

UNCLASSIFIED

FY 2006/2007 RDT&E,N BUDGET ITEM JUSTIFICATION SHEET
Exhibit R-2

DATE: Feb 2005

BUDGET ACTIVITY: 07
PROGRAM ELEMENT: 0203761N
PROGRAM ELEMENT TITLE: RAPID TECHNOLOGY TRANSITION (RTT)

COST: (Dollars in Thousands)

Project Number & Title	FY 2004 Actual	FY 2005 Estimate	FY 2006 Estimate	FY 2007 Estimate	FY 2008 Estimate	FY 2009 Estimate	FY 2010 Estimate	FY 2011 Estimate
Total	9,619	19,493	24,653	24,649	24,959	24,990	23,305	25,629
PE Cost								
3126	0	19,493	24,653	24,649	24,959	24,990	25,305	25,629
4021	9,619	0	0	0	0	0	0	0

A. MISSION DESCRIPTION AND BUDGET ITEM JUSTIFICATION: The mission of the Rapid Technology Transition (RTT) program is to increase the rate that new, innovative, and potentially disruptive technologies are inserted into DON acquisition programs and the hands of the warfighter. A key aspect of the RTT program is its charter to transition technology from any source, including those not traditionally associated with defense technology. An effective and robust integration of commercial and military technologies can reduce costs and improve naval capabilities by keeping pace with the fast moving changes in technologies and operational needs. The RTT program is structured to bring transition deals to closure quickly, and to provide execution year funding for a rapid start, bridging the gap until the program of record can fund the completion of the technology insertion.

Rapid transition opportunities occur when a sufficiently mature technology is identified that can meet a particular need on a timetable which matches that of an acquisition program, and is supported by a business case which justifies the associated cost and schedule risk. The combination of circumstances which create such opportunities can appear, and disappear, well inside the Program Objectives Memorandum (POM) cycle. The RTT program is designed to be pro-active in identifying opportunities and to work with resource sponsors, fleet and force users, and program managers in constructing viable technology transition deals one at a time.

To ensure the widest possible awareness of emergent commercial technology opportunities, RTT interacts with the venture capital community and industry. The RTT program coordinates closely with Program Executive Offices (PEOs) and Program Managers (PMs) to maintain awareness of insertion opportunities. Utilizing existing authorities, RTT applies execution year funds where necessary to "jump-start" transitions so they can be inserted and validated by Sea Trial experiments leading directly to deployment and/or demonstrations of high risk/high payoff technologies.

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PROGRAM CHANGE SUMMARY:

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
FY 2005 President's Budget Submission	9,889	14,630	14,661	14,659
Cong Rescissions/Adjustments/Undist. Reductions	0	-233	0	0
Congressional Action	0	5,100	0	0
Joint IED Task Force	0	0	5,000	5,000
Program Adjustments	0	-4	-8	-10
Rapid Technology Transition (RTT)	0	0	5,000	5,000
SBIR Assessment	-270	0	0	0
FY 2006/2007 President's Budget Submission	9,619	19,493	24,653	24,649

PROGRAM CHANGE SUMMARY EXPLANATION:

Technical: Not applicable

Schedule: Not applicable.

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PROGRAM ELEMENT: 0203761N

PROJECT NUMBER: R3126

PROGRAM ELEMENT TITLE: RAPID TECHNOLOGY TRANSITION (RTT)

PROJECT TITLE: RAPID TECHNOLOGY TRANSITION (RTT)

COST: (Dollars in Thousands)

Project Number & Title	FY 2004 Actual	FY 2005 Estimate	FY 2006 Estimate	FY 2007 Estimate	FY 2008 Estimate	FY 2009 Estimate	FY 2010 Estimate	FY 2011 Estimate
R4021/R3126 RAPID TECHNOLOGY TRANSITION (RTT)	9,619	19,493	24,653	24,649	24,959	24,990	25,305	25,629

A. MISSION DESCRIPTION AND BUDGET ITEM JUSTIFICATION: The mission of the RTT program is to increase the rate that new, innovative, and potentially disruptive technologies are inserted into DON acquisition programs and the hands of the warfighter. A key aspect of the RTT program is its charter to transition technology from any source, including those not traditionally associated with defense technology. An effective and robust integration of commercial and military technologies can reduce costs and improve naval capabilities by keeping pace with the fast moving changes in technologies and operational needs. The RTT program is structured to bring transition deals to closure quickly, and to provide execution year funding for a rapid start, bridging the gap until the program of record can fund the completion of the technology insertion.

Rapid transition opportunities occur when a sufficiently mature technology is identified that can meet a particular need on a timetable which matches that of an acquisition program, and is supported by a business case which justifies the associated cost and schedule risk. The combination of circumstances which create such opportunities can appear, and disappear, well inside the POM cycle. The RTT program is designed to be pro-active in identifying opportunities and to work with resource sponsors, fleet and force users, and program managers in constructing viable technology transition deals one at a time.

To ensure the widest possible awareness of emergent commercial technology opportunities, RTT interacts with the venture capital community and industry. The RTT program coordinates closely with Program Executive Offices (PEOs) and Program Managers (PMs) to maintain awareness of insertion opportunities. Utilizing existing authorities, RTT applies execution year funds where necessary to "jump-start" transitions so they can be inserted and validated by Sea Trial experiments leading directly to deployment and/or demonstrations of high risk/high payoff technologies.

The RTT program was funded under Project R4021 in FY 2004 and is funded under Project R3126 from FY 2005 on.

UNCLASSIFIED

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B. ACCOMPLISHMENTS/PLANNED PROGRAM:

	FY 2004	FY 2005	FY 2006	FY 2007
RTT	9,619	14,443	24,653	24,649

FY 2004 Accomplishments:

- Developed and executed a process for matching technology insertion opportunities with high priority needs. This process includes interfaces with the technology, acquisition, resource sponsor and user communities, and with industry.
- Brokered high payoff technology transition deals with programs of record, using RTT as the source of bridge funding for a rapid start. FY 2004 deals included: Highly Integrated Photonics (HIP) in the EA-6B; Battle Force E-mail for P-3C; Commercial Bandwidth Optimization for Surface Ships; Secure High Frequency (HF) Internet capability for E-2C; Metal Matrix Composite Shaft Seals for DDG-51; Automated E-2C Air Tasking Order capability for Joint targeting; and completion of On-Board Vehicle Power for USMC HMMWVs and Modular Mission Payload Architecture.
- Engaged the Venture Capital (VC) community to identify innovative technology sources that might not otherwise be visible to DoD. Venture Capitalists (VCs) invest in small, agile, technology companies whose products often have dual use potential. The RTT followed up on leads from VCs, and worked directly with VC-backed portfolio companies and Naval programs of record to develop technology transition deals for product variants that will meet defense system needs. Engaging the VC community increases DON awareness, leverages commercial investments, and reduces time to market for technologies to meet current naval needs.

FY 2005 Plans:

- Initiate transformational deals. Develop larger deals with innovative and disruptive technologies that support accelerating achievements of SEA POWER 21 objectives.
- Initiate projects to be selected/supported by the OSD Joint-Improvised Explosive Devices Task Force.

UNCLASSIFIED

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- Continue RTT initiatives. Execute the process developed in FY 2004 to broker a new set of technology transition deals enabled by FY 2005 RTT bridge funding, using the insight into acquisition and warfighter needs gained through development of the FY 2004 transition deals to increase the innovation and impact of the FY 2005 transition deal set. The goal is to complete 5-8 new technology transition deals. Projects are expected to be similar in nature to the deals closed in FY 2004, with substantial improvements in performance, readiness, and/or total ownership costs in response to needs identified by programs of record. Opportunities under evaluation in FY 2005 include: Urethane Encapsulated Main Shaft and Propeller Support Struts for the DDG-51; Quality of Service (QoS) on Encrypted Data Stream for Surface Ships; On-board Oxygen Generating System for Advanced Hawkeye; Radio Frequency Identification (RFID) for High Value Asset Tracking; and Commercial Network Disaster Recovery for Surface Ships.
- Continue RTT venture initiatives. Conduct activities to follow up on leads generated through the Naval Research Advisory Committee (NRAC) panel on VC. Utilize leading commercial (non-defense industry) trends identified by the NRAC VC panel to guide development of FY 2005 RTT transition deals.
- Complete FY 2004 transitions. Complete transitions initiated in FY 2004 such as: Highly Integrated Photonics (HIP) in the EA-6B; Battle Force E-mail for P-3C, Commercial Bandwidth Optimization for Surface Ships; Secure High Frequency (HF) Internet capability for E-2C; Metal Matrix Composite Shaft Seals for DDG-51; and Automated E-2C Air Tasking Order for Joint targeting. Monitor technical and programmatic progress towards acquisition of all transitions initiated in FY 2004.

FY 2006 Plans:

- Continue RTT initiatives. Execute the process to broker a new set of technology transition deals enabled by FY 2006 RTT bridge funding, using the insight into acquisition and warfighter needs gained through development of the FY 2004 and FY 2005 transition deals to increase the innovation and impact of the FY 2006 transition deal set. The goal is to complete 5-8 new technology transition deals. Projects are expected to be similar in nature to the deals closed in FY 2004/FY 2005, with substantial improvements in performance, readiness, and/or total ownership costs in response to needs identified by programs of record.
- Continue transformational deals that support accelerating achievements of SEA POWER 21 objectives.
- Continue RTT venture initiatives. Conduct activities to follow up on VC leads generated through the

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NRAC VC panel. Utilize leading commercial (non-defense industry) trends identified by the NRAC VC panel to guide development of FY 2006 RTT transition deals.

- Continue projects selected/supported by the OSD Joint-Improvised Explosive Devices Task Force.
- Complete FY 2005 transitions. Complete transitions initiated in FY 2005 such as: Urethane Encapsulated Main Shaft and Propeller Support Struts for the DDG-51; QoS on Encrypted Data Stream for Surface Ships; On-board Oxygen Generating System for Advanced Hawkeye; and RFID for High Value Asset Tracking. Monitor technical and programmatic progress towards acquisition of all transitions initiated in FY 2004/FY 2005.

FY 2007 Plans:

- Continue RTT initiatives. Execute the process to broker a new set of technology transition deals enabled by FY 2007 RTT bridge funding, using the insight into acquisition and warfighter needs gained through development of the prior year transition deals to increase the innovation and impact of the FY 2007 transition deal set. The goal is to complete 5-8 new technology transition deals. Projects are expected to be similar in nature to the deals closed in prior years, with substantial improvements in performance, readiness, and/or total ownership costs in response to needs identified by programs of record.
- Continue transformational deals that support accelerating achievements of SEA POWER 21 objectives.
- Continue RTT venture initiatives. Conduct activities to follow up on VC leads generated through the NRAC VC panel. Utilize leading commercial (non-defense industry) trends identified by the NRAC VC panel to guide development of FY 2007 RTT transition deals.
- Continue projects selected/supported by the OSD Joint-Improvised Explosive Devices Task Force.
- Complete transitions initiated in FY 2006. Monitor technical and programmatic progress towards acquisition of all transitions initiated in prior years.

C. OTHER PROGRAM FUNDING SUMMARY:

NAVY RELATED RDT&E: All technology investments in DON.

NON-NAVY RELATED RDT&E: All technology investments outside DON.

R1 Line Item 168

Page 6 of 8

UNCLASSIFIED

UNCLASSIFIED

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D. ACQUISITION STRATEGY:

Utilize existing authorities on a case-specific basis to exploit rapid technology transition opportunities.

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PROGRAM ELEMENT TITLE: RAPID TECHNOLOGY TRANSITION (RTT)

PROJECT TITLE: Congressional Plus-Ups

CONGRESSIONAL PLUS-UPS:

R3126	FY 2004	FY 2005
DISRUPTIVE TECH OPPORTUNITIES FUNDS (DFOB)	0	5,050

Initiate a Navy partnership with the Defense Advanced Research Projects Agency (DARPA) on a portfolio of high-risk, high-payoff projects to address pressing naval challenges. Specific areas to be funded are "WASP" Micro Air Vehicles; Fast Connectivity for Coalitions and Agents; Improving Warfighter Information Intake Under Stress; and Translingual Information Detection, Extraction and Summarization.