



A Better Way Forward in R&D Portfolio Acquisition

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Overview

- OT-Consortia Model
- How it works
- Benefits
- Proliferation
- Legislative Changes

The Other Transaction - Consortium Business Model - *What is it?*

- 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 parties are connected through a binding “contract-like” instrument called an “Other Transaction” (OT) that operates outside the Federal Acquisition Regulations (FAR)

OT + Consortium = Acquisition Reform

- Creating a true “enterprise partnership” between the Government and an industry-academia consortium where collaboration opportunities are maximized throughout the acquisition cycle;
- Injecting innovation into the acquisition process by facilitating participation of “non-traditional” defense contractors (firms that have not previously chosen or been able to provide R&D services to the Government); and,
- Achieving better outcomes in less time without sacrificing competition at the individual project level.

The Consortium Construct

- Senior-level DoD Sponsorship:
 - Retain mission responsibility/funding
- Section 815 OTA - An appropriate procurement instrument to:
 - Enable broadest engagement of US industry and academia (motivates traditionals to seek nontraditional teammates)
 - Provide flexibility and tailoring of requirements to what is necessary and makes sense
- Dedicated Gov-Industry Team focused on Contract Administration:
Program Office, Contracting staff, Industry Consortium staff
- Different Business Processes - one size doesn't fit all:
 - Customized to meet the needs of the stakeholders with emphasis on:
 - Reduce cost drivers associated with traditional FAR-based procurements;
 - Improve access and rapidity of DoD to leading edge technologies from non-traditional sources (contractors).

How Does the Process Work?

- **Government** solicits proposals from Consortium members thru Consortium Management Firm (CMF) on prioritized projects to mature, transition and/or integrate technology to produce prototype solutions
- **Industry** dynamically forms teams as appropriate to submit responses
- **Government** competitively selects teams best suited to perform the work under an OTA
- **CMF** negotiates and makes awards to successful offerors
- **Industry** delivers solutions to the end user



Unique Acquisition Process

- **Competitive yet Flexible:** Membership is open and project selection is competitive. Awards can be made to any member of the consortium. Whitepaper process enables DoD to provide guidance to industry on the proposals to be submitted
- **Basket Provision:** If funding is not available, then DoD has the option of placing a source-selection-approved proposal in a “basket” with the option of executing if funding becomes available
- **Single Point Contracting:** Consortium Management Firm (CMF) facilitates and manages DoD’s engagement with all members of the consortium



Benefits



- Accelerated Technology Transition of Innovations
- Streamlined Acquisition Process
 - Relief from FAR and supplemental regulations
 - Uses Generally Accepted Accounting Principles vs. Cost Accounting Standards
 - No certified cost and pricing data; cost proposals in contractor format
 - No DCAA oversight
 - Flexibility to develop agreements tailored to project requirements
- Open Collaborative Communication
 - Consortium membership - low barriers to entry
 - Members can submit Technical Concepts, which Government may choose to utilize in the development of Government requirements
 - One-on-one opportunities are provided to members to meet with Government technical reps

Benefits (cont)

- Teaming Opportunities
 - Encourages the use of “non-trationals”
 - Consortium hosts annual membership meetings and collaboration events
 - OTA “law” requires significant nontraditional participation or 1/3 cost share by a traditional serving as the Prime
- CMF Assistance throughout Proposal/Award Process
 - Hosts multiple training sessions and Proposers Conferences
 - Assists members in customizing cost proposal formats
 - Conducts a cost reasonableness assessment on member proposals, which leads to more timely awards (no DCMA/DCAA involvement)
 - Provides timely payment of invoices (typically net 30)



Active Consortia

- National Armaments Consortium/DoD Ordnance Technology Consortium
 - Armament and ordnance technologies
 - www.nac-dotc.org
- Defense Mobility Enterprise/National Advanced Mobility Consortium
 - Ground vehicle systems and component technologies
 - <http://www.defensemobility.org>
- Vertical Lift Consortium (VLC)
 - Vertical lift technologies
 - <http://www.verticalliftconsortium.org/>



Active Consortia (con't)

- Consortium for Command, Control, Communications and Computer Technologies
 - C5 technologies
 - <http://www.c5technologies.org>
- Consortium for Energy, Environment and Demilitarization
 - Energy, environment and demilitarization technologies
 - <http://www.ceed-ota.org>
- System of Systems Security Consortium (SOSSEC)
 - Border Security, Perimeter Security, Port Security, IED Detection and Neutralization, Robotics, Sensors, and Surveillance and Warning
 - <http://www.sossecconsortium.com>



Active Consortia (con't)

- National Spectrum Consortium (NSC)
 - Military and commercial access to and use of the electromagnetic spectrum
 - <http://www.nationalspectrumconsortium.org/>
- Medical Technology Enterprise Consortium (MTEC)
 - Biomedical technology
 - <http://www.mtec-sc.org>



Other Consortia Interest

- National Chemical and Biological Defense Consortium
 - OTA Award Pending
 - Medical solutions to counter Chemical Biological Radiological and Nuclear (CBRN) threats
 - <http://www.ncbdconsortium.org>
- Other Areas of Interest
 - Command, Control, Communications, Computer & Cyber Technologies
 - Unmanned Systems
 - Soldier Technologies



Legislation Changes

- FY16 NDAA Section 815 rewrote Other Transaction Authority
- Repealed “Section 845” - delegation of 815 authority pending
- Definition of a nontraditional defense contractor broadened
- Small businesses now included
- Applicability of the OTA expanded (FY15 NDAA)
 - OLD: Directly relevant to weapons or weapon systems proposed to be acquired or developed by the Department
 - NEW: 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

[Section 815 Bill Language](#)

Conclusion

- Application of the OT-Consortia model results in “acquisition reform” on the front-end of the acquisition process
- Proven mechanism for rapid technology development
- Increased customer demand for the model
- Better way of doing business!