

**SUPPORTING STATEMENT
U.S. Department of Commerce
Bureau of Industry and Security**

**Industrial Base Assessment: Consumers of U.S. Commercial
Electro-Optical (EO) Satellite Imagery
OMB Control No. 0694-0119**

A. Justification

This is a request for a new survey and instrument under the existing generic collection authority.

1. Explain the circumstances that make the collection of information necessary.

The Bureau of Industry and Security (BIS), Office of Technology Evaluation (OTE), in coordination with the National Geospatial-Intelligence Agency (NGA), is undertaking an industrial base assessment of the consumers of U.S. commercial electro-optical (EO) satellite imagery. The principal goal of this data collection and assessment is to analyze the size and market behavior of the U.S. industry, and its supply chain, that directly or indirectly uses commercial EO satellite imagery

U.S. commercial EO satellite imagery has a variety of military and non-military uses. The U.S. Defense and Intelligence Communities use imagery primarily for mapping, monitoring, warfare and related applications. Commercial applications can include meteorology, agriculture, geology, forestry, landscape, biodiversity conservation, regional planning and education. This assessment will provide an overview on the health and competitiveness of commercial imagery users and highlight the impact of proposed USG budget cutbacks on the private sector and any marketplace disruptions that could result.

When completed, OTE will be able to highlight companies that provide critical, unique and necessary capabilities for the national security community and commercial sector based on their direct and indirect usage of commercial EO satellite imagery. In addition, OTE can identify early warning signs of financial, economic, workforce and other competitiveness problems for particular firms/products/services that could be impacted by declining defense budgets.

Assisting OTE in this survey and assessment are representatives from a number of agencies, including the National Geospatial Intelligence Agency and the National Oceanic and Atmospheric Administration. And select small-to-medium size companies and their affiliated industry associations, such as PhotoSat Information, Ltd., Pacific Geomatics, Ltd., and the U.S. Geospatial Intelligence Foundation, are also providing input to the survey.

OTE has authority under **Section 705 of the Defense Production Act of 1950**, as amended and **Executive Order 12656**, to conduct assessments and collect information from industry in support of the U.S. industrial base. These assessments are normally undertaken in partnership with Department of Defense or with other federal agencies. They usually focus on industrial, financial and economic issues affecting key industrial sectors or critical technologies.

The survey questionnaire, which covers the period 2007 to 2011, is the primary source of information needed for an industrial base assessment of this type.

The information gained from the survey will be used to: 1- quantify and assess the products and services, and imagery consumption of firms that directly or indirectly utilize commercial EO satellite imagery; 2- determine sales, capital investment, research and development spending, workforce levels; understand respondent supply chain relationships; gather information on non-U.S. suppliers of EO satellite imagery; 3- identify trends and develop findings regarding the U.S. commercial EO satellite imagery supply chain network; and 4- provide government and industry representatives with a comprehensive overview of the commercial EO satellite imagery sector as a benchmark to plan for potential budget cuts and market challenges which could negatively affect U.S. industrial and military capabilities.

OTE is the focal point for industrial base and critical technology analyses among civilian Federal agencies by virtue of the above mentioned statute and executive order, which includes mandatory data collection authority to carry out these responsibilities. OTE has conducted approximately 45 assessments of this nature in the past 20 years under various related defense industrial base programs. Assessments generally review in detail those industries experiencing employment, international competition, financial, production, investment, foreign sourcing and dependencies and other difficulties which may affect their ability to support the industrial base, including defense and national security programs. The survey instrument is designed to collect information that facilitates this kind of in-depth analysis.

2. Explain how, by whom, how frequently, and for what purpose the information will be used. If the information collected will be disseminated to the public or used to support information that will be disseminated to the public, then explain how the collection complies with all applicable Information Quality Guidelines.

OTE intends to survey approximately 500 companies representing all aspects of U.S. industry that directly or indirectly use commercial electro-optical (EO) satellite imagery. There are two broad categories of imagery users: 1- companies that support the Defense/Intelligence Communities directly and have access to higher resolution satellite imagery; and 2- companies that have access to universally available less enhanced satellite imagery.

The survey is a one-time only request. Quantitative data obtained from the survey will be compiled into an aggregate database for analysis and eventual publication. This data is needed to assess trends in products and services, imagery consumption, sales, capital investment, research and development, international competition, foreign sourcing of commercial imagery and other factors. Qualitative questions are used in some limited cases to complement the statistical data. Using the aggregated survey data, the overall goal is to enable the private sector and government agencies to monitor trends, benchmark industry and government performance, and raise awareness of the implications of potential budget cuts and market disruptions to the consumers of U.S. commercial electro-optical satellite imagery.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological techniques or other forms of information technology.

To lessen the burden on respondents, OTE is encouraging firms to provide electronic responses. Each respondent will receive a personalized letter which outlines the requirements of the study and the scope of information required. The letter will also contain directions to the BIS website where the respondent can gain access to the Excel survey instrument. This approach was used successfully for the 2011 Telecommunications Industry, the 2011 Defense Supply Chain Network and 2012 CAD/PAD industry surveys. All three surveys were reviewed and approved by OMB.

The statistical information requested in the survey tracks closely with categories and groups commonly used in the industry and verified by field-testing the OTE survey. Almost all firms will have the information computerized and will be able to retrieve it in the form requested on the survey. Other limited questions will require thought and perhaps discussion among several individuals for proper responses. These questions do not lend themselves to standardized computer automation. However, the questions only require brief responses in the text boxes provided.

4. Describe efforts to identify duplication.

The information sought in the survey is unique and not available from any other source, either public or private. Some of the basic corporate background data requested is submitted by firms in a statistical sample to the U.S. Census Bureau. However, the Census Bureau is precluded by law from releasing information on specific companies.

5. If the collection of information involves small businesses or other small entities, describe the methods used to minimize burden.

While the majority of commercial satellite imagery users are medium size firms, this survey will be distributed to a number of small businesses. The electronic survey instrument was designed to minimize the burden on all respondents. If for any reason the respondent cannot complete the survey in Excel, OTE will work with the respondent on an alternate form of submission. However, due to the high-tech nature of the commercial satellite imagery sector, we are expecting almost all firms to respond electronically.

6. Describe the consequences to the Federal program or policy activities if the collection is not conducted or is conducted less frequently.

In the case of this industrial base assessment of the consumers of U.S. commercial electro-optical satellite imagery, a survey is the only method available for OTE to carry out its responsibilities under the Defense Production Act of 1950, as amended, and Executive Order 12656. Without the information gathered from the survey, OTE could not: 1- quantify and assess the products and services, and imagery consumption of firms that directly or indirectly utilize commercial EO satellite imagery; 2- determine sales, capital investment, research and development spending,

workforce levels; understand respondent supply chain relationships; or gather information on non-U.S. suppliers of EO satellite imagery; 3- identify trends and develop findings regarding the U.S. commercial EO satellite imagery supply chain network; and 4- provide government and industry representatives with a comprehensive overview of the commercial EO satellite imagery sector as a benchmark to plan for potential budget cuts and market challenges which could negatively affect U.S. industrial and military capabilities.

7. Explain any special circumstances that require the collection to be conducted in a manner inconsistent with OMB guidelines.

There are no special circumstances that will result in the collection of information in a manner inconsistent with the guidelines of 5 CFR 1320.6.

8. Provide information of the PRA Federal Register notice that solicited public comments on the information collection prior to this submission. Summarize the public comments received in response to that notice and describe the actions taken by the agency in response to those comments. Describe the efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

The Federal Register notice is not applicable to this collection because it falls within the scope of the BIS generic authority entitled, “National Security and Critical Technology Assessments of the U.S. Industrial Base,” approved under OMB Control No. 0694-0119. This authority is renewed every three years (last renewed in 2010) to support on-going BIS defense industrial base assessment needs.

OTE staff developed the survey in consultation with industry and government experts over a period of several months. The following is a list of those individuals who provided input and advice:

Government

Jerry Carter, National Geospatial Intelligence Agency– 571-557-2004

Aaron Tooke, National Geospatial Intelligence Agency – 571-557-6265

Eve Douglas, National Oceanic & Atmospheric Administration – 202-482-4362

Tahara Dawkins, National Oceanic & Atmospheric Administration – 301-713-3385

Industry

Keith Masback, U.S. Geospatial Intelligence Foundation – 703-793-0109

Bill Alder, U.S. Geospatial Intelligence Foundation – 703-793-0109

Gerry Mitchell, PhotoSat Information, Ltd. – 604-681-9770

Geoff Tomlins, Pacific Geomatics, Ltd. – 604-535-7851

9. Explain any decisions to provide payments or gifts to respondents, other than remuneration of contractors or grantees.

This survey will not involve any payment or gifts to respondents.

10. Describe any assurance of confidentiality provided to respondents and the basis for assurance in statute, regulation, or agency policy.

The survey and its cover letter provide assurance to the respondents that the information collected through the survey will be deemed *business confidential* and will be treated in accordance with Section 705 of the Defense Production Act of 1950, as amended (50 U.S.C.A. app. Section 2061 et. seq.). This section prohibits the publication or disclosure of such information unless the President determines that its withholding is contrary to the national defense. The survey will be administered and the data collected via a secure Internet server. Information submitted will not be shared with any non-government entity, other than in aggregate form, and the U.S. Department of Commerce will protect the confidentiality of such information pursuant to the appropriate exemptions from disclosure under the Freedom of Information Act (FOIA), should it be the subject of a FOIA request. OTE has a long and successful track record of protecting business confidential information collected under the above statute.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private.

This survey will not collect information that could be construed as being of a sensitive nature, such as information concerning sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered sensitive or private.

12. Provide an estimate in hours of the burden of the collection of information.

OTE estimates that the total burden placed on the respondents by this Industrial Base Assessment: Consumers of U.S. Commercial Electro-Optical Satellite Imagery survey effort will be approximately 3,000 hours. This is based on distributing surveys to approximately 500 respondents with an average time of 6 hours needed to complete the survey.

This burden estimate is subject to variations among individual respondents because of differences in product/service participation, record keeping, organization size, location in supply chain and other variables. The estimate is based on the past experience of OTE, as well as feedback from companies and organizations that have completed our surveys. OTE has conducted surveys of various industries, including imaging and sensors, NASA supply chain network, U.S. space industry, counterfeit electronics, 5-axis machine tools, microelectronics, healthcare products and others.

The estimated total cost to respondents of this information collection is \$105,000. This estimate was calculated by assuming a respondent average work rate of \$35 per hour multiplied by the total burden hours of 3,000.

13. Provide an estimate of the total annual cost burden to the respondents or record-keepers resulting from the collection (excluding the value of the burden hours in Question 12 above).

Not Applicable.

14. Provide estimates of annualized cost to the Federal government.

The estimated cost to the Federal government for the survey is \$263,044. A major portion of this cost is related to the survey questionnaire, which includes preparation, collecting, verifying and tabulating the information, and analyzing the data. Other costs will be incurred in summarizing the analysis and findings, preparing the final report, and report printing and distribution. The direct employee costs were estimated by assuming the hours spent on the project as about three-quarter's year equivalent, or 39 weeks and taking three-quarters the annual pay of one GS-15, step 10 and one GS-14, step 10. The direct employee cost is \$219,203.

Indirect or overhead costs associated with the project are calculated as 20 percent of the direct employee cost, or \$43,841. A review of OTE budgets from previous years indicates costs for building maintenance, telephone, computers, and space rental charges generally run about 20 percent of total employee costs.

15. Explain the reasons for any program changes or adjustments.

Because the nature of this collection of information falls within BIS's generic authority entitled, "DOC/BIS National Security and Critical Technology Assessments of the U.S. Industrial Base," (OMB Control No. 0694-0119), there is no increase in burden hours. This is the second time BIS has used this authority in FY2012 (a total of 209,000 authorized hours). An unused balance to the authority of 205,640 annual burden hours (208,640 minus 3,000) will remain if the survey assessment is approved under this authority.

16. For collections whose results will be published, outline the plans for tabulation and publication.

All data collected will be aggregated before publishing to protect company confidentiality. The surveys will be provided electronically to the 500 companies in early March 2012. The analysis and report writing will be started in June 2012 and a draft report will be prepared by the end of August 2012. The final report is planned for publication in September 2012.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons why display would be inappropriate.

Not applicable. BIS will display the expiration date of this information collection authority on all survey and instructional instruments the public receives.

18. Explain each exception to the certification statement.

Not applicable.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.