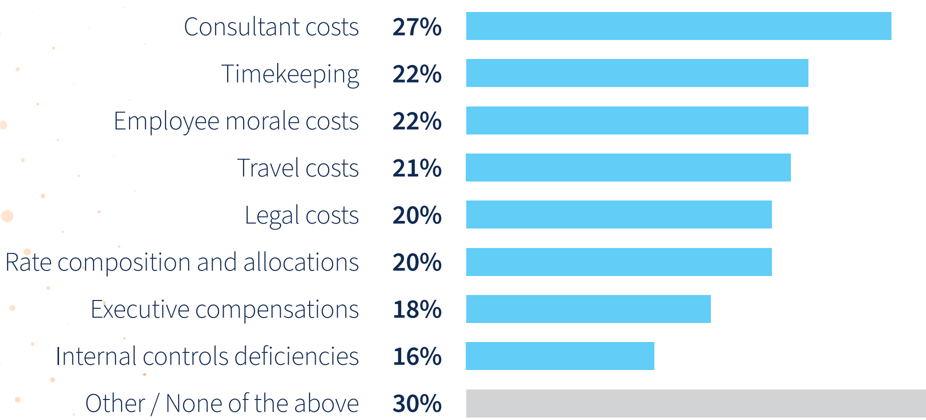
Which of the following do you use as the distinguishing factor between different overhead pools?



More firms report issues with consultant costs and fewer firms report no issues than in prior years.

It can be a challenge to ensure costs are being charged correctly and that nothing edges into unallowable territory. For another year running, consultant costs continue to be the most common indirect cost issue for GovCon firms. Rate compositions and allocations, which in 2023 tied for first place, fell several spots down the list this year. Instead of one single dominant challenge, firms are seeing a much greater variety of issues, again highlighting the importance of balancing overall compliance with efficiency.

What are the most common indirect cost issues and deficiencies for your organization?
(Select all that apply)



	2023		2024
Consultant costs	24%	▲	27%
Timekeeping	20%	▲	22%
Employee morale costs	17%	▲	22%
Travel costs	23%	▼	21%
Legal costs	21%	▼	20%
Rate composition and allocations	24%	▼	20%
Executive compensation	14%	▲	18%
Internal controls deficiencies	16%	◀ ▶	16%
Other / None of the above	32%	▼	30%

FAST FORWARD *w/ AI Insights*

An AI solution can help your firm supercharge efficiency. Finding the right one depends on the pain points, requirements, goals, needs, resources, and organizational readiness. Use this criteria checklist as a starting point for your AI tool assessment and purchasing.

AI TOOL CHECKLIST

Vendor

- Is the vendor compliant to the most critical regulations for our business? ❐
- Does the vendor's ownership and licensing model fit our business needs? ❐
- Does the vendor provide adequate support and training? ❐
- Is the vendor reputable, with a track record of success? ❐

Platform

- Does the platform fit our current business needs? ❐
- Does the platform meet our auditability requirements? ❐
- Are the platform's security protocols sufficiently rigorous? ❐
- Is the platform compatible with our existing tools? ❐
- Is the platform customizable? ❐

Key functionalities

- Can we manage budgets across entities, contract types, projects, or levels? ❐
- Can we collaboratively prepare, mark up, and manage contracts? ❐
- Can we track project visibility in one central platform? ❐
- Can we perform scenario modeling for different rate structures and G&A bases? ❐
- Can we create and customize dashboards and reports? ❐

AI enhancements

- Can we automate tasks in the proposal generation process? ❐
- Can we automate AP and AR activities? ❐
- Can we extract and populate data from images or other sources? ❐
- Can we generate pre-populated Incurred Cost reports based on collected data? ❐
- Can we assure compliance with pre-set rules and automated enforcement? ❐
- Can we profile data quality and automatically detect anomalies or redundancies? ❐
- Will we get predictive analytics and forecasting based on our dynamic BI? ❐

Industry Insights: Perspectives on AI

Though the origin of modern AI is often credited to Alan Turing in the 1950s, the concept of Artificial Intelligence is as old as classical antiquity. The automaton Talos, of Greek mythology, represents one of the earliest portrayals of a sentient AI; an enduring trope in media.

The reality of AI, however, is still far removed from fiction. Particularly in GovCon—an industry fraught with regulatory pitfalls and the constant need to balance compliance and efficiency—AI adoption is slow and cautious. Yet the benefits of AI are so significant that even the most hesitant of firms must adapt to survive.

In this special section of the GAUGE Report, we bring you the perspectives of four industry leaders at the forefront of AI transformation in their respective fields.

Expect insights on:

The current and potential impact of AI in various domains and how AI is changing areas like innovation, security, marketing, and sustainability.

The opportunities and challenges of AI implementation, including tangible benefits, barriers to adoption, and risks.

Examples and use cases of AI in action, including powering marketing strategies, managing cybersecurity attack surface, optimizing energy usage, and more.

INTERVIEWEES

A. **BHAVESH VADHANI**
Partner & Global Cybersecurity Leader
CohnReznick

B. **STEVE KARP**
Chief Innovation Officer
Unanet

C. **JENNY BRUSGUL**
Managing Director & Sustainability Leader
CohnReznick

D. **CARRIE MAHON**
Chief Marketing Officer
Unanet

INTERVIEWERS

E. **DAN MEERS**
Managing Director, Data & AI
CohnReznick

F. **CHRISTINE WILLIAMSON**
Partner, Government Contracting Industry
CohnReznick

G. **KIM KOSTER**
VP of Product Marketing
Unanet

AI regulations and risks

Bhavesh Vadhani Partner & Global Cybersecurity Leader, CohnReznick

Regulatory frameworks for AI compliance

Everybody in the market wants to know about regulatory frameworks for AI. In terms of voluntary frameworks, the National Institute of Standards and Technology has developed the AI Risk Management Framework (RMF). NIST often leads in the development of frameworks and guidelines, but they remain, at best, guidelines. There is no law that requires companies follow the NIST AI RMF, or even attest to using any guidelines.

The U.S. has a trend of taking longer than other countries to embrace new regulations and sometimes regulators need a catalyst to create new legislation. That being said, the eight largest global tech companies recently agreed to adopt UNESCO's Recommendation on the Ethics of AI—the world's first framework governing ethical AI use. ***We may not be entirely ready for AI yet, but we can get there. Right now, we need to learn to put our arms around the power of AI and control it so that it's used for the right reasons.*** I'm not saying it will never be misused—but we must reduce the impact of misuse as best we can.

Especially when it comes to generative AI, we do not know what we do not know. Right now, there could be an AI-generated clone of me out there on the Internet sounding exactly like me, using the same tone, tenor, voice, even the same head movements as me. What safeguards do we have to authenticate which one is real?

Leveraging AI to enhance cybersecurity

As cybersecurity defenders, we're always a bit behind the attackers. They generally—especially nation-state hackers—have more resources at their disposal; they can keep trying and changing their approach rapidly. Today, AI has brought a new dynamic to cybersecurity. On the one hand, malicious actors are already starting to use AI to create attack patterns and attack vectors that we have never seen before.

On the other hand, AI is enhancing companies' security operations centers with various types of cloud-based protection. These machine learning tools self-evolve as they collect more information on the distinct types of attacks happening in their current environment. They can train themselves to know that, for example, the next time they detect a certain kind of attack, like distributed denial of service from a particular IP address, they must blacklist that address.

The field of information security is moving toward AI automation. My career started in information security in the late '90s; I remember manually coding penetration testing scripts. Now, at CohnReznick, we use automation in many of our services, including attack surface management and evidence collection in our assessments; we have AI taking on the heavy lifting of finding, collecting, and analyzing evidence, and we as humans provide oversight and review the results to confirm their accuracy and integrity.

AI innovation in product design

Steve Karp Chief Innovation Officer, Unanet

AI implementation and the art of the possible

The biggest way AI is changing businesses is by reframing the art of the possible.

AI is allowing and forcing us to broaden our aperture, including the ways we think and the ways we choose to work. People are beginning to grasp the power of an AI assistant. ***It's no longer a huge leap to say that this technology, which can be spoken to almost like a human, can perform tasks autonomously, answer questions, find information, pull reports, and fix things that are found in company databases.*** And we're not talking five years from now for these AI outcomes to materialize—just look at how far we've come in the last two years alone.

Because technology is ahead of people, we're experimenting carefully. At Unanet, we have a cross-functional policy board of C-level execs and leaders from various business areas. Any tool that a team wants to use, the policy board must vet. This allows for controlled, small-scale experimentation with minimal privacy and security risk.

Creating AI-enabled, purpose-made products

Unanet launched our first real AI-enabled product in early 2023, a little over a year ago. We surveyed the competitive landscape, looked at the broader marketplace, and decided to assess where we were with AI by launching an automation solution. Our product team started with a quick scroll through our customer needs portal to understand the biggest pain points our customers had and see whether an AI solution made sense. We wanted to design intentionally for top customer and market priorities to avoid the risk of creating something that wouldn't add enough real value for the customer.

We decided to focus on data extraction through AI-enhanced optical character recognition: the technology of scanning a document, recognizing the information, parsing the data out, and populating it into the right fields in the system.

Now, we're reviewing the bidding process to see where AI could be leveraged effectively. The most difficult part of any bidding response is the first draft. Over my career, I've been involved in hundreds of RFP responses, and all of them have been awful. A massive amount of time is spent researching previous projects to determine what's most relevant to the requirements.

Another area for AI-driven improvement is in customer relationship management (CRM), a platform that's full of data—but that often lacks accuracy and completeness. We're looking at developing tools that can help with the data from the very beginning, from entry through edits to updates.

AI and sustainability

Jenny Brusgul Managing Director & Sustainability Leader, CohnReznick

AI regulatory considerations and investor incentives

From a regulatory perspective, AI is increasingly being used for measuring and reporting data that has not historically been tracked—these non-financial metrics around carbon footprint, water use, waste, even human capital data have not been tracked with the same regulatory rigor as other kinds of data.

What does this data mean from a decarbonization perspective? How do we think about not only reducing those emissions, but the impact on the communities around us, including low-income or disadvantaged communities that have historically been left behind? There are incentives now, with the Inflation Reduction Act, that positively impact this challenge, but also set a higher bar—companies will need to really understand the data, how they are measuring it, and what to do with it to take advantage of these tax credit incentives.

One of the new clauses of the Inflation Reduction Act introduces tax credit transferability. Previously, a tax credit would not transfer to an investor unless a complicated tax equity partnership was formed, but now credits are transferable and sellable. This has both simplified and expanded the market. ***We're seeing small and medium-sized businesses enter the market that weren't able to before. We're attracting new investors. There's more innovation. There's more liquidity. That's a huge value-add for this transition towards a low-carbon economy.***

Balancing the ecological gains and costs of AI in sustainability

We need to balance the utility of AI with its costs, both economic and environmental. We need to better understand the ecological impact of data centers; not just the operational energy consumption and mix of renewable versus non-renewable, but a comprehensive assessment including the energy and resources used to manufacture and deploy the hardware. We're seeing regulations emerge around this—for example, in Fairfax County, Virginia, there is a proposed regulation for data centers to report their carbon footprint, water use, or energy use.

Then we can weigh these energy costs against the benefits. There's so much that AI can do when it comes to energy use, especially thinking about solar and wind and the intermittent nature of that kind of energy; AI can balance them to create a more stable energy environment. AI can provide predictive analytics on weather patterns and forecast future conditions. It can optimize the energy grid with load forecasting and carbon-aware load shifting, improve agricultural use, enhance transportation efficiency, all of which reduce overall emissions.

Another major advantage of AI is its speed. AI can help achieve these positive outcomes much faster and more efficiently than we've ever seen before. The ability to quickly analyze these vast data sets and generate key insights can accelerate the pace of our work substantially. We like to think we have time—2050 is 25 years away—but being able to expedite these solutions to combat our environmental problems and get to net zero is a key consideration.

AI in marketing

Carrie Mahon Chief Marketing Officer, Unanet

Embracing AI in marketing with confidence

I have been speaking with marketing leaders about AI and marketing, and one of the key motifs I've noticed is approaching and embracing AI with confidence.

I started with AI in Marketing at Unanet over a year ago, and have been sharing real-world AI implementation across all functions and marketing teams ever since. The one thing I emphasize with our sales and marketing leaders is that your industry expertise and your understanding of the business goals are alike. It's not about getting your hands on the next big, shiny object; it really has to start with the business goals, and where AI is going to make the biggest impact.

AI success requires thoughtful implementation and iteration. You need to take a human-centric approach as you integrate it into existing workflows. It will not be instant. AI won't make all your marketing decisions. It will provide valuable insights and recommendations, but you need to know your business goals, your brand, your market, and your customers to be able to make the right strategic decisions.

AI is a whole new frontier. It is a truly transformative technology. There is so much opportunity—but there can also be resistance. People have concerns that need to be addressed; as a leader, you need to approach this with confidence and open communication with your team. I am trying to make sure marketers have that confidence.

A practical approach to implementing AI in marketing

AI is a powerful and practical way of enhancing your capabilities. In this pilot year of AI in Marketing at Unanet, we have experienced significant benefits. It is increasingly integrated into our daily work, and with the change management in the last six months, I've heard statements like, "Oh, I didn't think about using AI for this." We need to keep focusing on shifting the mindset toward AI, which is a very practical approach to follow from a marketing perspective.

Start by automating and maybe even eliminating work that you don't need to be doing and apply this approach to every phase of your AI progression. Next, think about using AI predictions and insights in terms of brand visibility, Search Engine Optimization (SEO), marketing automation, conversational marketing platforms with machine learning for chat, and so on. Next, look at your strategy and product marketing; AI is the idea generator. Build out segmentation, messaging, and content personalization sentiment. Narrow down your AI tools and develop use cases; look at reputation, capabilities, and alignment to your roadmap if you have one. Be sure there is enough support and learning with your tools, and tailor the training specifically to function—product marketing or graphic design, for example. Most importantly, be sure to look at security and compliance for your business.

It is a journey that requires education, having a plan for the organization, communicating, and sharing. You need to constantly share best practices and ideas with open communication.

A Big Thank You!

The goal of the GAUGE is to provide the government contracting industry with a reliable, insightful, timely benchmarking resource—one that GovCon execs can trust, reference, and use to guide their decision-making. We're immensely grateful to everyone in the GovCon community who took the time to share the insights, data, and experiences that shape every GAUGE report. Thank you for your continued support. Without you, there is no GAUGE.

About CohnReznick

A leading advisory, assurance, and tax firm, CohnReznick helps forward-thinking organizations achieve their vision by optimizing performance, maximizing value and managing risk. Clients benefit from the right team with the right capabilities; proven processes customized to their individual needs; and leaders with vital industry knowledge and relationships. With offices nationwide, the firm serves organizations around the world through its global subsidiaries and membership in Nexia. For more information, visit www.cohnreznick.com.

About Unanet

Unanet is a leading provider of project-based ERP and CRM solutions purpose-built for government contractors, architecture, engineering and construction firms, and professional services firms. More than 3,700 project-driven organizations depend on Unanet to turn their information into actionable insights, drive better decision-making, and accelerate business growth—all backed by award-winning support delivered by a people-focused, forward-thinking team for whom the success of your projects, people, and financials is paramount. For more information, visit www.unanet.com.

Contact Us

Have any questions or comments about the GAUGE Report? Want to share your insights by taking part in future surveys? We'd love to hear from you. Let us know how we can make the GAUGE even better for you.

CohnReznick
Christine Williamson
Partner, Government Contracting Industry
christine.williamson@cohnreznick.com
703.847.4412

Unanet
Kim Koster
VP of Product Marketing
kkoster@unanet.com
910.409.7501

GAUGE
2024 REPORT

CohnReznick & Unanet used information gathered from participants referenced in the "Respondents" section of the 2024 GAUGE. The information provided to us has not been independently tested or verified. Thus, we have relied exclusively on the 2017- 2024 GAUGE participants for the accuracy and completeness of the data. No survey can be guaranteed to be 100% accurate, and errors may occur. CohnReznick & Unanet do not guarantee the completeness or the accuracy of the data submitted by GAUGE participants and thus do not accept responsibility for your reliance on this Report or any of the information contained herein. The information contained in the 2024 GAUGE includes estimations, approximations, and assumptions and is not intended to be legal, accounting, or tax advice. Please consult a lawyer, accountant, or tax advisor before relying on any information contained in this Report. CohnReznick & Unanet disclaim any liability associated with your reliance on any information contained herein.

Unanet

8TH EDITION
ANNUAL INDUSTRY ROADMAP OF BENCHMARKS AND TRENDS
2024 Results Guiding Government Contractors into 2025

CohnReznick