



Space Enterprise Consortium (SpEC)

Doing Business with SpEC

January 17, 2018

Overview



- Overall Flow: 17 & 18 Jan
- Consortium Mgmt, SpEC and Membership
- Terminology & Other Transaction Agreement Basics
- Project Solicitation & Proposal Submission Process Overview



SpEC and Membership

- ATI (Advanced Technology International)
 - Non-profit Consortium Management Firm (CMF)
 - Current Prototype OTA Consortia managed by ATI:
 - National Armaments Consortium (NAC)/DOTC (2002/2008)
 - Vertical Lift Consortium (VLC) - 2010
 - National Spectrum Consortium (NSC) - 2015
 - Medical Technologies Enterprise Consortium (MTEC) - 2015
 - Border Security Technology Consortium (BSTC) - 2016
 - Medical CBRN Defense Consortium (MCDC) – 2016
 - Countering Weapons of Mass Destruction Consortium (CWMD) – 2017
 - Space Enterprise Consortium (SpEC) - 2017
 - ATI also manages FAR and non-FAR based research collaborations

SpEC CMF Team



Consortium Manager

- Brian Delamater, SpEC Program Manager
- Stacey Lindbergh, SpEC Member Recruitment
- Elizabeth Frankart, SpEC Contracts Management
- Michele Vargas, SpEC Program Assistant
- Sarah Sole, SpEC Financial Analyst

SpEC Timeline & Stats



- Notice of Award – 2 Nov 2017
- SpEC Formation Committee seated – 21 Nov 2017
- Key member documents approved – 8 Dec 2017
- Member on-boarding initiated – 11 Dec 2017

- **48** Members and growing daily (a/o 11 Jan)

SpEC Vision



This Agreement is envisioned to enable the Air Force and the DoD Space community by leveraging partnerships with the commercial industry, the civil space sector, and others to:

- increase flexibility and agility;
- reduce cost;
- improve technology and capability insertion; and
- decrease program development cycles.

SpEC Leadership

Formation Committee

- Russ Keller – ATI, Formation Committee Chair
- Arnie Strelan - OrbitalATK, Large Business
- Greg Burgess - Sierra Nevada, Large Business
- Jason Kim - Millennium Space Systems, Small Business
- Dan Hegel - Blue Canyon Technologies, Inc. Small Business
- Michael McLelland - Southwest Research Institute, NFP
- Allan Mattson - Raytheon Company, Large Business
- John Hicks – Johns Hopkins University APL, Academia

SpEC Leadership

Governance Structure & Election Process

Executive Committee – 7 representatives:

- Consortium Manager – ATI- Permanent seat
- Large Business – two seats
- Small Business – two seats
- Academia – one seat
- Not-for-profit – one seat

Elections:

- Nominations are welcome from all individuals from member organizations in good standing.
- All member organizations are permitted one vote.
- Elections are conducted electronically.

Dues and Fees



Annual Dues:

- Large Business: \$7500
- Small Business, Academia, Not-for-Profits: \$500

Dues are payable on October 1st (6 month proration)

Project Award Assessment:

- 1% of all government funds awarded under a Project Agreement

Executive Committee evaluates on a periodic basis

How to Join



- Visit: www.space-enterprise-consortium.org
 - Complete and sign Membership Application
 - Review/sign Consortium Membership Agreement
 - DD2345 Certification
 - FOCl: if FOCl, provide DSS letter or signed Export Form

- Membership limited to US firms or US-based affiliate of a foreign firm

- Send to SpEC-CM@ati.org
 - Inquiries: Contact Brian Delamater
 - Brian.Delamater@ati.org
 - 843-760-4348

Additional Membership Topics



- Member Only Website Access
- Multiple Business Entities under Single Membership
- Member in “Good Standing” for purposes of website access and proposal submissions
- SIPR email contact info needed
- Access to Classified

Member Only Website Access



- Eligible for Member Only website access upon membership approval
- Access must be requested, typically ~24 hours
- It is recommended that several POCs within a member organization gain access

Single Membership Organization with Multiple Business Entities

- Not uncommon for Large Companies
- Any business entity that falls under the Member Organization
 - All separate entities are eligible for member only website access, and proposal submission
- Member Organization has a single vote and may face limitations with respect to attendance at events (only three per member organization)

Member in “Good Standing”



- Definition: No greater than 60 days past due on membership dues or any project award assessment.
- Current Rules of Engagement for new Members
 - Eligible for Member Only Website Access upon approval of membership application
 - Ineligible to submit proposal until membership dues are paid

SIPR email contact info



- SIPR info not currently part of membership application, but requested
- Anticipate a future change to membership application

Access to Classified

- Even for classified projects, anticipate that much of the work will be at an unclassified level
- SpEC member organizations that don't currently have access would need a "Sponsor" (could be a team member or the government) to request access.
 - Two Barriers: "Need to Know" + "Material Contribution"
 - Focus on innovative technologies and teaming/networking opportunities
 - Once a member organization has a sponsor, ATI can assist if needed

Questions?



OTA Basics, Terminology & Important Topics

Terminology 101



- OTA – Other Transaction Agreement
- CM – Consortium Manager
- AO – Agreements Officer
 - SMC/ADK
- AOTR – Agreement Officer Technical Representative
 - Govt technical lead providing technical direction on a Prototype Award project
- RPP – Request for Prototype Proposal
- BA – Base Agreement
- PA – Prototype Award
- PLP - Project Level Performer
 - SpEC Member who receives a Prototype award under a Base Agreement.
- PM – Prototype Modification
- Program Manager – Govt’s technical administrator for the program

OTA Basics



- 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, universities and other academic research organizations having competence in the technical domain of interest
- The parties are connected through a binding “contract - like” instrument called an “**Other Transaction**” that operates outside the normal Federal Acquisition Regulations (FAR)

Rationale for Using an OTA

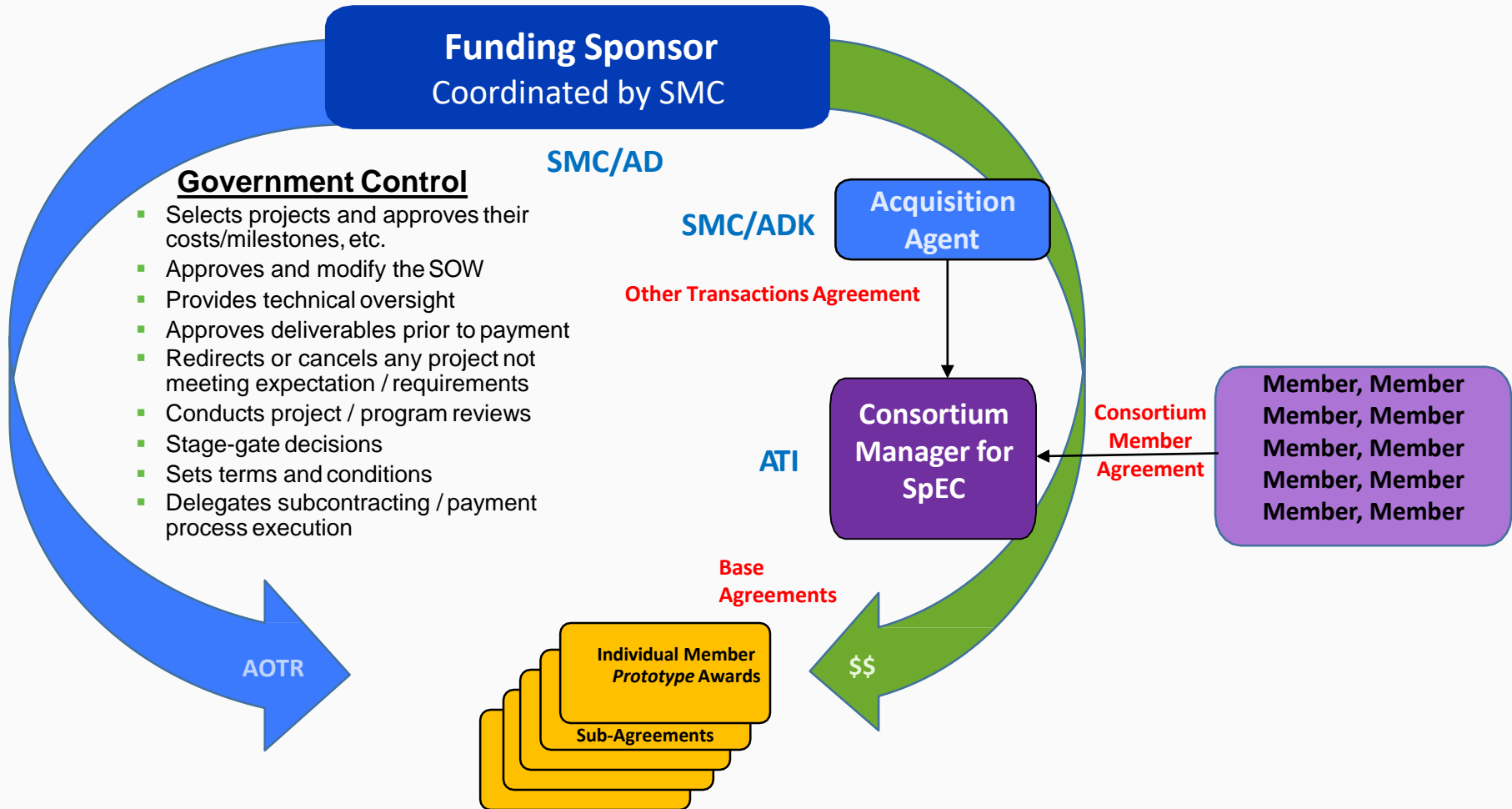


- Generally, the reason for using OT authority is that the Government needs to obtain leading edge prototype R&D from commercial sources, but some companies (and other entities/nontraditional) are unwilling *or unable* to comply with the Government’s procurement regulations
 - The Government’s procurement regulations and certain procurement statutes do not apply to OTs, and, accordingly, Other Transaction authority gives agencies the flexibility necessary to develop agreements tailored to a particular transaction
- By using an OT instead of a contract, an agency and its partners are able to develop a flexible arrangement tailored to the project and the needs of the participants:
- Additionally OTAs promote “a more collaborative working relationship,” which can be more conducive to R&D than the type of relationship established by a contract.

What's Different from the FAR?

- What does not apply under an OT?
 - Competition in Contracting Act
 - IP rights can differ
 - Truth in Negotiations Act
 - Contract Disputes Act
 - Procurement Protest System
 - Procurement Integrity Act
 - Grants and Agreements Regulations (DODGARS)
 - Cost Accounting Standards for Award Recipients
- Relief from FAR and supplemental regulations
 - Not required to comply with all of the FAR, DFARS, AFFARS – but Agreements Officer “should consider FAR procedures and clauses” along with commercial practices
- Flexibility to use “best practices”
 - Costs reasonable, but still requires due diligence to award federal dollars
 - Schedule and other requirements are enforceable
 - Payment arrangements promote on-time performance

Relationship of Parties



Important Topics



- Prototype
- Authority/Requirements
- Nontraditional Defense Contractors
- Significant Participation
- Cost Share
- Production
- FFRDC Participation
- Organizational Conflict of Interest (OCI)
- Communication

What is a Prototype?

According to the DoD OT Guide:

- A **physical or virtual model** used to evaluate the technical or manufacturing feasibility or military utility of a particular technology or process, concept, end item, or system
- Quantity limited to amount needed to determine feasibility
- Usually will result in delivery of;
 - prototype deliverables
 - Final report of a prototype process, physical model and/or virtual model
- NOT: Services, Maintenance, Production (including LRIP) and Construction

Use of Authority/Requirements



- There is at least one **nontraditional defense contractor** participating to a **significant extent** in the prototype project
- 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
- All significant participants in the transaction other than the Federal Government are small businesses or nontraditional defense contractors. RPP may specify a NAICS Code.
- Senior procurement executive approves due to need for innovative business arrangements or structures

NDAA FY18 Changes



- Language in the FY18 National Defense Authorization Act (NDAA), just signed into law, includes language that provides non-profit research institutions an exemption from the OTA cost share requirement.
- We are seeking to understand when this goes into effect for our OTA.

Nontraditional Defense Contractor



- An entity that is not currently performing and has not performed, for at least the one-year period preceding the issue date of the solicitation, any contract or subcontract for the Department of Defense that is subject to full coverage under the cost accounting standards (CAS) prescribed pursuant to Section 1502 of Title 41 and the regulations implementing such section
- Significant nontraditional participation or 1/3 cost share is required for a prototype project agreement to be awarded
- Cost share, if applicable, is only a requirement of the prime
- Teaming partners don't have to be SpEC members

Are you a Nontraditional?



- **Small businesses** are not subject to full CAS and therefore are considered **nontraditionals** (2016 NDAA)
- **Universities** are typically subject to modified “educational” CAS and therefore are considered **nontraditionals**
- **Large business** NOT subject to full CAS would be considered nontraditionals
- Ultimately each member must self-certify status
 - The prior definition should be used to determine if you qualify
 - Warranties and Representations when proposing
- Please note, business size is only used for SpEC to determine membership dues

Nontraditional Defense Contractor



- A nontraditional defense contractor (NDC) can be:
 - At the Prime level
 - Subcontractors
 - Team members
 - “Intra-company” business units
 - Lower tier vendors

Significant Contribution



- Rationale to justify a **significant contribution** include:
 - Supplying a key technology or products
 - Accomplishing a significant amount of the effort
 - Causing a material reduction in cost or schedule, and/or
 - Improvement in performance

Cost Share



- Without significant participation of a nontraditional defense contractor, project can still be awarded under OTA if 1/3 of the project cost is provided as cost share **unless the specific RPP states otherwise**
- Cost sharing - the resources expended by the award recipient(s) on the proposed Statement of Work and subject to the direction of the project's management. Includes any costs a reasonable person would incur to carry out (necessary to) Statements of Work not directly paid for by the Government.

Cost Share Requirements



- There are two types of cost sharing:
 - Cash: Outlays of funds to perform the SOW. Cash includes labor, materials, new equipment, and relevant subcontractor efforts. Sources include new IR&D funds, profit or fee from another contract, overhead or capital equipment expense pool. New IR&D funds offered to be spent on the Statement of Work and subject to the direction of the project's management may be utilized as cost share.
 - In-Kind: Reasonable value of in-place equipment, materials or other property used in performance of the project. All cash or in-kind cost sharing availability must be clearly and convincingly demonstrated by the SpEC offeror.
- Examples of unacceptable sources of cost share:
 - Sunk costs or costs incurred before the start of the proposed project, foregone fees or profits, foregone G&A or cost of money applied to a base of IR&D, bid and proposal costs, value claimed for intellectual property or prior research, parallel research or investment

Production



- Prototype OT authority allows government to award “Follow-on Production” for prototype projects
- Authority requires two criteria to be satisfied:
 - Competitive procedures were used to select the parties to participate in the prototype project
 - The participants in the transaction successfully completed the prototype project provided for in the transaction

FFRDC Participation



- FFRDC's are eligible to participate in and join SpEC, however
- Note language used in FAR 35.017(a)(2)

“It is not the Government’s intent that an FFRDC use its privileged information or access to installations equipment and real property to compete with the private sector. However, an FFRDC may perform work for other than the sponsoring agency under the Economy Act, or other applicable legislation, when the work is not otherwise available from the private sector.”

Organizational Conflict of Interest



- **The Government is concerned with avoiding potential real or perceived conflicts of interest as described in FAR Part 9.5. Underlying principles in FAR Part 9.5**
 - **Prevent conflicting roles that might bias a contractor's judgment**
 - **Prevent unfair competitive advantage**
 - **Unequal access to information**
- **Possible conflicts could be present if/when choosing to submit a proposal, but are not a function of solely joining the Space Enterprise Consortium**
- **The Prototype Level Performer (PLP) shall ensure prototype-level performance does not conflict with system development or enhancement performed under other agreements or contracts**
- **PLP shall immediately report all potential conflicts of interest to the CM. All white papers and proposals will address potential conflicts of interest and any proposed mitigation**

- **OTAs afford flexibility in communication between Gov't and Industry**
 - Prior to solicitation release
 - During white paper and full proposal development

- **Networking with Gov't and SpEC members**
 - Webinars
 - General Membership Meetings
 - Industry Days, including Opportunities for 1-on-1 meetings

Questions?



Project Solicitation & Proposal Submission Process

Solicitations and Proposal Process



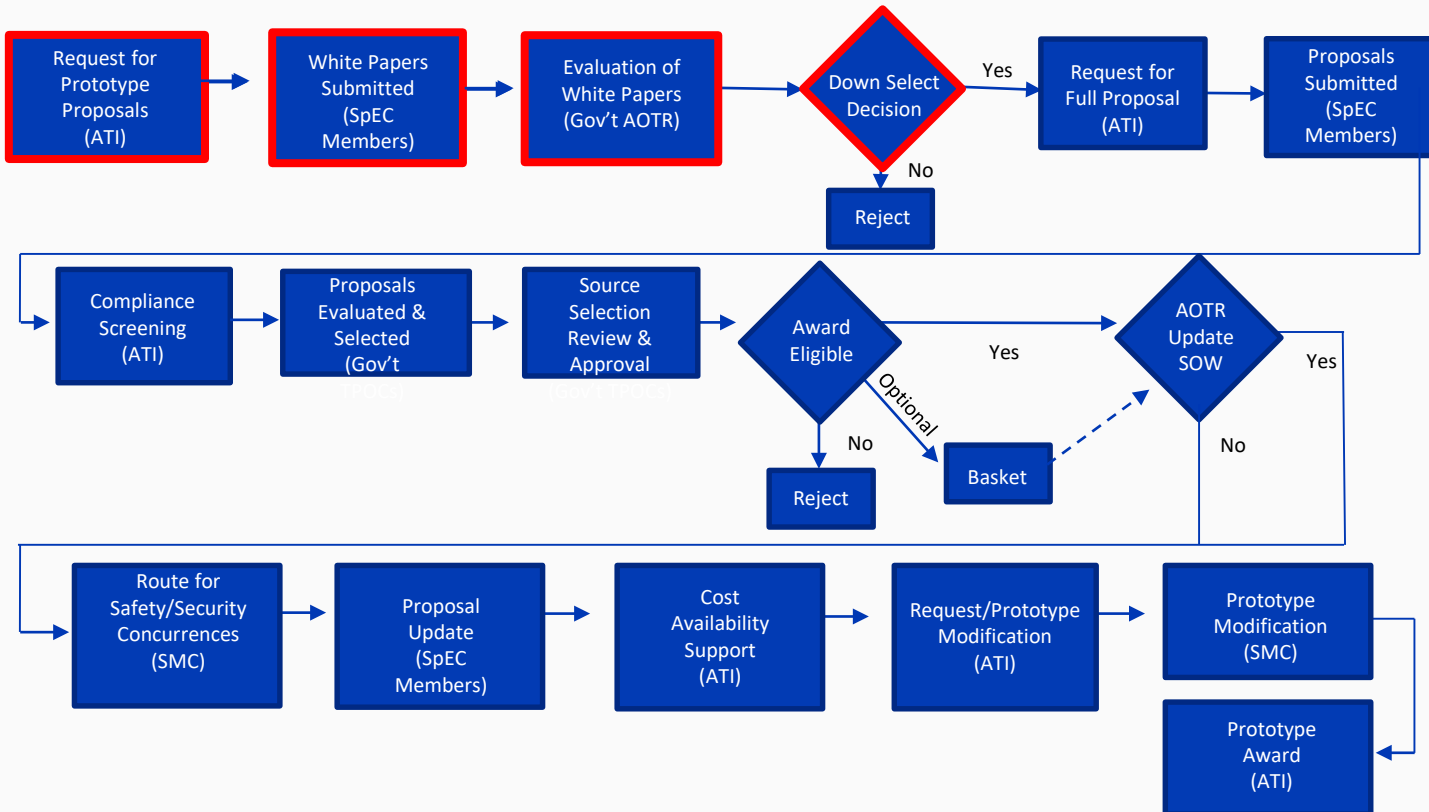
- Requests for Prototype Proposals (RPPs)
 - Government defines requirements
 - RPPs contain 1 or more 'topics'
 - Each 'topic' details its technical requirements
 - Each 'topic' will indicate submission of Proposals only or White Papers then Proposals (or other path)
 - The RPP contains proposal prep instructions
- Proposers Conference
 - ATI offers webinar to address proposal prep
- Submission
 - Submissions via secure upload to ATI for compliance screening
 - ATI distributes submissions to government for source selection

Selection, Negotiation, Award



- Selection
 - Gov't finalizes selection, notifies ATI
 - ATI notifies offerors
 - Basket Provision
- Negotiation
 - Awardee and Gov't initiate SOW negotiation
 - ATI performs cost analysis
- Award
 - Base Agreement
 - Project Agreement

Project Award Process



RPP Release

- The published Request for Prototype Projects, any amendments, and supplementary information found in the **Solicitations** tab of the Members Only section of SpEC website (<https://private.space-enterprise-consortium.org/>) after logging in))
- Official sources of information regarding the active solicitation. If you act on information from any source other than these official sources, it is at your risk.
- The SpEC Consortium Manager will revise official guidance (if required) and post any such revisions on the Members Only web site.
- One Stop Shopping, except for classified attachments

Typical RPP Format, will vary by RPP

- Part 1 – Executive Summary
- Part 2 – Statement of Requirements
- Part 3 – White Paper Submission
- Part 4 – Proposal Submission
- Part 5 – General Proposal Preparation Instructions
- Part 6 – Full Proposal Selection
- Part 7 – Additional Information
- Enclosure 1 – Warranties & Representations
- Enclosure 2 – Draft DD254

Warranties and Representations



- Warranties and Representations–
 - Used along with statement of work and proposal to ensure project meets OTA statutory authority
 - Specifically addresses whether criteria regarding nontraditional (or small business) participation to a significant extent has been met
 - Opportunity for proposer to make the case that the contributions of nontraditional defense contractor are significant
 - More detail and specificity is better

Typical Submission Instructions

- Submission by secure, unclassified electronic upload ONLY
- Fillable Title Page level information, then upload of files, example below

- **Volume 1: Technical/Management**
 - One MS Word (.docx/.doc) or PDF file.
- **Volume 2: Cost**
 - One MS Word (.docx/.doc) or PDF file for Sections I-IV
 - One MS Excel (.xls/.xlsx) for Section V
- **Volume 3: Appendices**
 - One MS Word (.docx/.doc) or PDF file for Appendices.
 - Enclosure 1 - Integrated Master Schedule: One MS Project (.mpp)
 - Enclosure 2 – Statement of Work: One MS Word (.docx or .doc)

Classified handled directly between Offerer and Government

Proposers' Conferences



- Webinars that detail the Request for Prototype Proposal (RPP)
 - Walk through the RPP
 - Review Preparation and Submission details
 - Review Cost Preparation
- Held after release of each RPP
- Slides made available on the Members Only website

Proposal Selection

- The Government expects competition. It is the Government's intention to negotiate, select and fund the "best value" project(s) from the submitted proposals. The Government may:
 - Select the proposal (or some portion of the proposal) for award;
 - Place the proposal in the Basket if funding currently is unavailable; or
 - Reject the proposal (it will not be placed in the Basket).
- **Basket Provision**
 - Prototype proposals not initially awarded may be placed in the Basket for a period of thirty six (36) months from the date that the corresponding RPP was closed.
 - When selecting proposals from the Basket, the Government reserves the right to select the Basket proposal that best matches the customer's requirements.
 - The Government reserves the right to award all or part of the selected proposal.

Key Documents



- SpEC Base Agreement (draft available)
 - Between ATI and SpEC member organization
 - Serves as baseline agreement for all future project agreements
 - Flows down applicable T&Cs from OTA between govt and SpEC
 - Government does not intend to negotiate different terms with each SpEC member so negotiations limited and applicable to all members

- SpEC Prototype Award
 - Issued by ATI to member Base Agreement
 - Result of Government selection and Prototype Modification to OTA
 - Government retains technical oversight
 - Defines the particulars of the awarded project
 - Include IP, data right assertions, SOW, milestones, payment instructions, etc.

SpEC Contact Information



- General Assistance or Questions
- SpEC-CM@ati.org
- Contract or Proposal Related Questions
- Contracts.SpEC@ati.org
- Program Management Support
- Brian.Delamater@ati.org

Questions?