



DEPARTMENT OF THE AIR FORCE  
PROGRAM EXECUTIVE OFFICE FOR BUSINESS ENTERPRISE SYSTEMS  
MAXWELL AIR FORCE BASE, GUNTER ANNEX ALABAMA

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**Small Business Set-Aside Guidance for Netcentric Products Orders**

BLUF: For an order to qualify to be set-aside under Netcentric Products one of the following must apply:

1. A Netcentric Products Small Prime must perform 50% of the cost of manufacturing the supplies (not including the cost of materials)
2. A Netcentric Products Small Prime must acquire through a small U.S. owned business that performed 50% thus qualifying as a Non-Manufacturer
3. Ordering office may obtain a Non-Manufacturer Rule individual waiver from the SBA
4. Ordering office acquiring routers/switches or PBX equipment may cite the Non-Manufacturer Rule Class waiver. PSC (Product Service Code) must be 5805. This only applies to these products, class waivers cannot be used for any other products.

If one of the above scenarios does not apply the order cannot be set-aside

**What are the general set-aside rules for products?**

Per FAR 52.219-14, on a supply contract that is set-aside for Small Businesses, the Small Business must perform at least 50% of the cost of manufacturing the supplies (not including the cost of materials) or acquire through a small U.S. owned business that manufactured 50%.

**What is the Non-manufacture rule (NMR)?**

The NMR is an exception to the above performance requirements, and provides that a firm that is not a manufacturer may qualify as a small business (or "non-manufacturer") on a supply contract set-aside for small business if, among other things, it supplies the product of a small business made in the United States. 15 USC §637(a)(17); 13 CFR § 121.406.

- Thus if a Contracting Officer is contemplating a small business set-aside, a small business must be manufacturing the item at least in part.

**What is the Non-Manufacturer Waiver?**

The Small Business Act also contains provisions that allow the Administrator of the SBA to waive the FAR 52.219-14 requirement when there are no small business manufacturers or processors available to supply the product to the Federal Government. Waivers can be granted on an individual and class basis. For more information about the Non-Manufacturer Rule and Waivers please go to the SBA at <http://www.sba.gov/content/non-manufacturer-waivers>

- Individual waiver. After reviewing a determination by a contracting officer that no small business manufacturer or processor can reasonably be expected to offer a product meeting the specifications (including period of performance) required of an offeror or by the solicitation; or

- Class waiver. For a product or class of products after determining that no small business is available to participate in the Federal procurement market.

The Netcentric Products NAICS code is 334210 and is to be used for all orders under the IDIQ. Currently there are only two categories of products under NAICS code 334210 that have class waivers. The two categories are routers/switches and PBX equipment; these two categories fall under a single PSC (5805). As such, products that fall in one of these two categories may be set-aside. No other products can be set-aside using NMR class waivers.

**Does FAR 19.102(f)(7) Apply?**

FAR 19.102(f)(7) states, "The SBA provides for an exception to the nonmanufacturer rule if--(i) The procurement of a manufactured end product processed under the procedures set forth in Part 13--(A) Is set-aside for small business; and (B) Is not anticipated to exceed \$25,000, and (ii) The offeror supplies an end product that is manufactured or produced in the United States or its outlying areas.

No, this does not apply because orders under an IDIQ (like Netcentric Products) fall under FAR Part 16.

  
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