

Other Transactions Authority

An Overview for Space Enterprise Consortium

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Overview



The OT-Consortium Business Model:

The “Top 10” Questions for Improved Understanding

1. What is it?
2. What is it designed to accomplish?
3. How can it be used?
4. What is its legal/legislative basis?
5. How does it differ from FAR-based enterprises?
6. What are the acquisition challenges that make the model attractive for the Government?
7. How does the model work / what are its core elements?
8. What benefits does it provide to consortium members?
9. What does the business case look like for all parties (Government, Industry, Academia)?

10. Your questions

What Is It?



- **An OTA is defined by what it is NOT:**
 - It is not a contract;
 - It is not a grant;
 - It is not a Cooperative Agreement;
 - Rather, it is a **binding “contract-like” instrument** used by the Government to connect with one or more parties **that operates outside the normal Federal Acquisition Regulations (FAR)**
- **An OTA can be used to create an “enterprise partnership” between the Government and a consortium of technology developers/providers** in a specific domain where....
 - The **“Government”** partner can be a single sponsor (program executive officer) or multiple sponsors coordinated through a lead agency
 - The **“Consortium”** partner is a group of for-profit, not-for-profit and/or non-profit companies, universities and other academic research organizations having competence in the technical domain of interest

What Does It Do?



- The OT – Consortium business model is designed to *facilitate mutually beneficial collaborative research and development activities* between the Government and industry/academia.
- Two distinct partnership models exist, depending on the maturity of the R&D efforts being contemplated:
 - OT for **Research**: for performing basic, applied, advanced research and development tasks
 - OT for **Prototypes**: for prototype projects that are directly relevant to enhancing the mission effectiveness of military personnel and the supporting platforms, weapons or weapon systems, components and/or materials proposed to be acquired or developed by the Department of Defense, or to improvement of platforms, weapons or weapon systems, components and/or materials in use by the Armed Forces.

How Can It Be Used?



Two different, but complementary applications:

- **First:** to **promote long term collaborative R&D** between the Government sponsor(s) and a group of subject matter experts / technology developers drawn from industry and academia

AND

- **Second:** to **create a rapid response capability** that leverages the long term collaborative R&D environment and the features of the Other Transactions agreement to enable a broad array of already-engaged providers to address an emergent capability gap that can be alleviated within the technical domain of the consortium members
- **The OT-Consortium business model provides a useful tool for developing an optimal solution and getting that solution into the end user's hands faster than what typical FAR processes can enable**

Statutory Basis for Prototyping OTAs



- **Authority:** 10 USC 2371b, as amended by Section 815 of the National Defense Authorization Act of 2016 (PL 114-92)
- **Principal focus:**
 - Provide access to innovative concepts / ideas / technologies from “non-traditional” sources (technology providers that previously have not done R&D business with the Government)
- **Requirements on industry/academia participants:**
 - There is at least one nontraditional defense contractor participating to a significant extent in the prototype project; **OR**
 - All significant participants in the transaction other than the Federal Government are small businesses or nontraditional defense contractors; **OR**
 - At least one third of the total cost of the prototype project is to be paid out of funds provided by parties to the transaction other than the Federal Government.

What's Different from the FAR?



- **OTA provides relief from FAR and supplemental regulations**
 - Not required to comply with all of the FAR, DFAR, AFAR – **but** Agreements Officer “should consider FAR procedures and clauses” along with commercial practices
- **Specifically, what does not apply under an OT?**
 - **Grants and Agreements Regulations (DODGARS)**
 - **Cost Accounting Standards for Award Recipients**
 - **Bayh-Dole and Rights in Technical Data**
 - **Procurement Protest System**
 - Competition in Contracting Act
 - Truth in Negotiations Act
 - Contract Disputes Act
 - Procurement Integrity Act

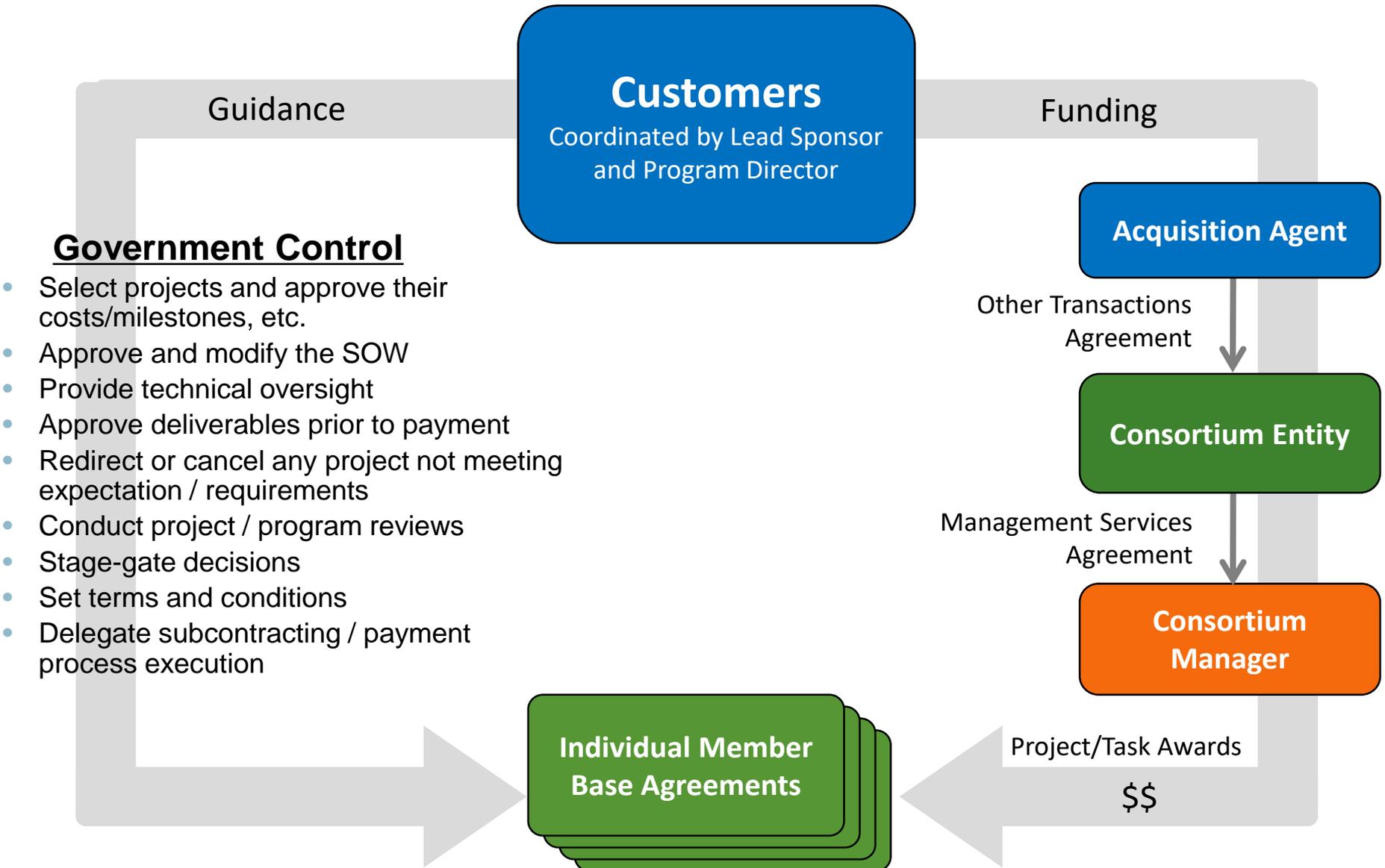
Why Use an OT?



Government Portfolio R&D Challenges under the FAR

- Need for a business model that facilitates real Government – industry collaboration
- Inability to attract and engage one or more technology providers of interest to the Government
- Intellectual Property disputes
- Limited technology transfer
- Real innovation lacking
- Acquisition road blocks due to protest
- Contracting processes cumbersome and slow
- Low obligation and expenditure rates

How Does the Model Work?



Benefits of Membership



SpEC membership provides an opportunity to:

- Gain access to information concerning Government technology requirements which may not be available to non-members.
- Participate in information exchange with Government attendees at general membership meetings and other events.
- Provide an executive from their organization to serve on the SpEC Consortium Executive Committee, or committees/subcommittees the Executive Committee may establish.
- Gain “multiple bites at the apple” in a given solicitation cycle (“Basket Provision”). If funding is not available from the original sponsor at the time of source selection, that sponsor has the option of placing a source-selection-approved proposal in a “basket” with the option of funding it within 1-3 years of the date of the original solicitation should funds subsequently become available.

SpEC Consortium leadership will:

- Provide a forum for conducting emerging technology discussions among member organizations, and share the results of such discussions with the Government to help shape the requirements the Government may publish in a subsequent research announcement.
- Facilitate interactions between and among consortium members so that proposals can be more collaborative and more closely aligned with specific Government requirements.
- Engage other federal agencies that sponsor space-related R&D and encourage them to consider using the SpEC OTA vehicle to fund some of their own R&D programs.

Does a Business Case Exist?



For the Government:

- **Affords greater technology and prototype acquisition speed; gets solutions to end user sooner**
 - *Also* creates a dedicated longer-term channel to capitalize on “technology push” by obtaining industry input and feedback on rapidly evolving, enabling technologies
- **Fosters development of interoperable, modular, open architecture systems and prototypes that permit rapid, flexible technology upgrades and mission reconfiguration**
- **High success in transitioning technology into users’ hands**
- **Casts a wider net for capturing ideas and innovations**
 - Engages non-traditional technology suppliers
 - Provides ready access to industry and academia
- **Assists Government in meeting obligation/expenditure benchmarks**

Does a Business Case Exist?



For Industry Partners:

- **For large companies:**
 - Affords greater visibility into Government needs and priorities; provides increased ability to leverage IR&D investments to meet those needs
- **For small / non-traditional companies:**
 - Provides the simplified means for small companies and non-traditional suppliers to do work for the Government directly (overcomes many of the initial and ongoing contracting and compliance challenges)
 - Creates a channel for small companies and non-traditional suppliers to identify opportunities and establish customer relationships
- **For all companies:**
 - Provides a process to have a voice and the ability to “weigh-in” on critical technology issues (help inform Government technology requirements)
 - Establishes a mechanism for creating technology transition partnerships between small technology innovators and large system integrators
 - Minimizes cash flow challenges on small companies by avoiding “pay before paid” requirement when liquidating project performer invoices
 - Flexible contracting vehicle capable of multiple taskings with a single set of terms and conditions

Your Questions

