

# **Use of Defense Consortia for Rapid Technology Development**

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- Model Attributes
- Benefits of the model
- Existing DoD Consortia
- Metrics/Transition Examples

## Premise:

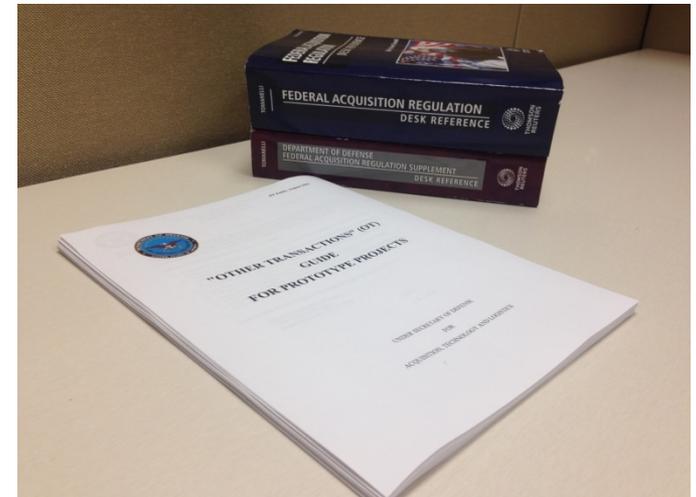
Partnering between consortia of government, industry and academia for technology development and prototyping, organized along product-oriented portfolios and enabled by an OTA, creates an enterprise that has near and long-term benefits for the DoD and the U.S. technology base and serves as a foundation for defense acquisition reform.

# 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**” that operates outside the Federal Acquisition Regulations (FAR)

# Other Transaction for Prototypes

- Authority: 10 USC 2371, as amended by Section 845 of National Defense Authorization Act of 1994 (PL 103-160), and most recently by Section 803 of National Defense Authorization Act of 2015 (PL 113-291)\*
- Principal focus:
  - Provide access to innovative concepts / ideas / technologies from “nontraditional” sources (technology providers that previously have not done R&D business with the Government)
  - Requirements on industry/academia participants:
    - at least one **nontraditional defense contractor** participating to a **significant extent**
    - OR**
    - **33% cost share** on all projects awarded by the Government

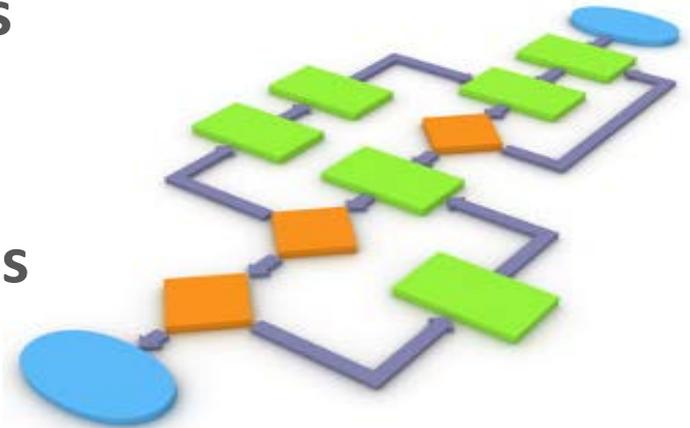


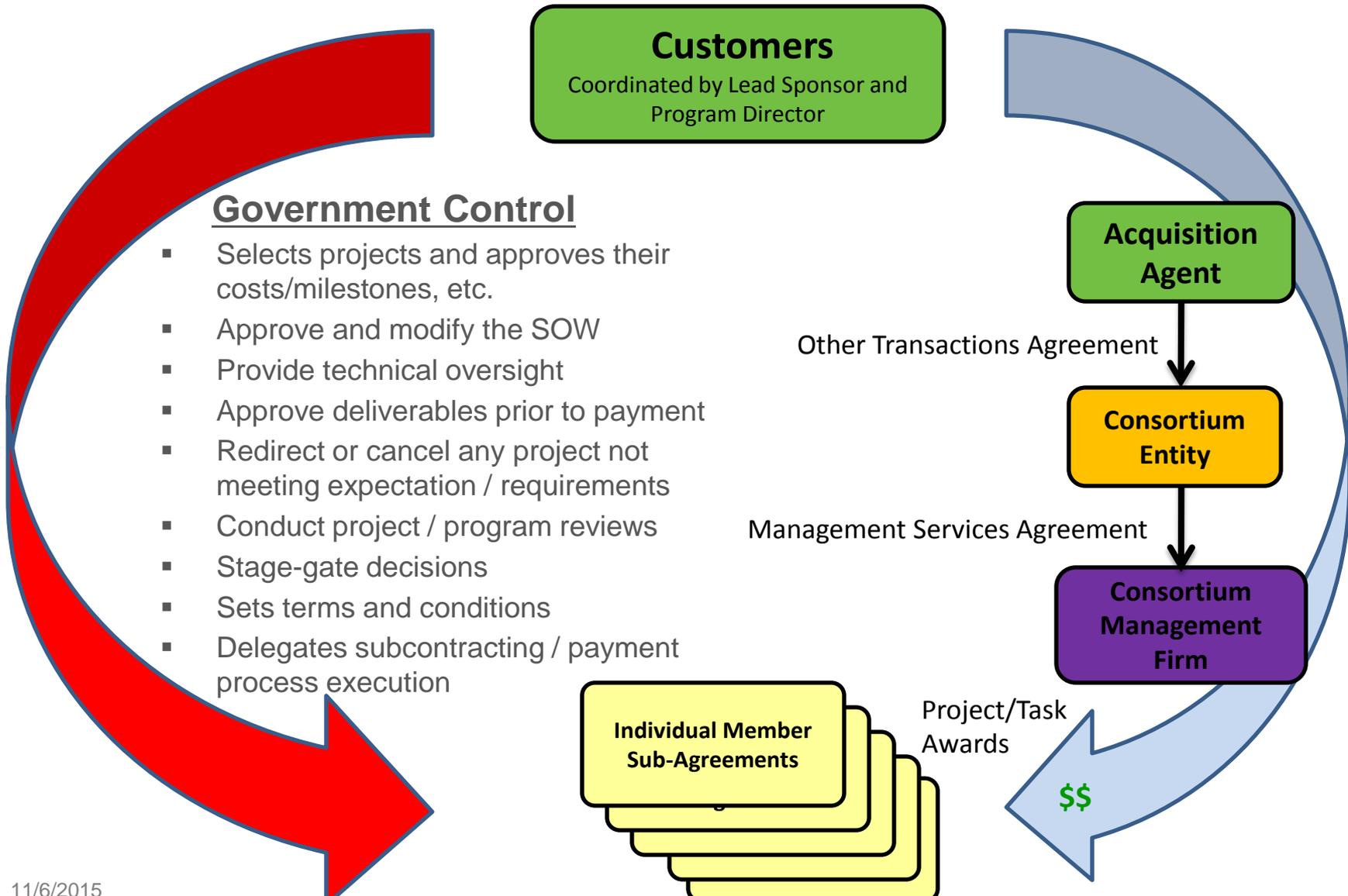
# The Consortium Construct: No Magic or Smoke and Mirrors

- Senior-level DoD Sponsorship:
  - Retain mission responsibility/funding
- Section 845 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 Model 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





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

**Government Control**

- Selects projects and approves 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
- Sets terms and conditions
- Delegates subcontracting / payment process execution

Other Transactions Agreement

**Acquisition Agent**

**Consortium Entity**

Management Services Agreement

**Consortium Management Firm**

**Individual Member Sub-Agreements**

Project/Task Awards

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## Government:

- *Collaboration* with Service, Industry and Academic SMEs.
- *Leverage* IRAD funding and Innovative technologies with over 300 defense contractors and universities.
- Facilitates planning and execution with incremental funding options
- Breakthrough technologies are more accessible to DoD laboratories
- Permits technical staff to *focus on technology*, not contracting
- Industry Days with DoD (Requirements and One-on-Ones)

## Industry/Academia:

- Innovative business relationships and partnerships
- More visibility and *higher resolution of technology gaps*
- Open collaboration with Government during requirements development and project definition activities

## Defense Technology Base:

- *Rapid Response* to DoD customer needs
- Research & development activities focused on demonstration of prototypes for transition to the *Warfighter*

***Technical Managers focus on advancing technology, not Contract Administration***

# 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
- A useful tool for getting an optimal solution *and* getting that solution into the end user's hands faster than what typical FAR processes can enable

# What's Different from the FAR?

- **What does not apply under an OT?**
  - Competition in Contracting Act
  - **Bayh-Dole and Rights in Technical Data**
  - 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, DFAR, AFAR – **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

# DoD- Sponsored OTA Consortia

CONSORTIUM NAME	YEAR CHARTERED	DoD SPONSOR
National Shipbuilding Research Program (NSRP)	1998	NAVSEA <a href="#">(Note 1)</a>
National Armaments Consortium (NAC)	2002	OSD AT&L <a href="#">(Note 2)</a>
System of Systems Security Consortium (SOSSEC)	2004	U.S. Army ARDEC
National Advanced Mobility Consortium (NAMC)	2008	OSD AT&L <a href="#">(Note 3)</a>
Vertical Lift Consortium (VLC)	2010	OSD AT&L
Consortium for Command, Control, Communications and Computer Technologies (C5T)	2014	U.S. Army ARDEC
Consortium for Energy, Environment and Demilitarization (CEED)	<a href="#">(Note 4)</a>	U.S. Army ARDEC
National Spectrum Consortium (NSC)	2015	OSD R&E
Medical Technology Enterprise Consortium (MTEC)	2015	U.S. Army Medical Research & Materiel Command

**Note 1:** OT for Research

**Note 2:** Formed as the National Warheads & Energetics Consortium; merged with National Small Arms Technology Consortium in 2013 to form the National Armaments Consortium

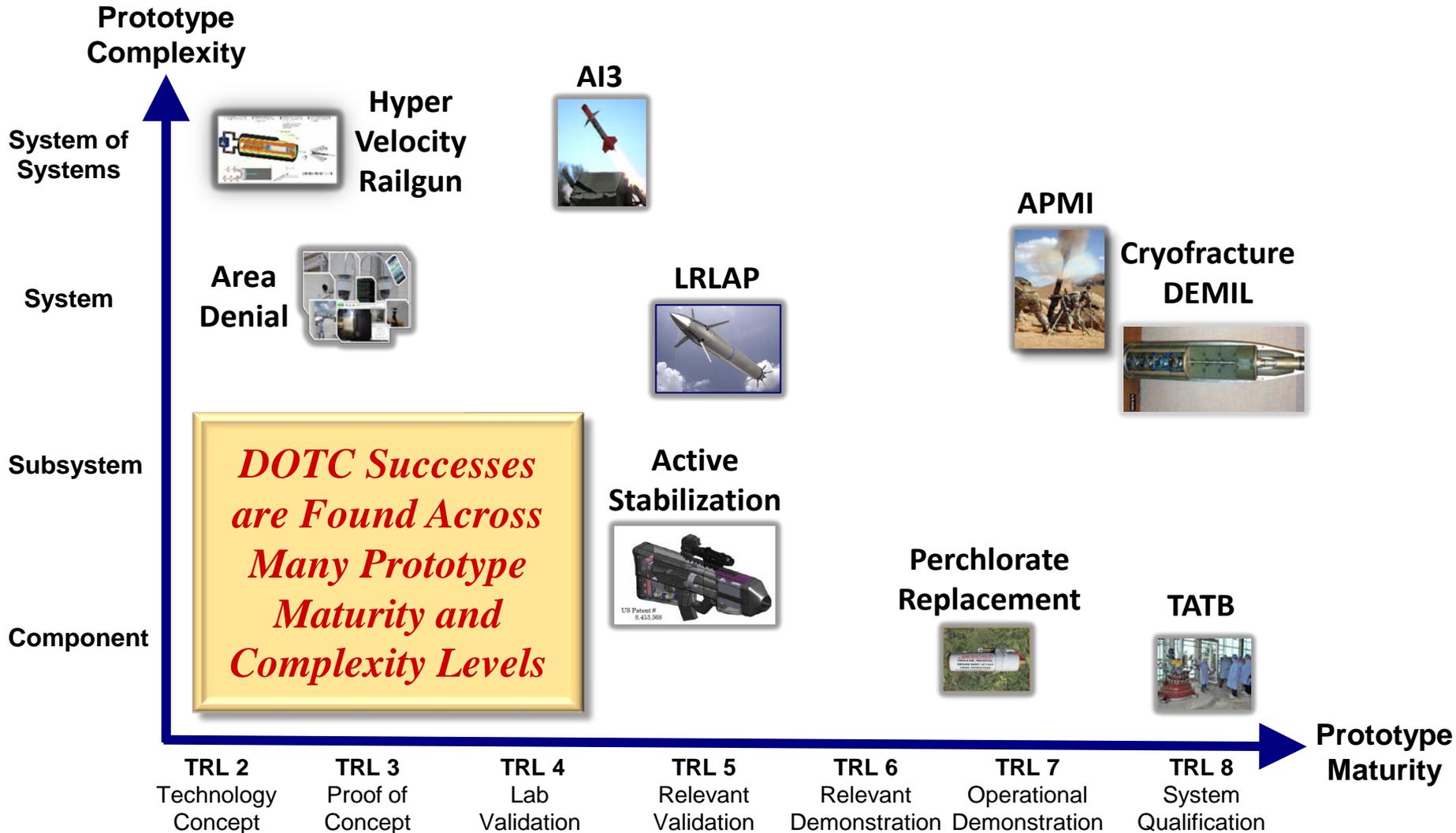
**Note 3:** Formed as the Robotics Technology Consortium in 2008 by OSD AT&L and transitioned to U.S. Army TARDEC in 2012; re-branded as the National Advanced Mobility Consortium in 2014 with an expanded scope to address all manned and unmanned ground vehicle system technologies

**Note 4:** Sponsored originally by Department of the Interior; new OTA issued by U.S. Army ARDEC in 2014

- National Armaments Consortium (part of DOTC):
  - 337 members -- 218 Traditional (64%); 119 NDC (36%); 222 Small Business (66%)
  - FY 15: 106 new awards; \$385M provided by the Services
  - FY15: 80 awards to Trad w/nontraditional participation; 23 awards to NDCs; 52 awards to Small Business; 3 awards to Trad w/ 1/3<sup>rd</sup> cost share
  
- National Advanced Mobility Consortium (part of DME):
  - 274 members -- 176 Traditional (65%); 98 NDCs (35%); 136 Small Business (50%)
  - FY15: 32 new awards; \$58.9M provided by the Services
  - FY15: 26 awards to Trad w/nontraditional participation; 4 awards to NDCs; 11 awards to Small Business; 2 awards to Trad w/ 1/3<sup>rd</sup> cost share

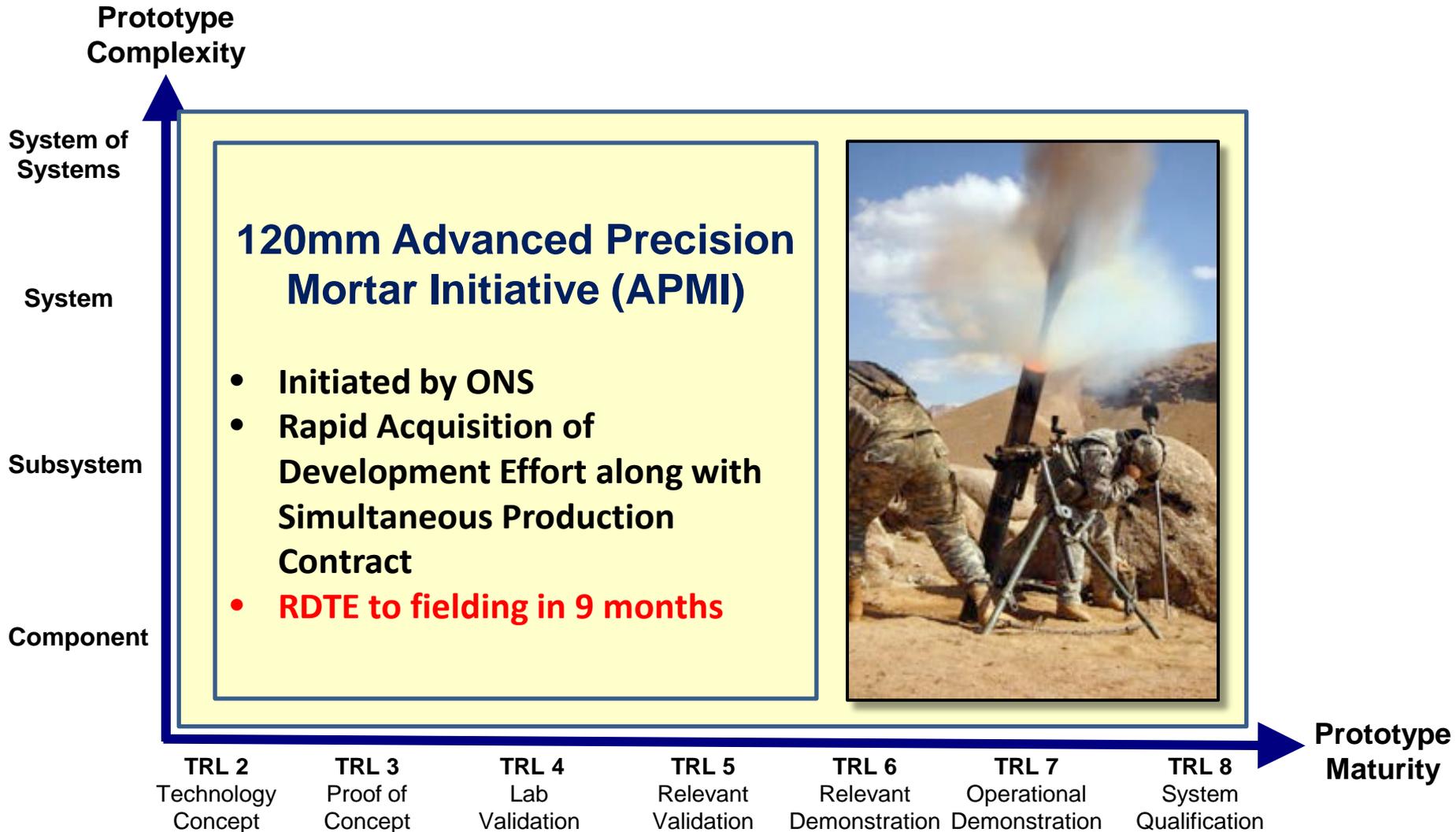


# DOTC Success Stories

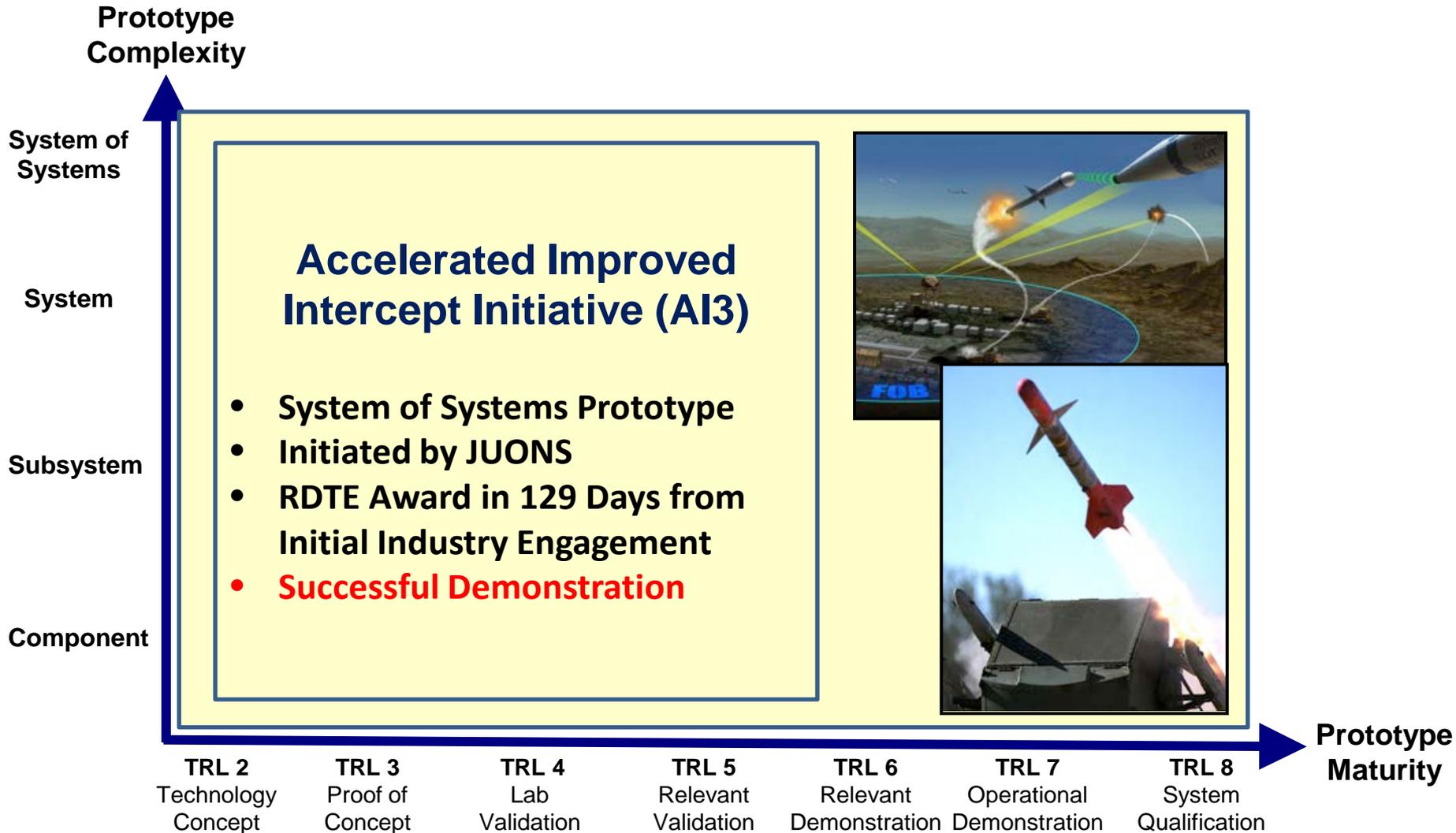




# DOTC Success Stories



# DOTC Success Stories



## Conclusion

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

