Other Transaction Agreements
Small Business Funding Opportunities through Partnering on Federal R&D Programs

How the OTA Vehicle Connects SC Small Businesses with Corporate Partners and Federal Funding

Russ Keller, Senior Vice President, ATI
13 November 2018
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 statutory basis / scope of authorized activities?

5. How does it differ from “traditional” federal R&D acquisition processes?

6. What are the key ground rules and processes for the model?

7. What does the solicitation-to-award process look like?

8. What are the key enablers of enterprise success provided by the consortium manager?

9. What opportunities exist TODAY for SC Launch companies?

10. Your questions
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;

Instead, 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.
The OT – Consortium business model is designed to facilitate mutually beneficial collaborative research and development activities between the Government and industry/academia. These activities have three main objectives, all of which contribute to developing and deploying better technology solutions for the federal marketplace:

- Attract small, innovative companies to participate in government-funded technology development.
- Promote broad, open two-way communication and collaboration between Government funding sponsors and individual consortium members.
- Dramatically reduce the solicitation – to – project award timeline.

Innovation...Quality...Speed
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 DoD OTAs

- **Authority:** 10 USC 2371b

- **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.

Financial Incentive for Small, Innovative Companies
Authorized Scope for DoD OTAs

National Defense Authorization Act for Fiscal Year 2016, Section 815

Authorizes Department of Defense organizations to carry out prototype projects that are directly relevant to enhancing the mission effectiveness of military personnel and the supporting platforms, systems, components, or materials proposed to be acquired or developed by the Department of Defense, or to improvement of platforms, systems, components, or materials in use by the armed forces.
Authorized Scope for Projects

Definition of a “Prototype”

According to the DoD OT Guide for Prototype Projects:

- **A prototype project can be a preliminary pilot, test, evaluation, demonstration or agile development activity.**
  - It may include systems or subsystems, components or materials, methodology or processes and technology
  - It can be used to evaluate the feasibility of a particular technology, process, concept, end item, effect, or other discrete feature

- Prototype projects may involve proof of concept, pilot, novel application of a commercial technology for a defense application, and/or creation, design, development, demonstration of technical or operational utility as related to a prototype. A “prototype” could be:
  - developing a manufacturing procedure;
  - establishing QA/QC standards for a manufacturing process

- **Prototype projects are NOT:** basic research, services, maintenance, production (including Limited Rate Initial Production) and construction
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?**
  - Cost Accounting Standards for Award Recipients
  - Bayh-Dole and Rights in Technical Data
  - Procurement Protest System
  - Grants and Agreements Regulations (DODGARS)
  - Competition in Contracting Act
  - Truth in Negotiations Act
  - Contract Disputes Act
  - Procurement Integrity Act
How Does the Model Work?  
Key “Ground Rules”

- **The consortium is a “closed society”**
  - Only consortium members are eligible to submit proposals and receive prime contractor awards
  - Non-members may be subcontractors on project teams led by consortium members

- **Competition is required on every project**
  - No “direct awards” by sponsors are permitted

- **Awards are issued in the form of R&D contracts, NOT grants**
  - No “advance payments” for performers
  - Funds are released based upon reimbursements for project milestones accomplished
Questions?
How Does the Model Work? Key Roles & Responsibilities

**Government Control**
- Select projects and approve their costs/milestones, etc.
- Approve and modify the SOW
- Provide technical oversight
- Approve deliverables prior to payment
- Redirect or cancel any project not meeting expectation / requirements
- Conduct project / program reviews
- Stage-gate decisions
- Set terms and conditions
- Delegate subcontracting / payment process execution

**Customers**
Coordinated by Lead Sponsor and Program Director

**Funding**
- Project/Task Awards
- Acquisition Agent
- Other Transactions Agreement
- Consortium Entity
- Management Services Agreement
- Consortium Manager

**Individual Member Base Agreements**
Solicitation-to-Award Cycle

1. Initiate Cycle
2. Gov't - Cons Collab Event
3. Draft Solicitation
4. Final Solicitation
5. Request for White Papers
6. White Papers Submitted
7. Gov't Evaluation
8. Merit?
   - Yes: Proposals Submitted
   - No: Rejected
9. Gov't Evaluation
10. Best Value?
    - Yes: Funding Available
    - No: Proposals Rejected
11. Funding Available?
    - Yes: Negotiate SOW / MPS
    - No: Basket
12. New/Additional Funding?
    - Yes: Update Proposal
    - No: Rejected
13. ATI Members
14. Gov't
15. All
16. ATI
17. Members
Enabling Enterprise Success

- Collaboration management is an ATI core competency

- Hallmarks of the OT-Consortium model advocated by ATI:
  - **EFFICIENCY** in contracting and contract management
  - **OPEN COMMUNICATION** in Government-industry idea exchange
  - **FLEXIBILITY** in solicitation types, templates and processes
  - **SPEED** in translating source selection decisions to contracts
  - **SIMPLICITY** in lowering the burden and complexity of FAR requirements on both the Government *and* the consortium members
  - **STEWARDSHIP** in meticulously managing public funds and membership contributions
A Model Whose Time Has Come

The number of active **OTA collaborations** is **growing**, and that **growth is accelerating**.

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In 1998, there was 1 active OTA collaboration. Today there are 24. ATI manages 12.
Leading the Pack

**Top 15 OTA Vendors (FY 2013 - FY 2018*)**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Vendor</th>
<th>Reported Obligations (SK)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Advanced Technology International (ATI)</td>
<td>$3,500,000</td>
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<tr>
<td>2</td>
<td>National Center for Manufacturing Sciences (NCMS)</td>
<td>$2,000,000</td>
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<tr>
<td>3</td>
<td>Lockheed Martin Corporation</td>
<td>$1,000,000</td>
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<tr>
<td>4</td>
<td>Consortium Management Group (CMG)</td>
<td>$800,000</td>
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<td>5</td>
<td>Boeing</td>
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<td>6</td>
<td>Aerojet Rocketdyne</td>
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<td>7</td>
<td>CEED Consortium</td>
<td>$300,000</td>
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<tr>
<td>8</td>
<td>SOSSEC, Inc.</td>
<td>$200,000</td>
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<td>9</td>
<td>ATK Launch Systems</td>
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<td>12</td>
<td>County of Miami-Dade</td>
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<tr>
<td>13</td>
<td>Northrop Grumman</td>
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<tr>
<td>14</td>
<td>Port of Seattle</td>
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<tr>
<td>15</td>
<td>CS Consortium</td>
<td>$30,000</td>
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*FY 2018 includes information reported through July 31, 2018

Source: Deltek GovWin Market Analysis, Steven Mihalisko, 7 Sep 2018
ATI-Managed OTA Collaborations

- National Armaments Consortium
- Medical CBRN Defense Consortium
- National Shipbuilding Research Program
- Vertical Lift Consortium
- Border Security Technology Consortium
- MTEC Medical Technology Enterprise Consortium
- National Spectrum Consortium
- Undersea Technology Innovation Consortium
- CWMD Countering Weapons of Mass Destruction Consortium
- SPACE ENTERPRISE CONSORTIUM
- AMTC Aviation & Missile Technology Consortium
- VLC Vertical Lift Consortium
- IWRP INFORMATION WARFARE RESEARCH PROJECT
What’s in it for SCL Companies?

- The OT rule set is biased toward engaging small, innovative companies.
  - No cost-share requirements – 100% of costs funded by the sponsor
  - Strategic partners are incentivized to team with you. Large companies that act as integrators need technology from small and emerging companies.
- Access to the $70B DoD R&D marketplace.
- Federal funds awarded per OTA statutes provide non-dilutive funding for small companies seeking to attract investors

In short,

BUSINESS OPPORTUNITIES
National Shipbuilding Research Program
Reducing the cost of procuring Navy ships

- Sponsor: Naval Sea Systems Command
- www.nsrp.org
National Armaments Consortium

Advancing and transitioning ordnance technologies

- Sponsor: Office of the Secretary of Defense (Acquisition, Technology & Logistics)

- nac-dotc.org
Vertical Lift Consortium
Developing and transitioning vertical lift technologies

• Sponsor: Office of the Secretary of Defense (Acquisition, Technology & Logistics)

• www.verticalliftconsortium.org
Border Security Technology Consortium
Developing prototype technologies to advance border security

• Sponsor: Department of Homeland Security
• www.bstc.ati.org
National Spectrum Consortium
Maximizing access to and the value of the existing electromagnetic spectrum

• Sponsor: Office of the Secretary of Defense (Research & Engineering)

• nationalspectrumconsortium.org
Medical Technology Enterprise Consortium

Transitioning medical technologies to protect, treat and optimize Warfighter health

- Sponsor: US Army Medical Research & Materiel Command
- [www.mtec-sc.org](http://www.mtec-sc.org)
Medical CBRN Defense Consortium
Developing advanced approaches to chemical, biological, radiological and nuclear threats

- Sponsor: Joint Program Executive Office for Chemical and Biological Defense, Medical Countermeasure Systems
- www.medcbrn.org
Countering Weapons of Mass Destruction Consortium
Prototyping new technologies to counter WMD threats

• Sponsor: Joint Program Executive Office for Chemical and Biological Defense, Medical Countermeasure Systems

• cwmdconsortium.org
Space Enterprise Consortium
Providing rapid acquisition of critical and innovative space-related technologies

- Sponsor: Air Force Space and Missile Systems Center
- www.space-enterprise-consortium.org
Undersea Technology Innovation Consortium
Rapid development, prototyping and commercialization of innovative undersea and maritime technology

• Sponsor: Naval Undersea Warfare Center
• www.underseatech.org
Information Warfare Research
Project Consortium
Develop and mature technologies in the field of Information Warfare

- Sponsor: Space and Naval Warfare Center
- www.iwrpconsortium.org
Aviation & Missile Technology Consortium

Develops technology prototypes in the aviation and guided weapons systems technology field

- Sponsor: U.S. Army Aviation and Missile Research Development and Engineering Center
- www.AMTCenterprise.org
Questions?

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