Use of Defense Consortia for Rapid Technology Development

Chris Van Metre
President
SCRA Applied R&D

October 27, 2015
Overview

- 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.
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


- 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

* OTA authority amended by 2016 NDAA
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
**Technical and Financial Management**

**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

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

- *Acquisition Agent*
- *Consortium Entity*
- *Management Services Agreement*
- *Other Transactions Agreement*
- *Consortium Firm*
- *Individual Member Sub-Agreements*

*Project/Task Awards*

**11/6/2015 8**
OT- Consortia Benefits

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

<table>
<thead>
<tr>
<th>Consortium Name</th>
<th>Year Chartered</th>
<th>DoD Sponsor</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Shipbuilding Research Program (NSRP)</td>
<td>1998</td>
<td>NAVSEA  <em>(Note 1)</em></td>
</tr>
<tr>
<td>National Armaments Consortium (NAC)</td>
<td>2002</td>
<td>OSD AT&amp;L  <em>(Note 2)</em></td>
</tr>
<tr>
<td>System of Systems Security Consortium (SOSSEC)</td>
<td>2004</td>
<td>U.S. Army ARDEC</td>
</tr>
<tr>
<td>National Advanced Mobility Consortium (NAMC)</td>
<td>2008</td>
<td>OSD AT&amp;L  <em>(Note 3)</em></td>
</tr>
<tr>
<td>Vertical Lift Consortium (VLC)</td>
<td>2010</td>
<td>OSD AT&amp;L</td>
</tr>
<tr>
<td>Consortium for Command, Control, Communications and Computer Technologies (C5T)</td>
<td>2014</td>
<td>U.S. Army ARDEC</td>
</tr>
<tr>
<td>Consortium for Energy, Environment and Demilitarization (CEED)</td>
<td><em>(Note 4)</em></td>
<td>U.S. Army ARDEC</td>
</tr>
<tr>
<td>National Spectrum Consortium (NSC)</td>
<td>2015</td>
<td>OSD R&amp;E</td>
</tr>
<tr>
<td>Medical Technology Enterprise Consortium (MTEC)</td>
<td>2015</td>
<td>U.S. Army Medical Research &amp; Materiel Command</td>
</tr>
</tbody>
</table>

*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
Statistics

- 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/ 1/3rd 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/ 1/3rd cost share
DOTC Successes are Found Across Many Prototype Maturity and Complexity Levels
**120mm Advanced Precision Mortar Initiative (APMI)**

- Initiated by ONS
- Rapid Acquisition of Development Effort along with Simultaneous Production Contract
  - RDTE to fielding in 9 months
Accelerated Improved Intercept Initiative (AI3)

- System of Systems Prototype
- Initiated by JUONS
- RDTE Award in 129 Days from Initial Industry Engagement
  - Successful Demonstration
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!
Questions