

448th Supply Chain Management Wing

Supply Chain Consortium Initiative (SCCI)



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Version #1



Classification

The classification of the brief is unclassified, and the discussion can go up to unclassified



Purpose

To provide information on the SCCI Other Transaction Authority (OTA)



Overview

- Purpose of Other Transactions
- OTA History and Types
- OTA Prototype Project
- OTA Appropriate Use of Authority
- Common OTA Models
- OTA + Consortium Model
- Communication Rules of Engagement (RoE)
- Project Level Agreements
- OTA Prototype Transition
- SCCI Solicitation Methods
- Other Details
- SCCI Accomplishments



Purpose of Other Transactions

- The Department of Defense (DoD) OT authorities were created to encourage new or nontraditional performers to work with the government. These authorities allow DoD to bring new, cutting-edge solutions to the warfighter by accommodating a performer's existing business practices and commercial industry standards rather than imposing DoD standards.
- OTs can help:
 - Engage with nontraditional defense contractors who may not be interested in entering Federal Acquisition Regulation (FAR)-based contracts
 - Broaden the industrial base available to the Government
 - Support dual-use projects
 - Encourage quicker, cheaper, and more flexible project design and execution
 - Ensure DoD requirements are incorporated into future commercial products
 - Collaborate in innovative arrangements



OTA History and Types

OTA History

- **1958: NASA granted first authority to use OTs**
- **1989: DARPA granted OTs for Research**
- **1994: DARPA granted OTs for Prototype Projects**
- **1995 – 2014: Authority granted to 11 other Agencies**
- **2016: OTs permanently codified in 10 USC 2371b**
- **2017: Public Law 115-91 §864 expanded authority for Other Transactions for Prototype Projects (10 USC 2371b)**

OTA Types

- **Other Transactions for Prototype Projects (10 USC 2371b)**
 - **Provide a direct benefit to the DoD**
 - **Considered Acquisition Instruments**
- **Other Transactions for Research (10 USC 2371)**
 - **Provide stimulation or support of research**
 - **Technology Investment Agreements (TIAs)**
- **Procurement for Experimental Purposes (10 USC 2373)**
 - **Experimentation and test purposes**
 - **FAR applies when purchases are made in quantity**



OTA Prototype Project

■ What is a Prototype Project:

Definition: A prototype project addresses a proof of concept, model, reverse engineering to address obsolescence, pilot, novel application of commercial technologies for defense purposes, agile development activity, creation, design, development, demonstration of technical or operational utility, or combinations of the foregoing. A process, including a business process, may be the subject of a prototype project. *(2018 DoD OTA Guide V1.0).*

Scope: Must be “*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.” *(10 USC 4022).*



OTA Appropriate Use of Authority

- Per 10 US 4022, an OTA may be used when at least one of the following apply:
 - At least one Nontraditional Defense Contractor or nonprofit research institute participating to a significant extent in the prototype or project, or
 - An entity that is not currently performing and has not performed, for at least the one-year period preceding the solicitation
 - All Significant Participants in the transaction other than the Federal Government are Small Businesses (including those participating in a program described under section 9 of the Small Business Act (15 USC 638) or Nontraditional Defense Contractors
 - Supplying New Key Technology or products
 - Accomplishing a Significant Amount of the effort
 - Causing a Material Reduction in the cost or schedule or increase in performance



Common OTA Models

Direct OTA



- Direct Award
- Custom Terms
- Direct Payment
- May Require and/or Consume More USG Resources to Administer/Manage
- Possible increased lead times
- Solicitation (i.e. BAA or program specific)

Consortium Model



- Projects Awarded to Consortium Manager
- Custom Terms & Flow-Downs
- Payment to Consortium
- Consortium Acts as Mentor
- Publicizes Projects to Consortia
- Administrative Fee



OTA + Consortium Model

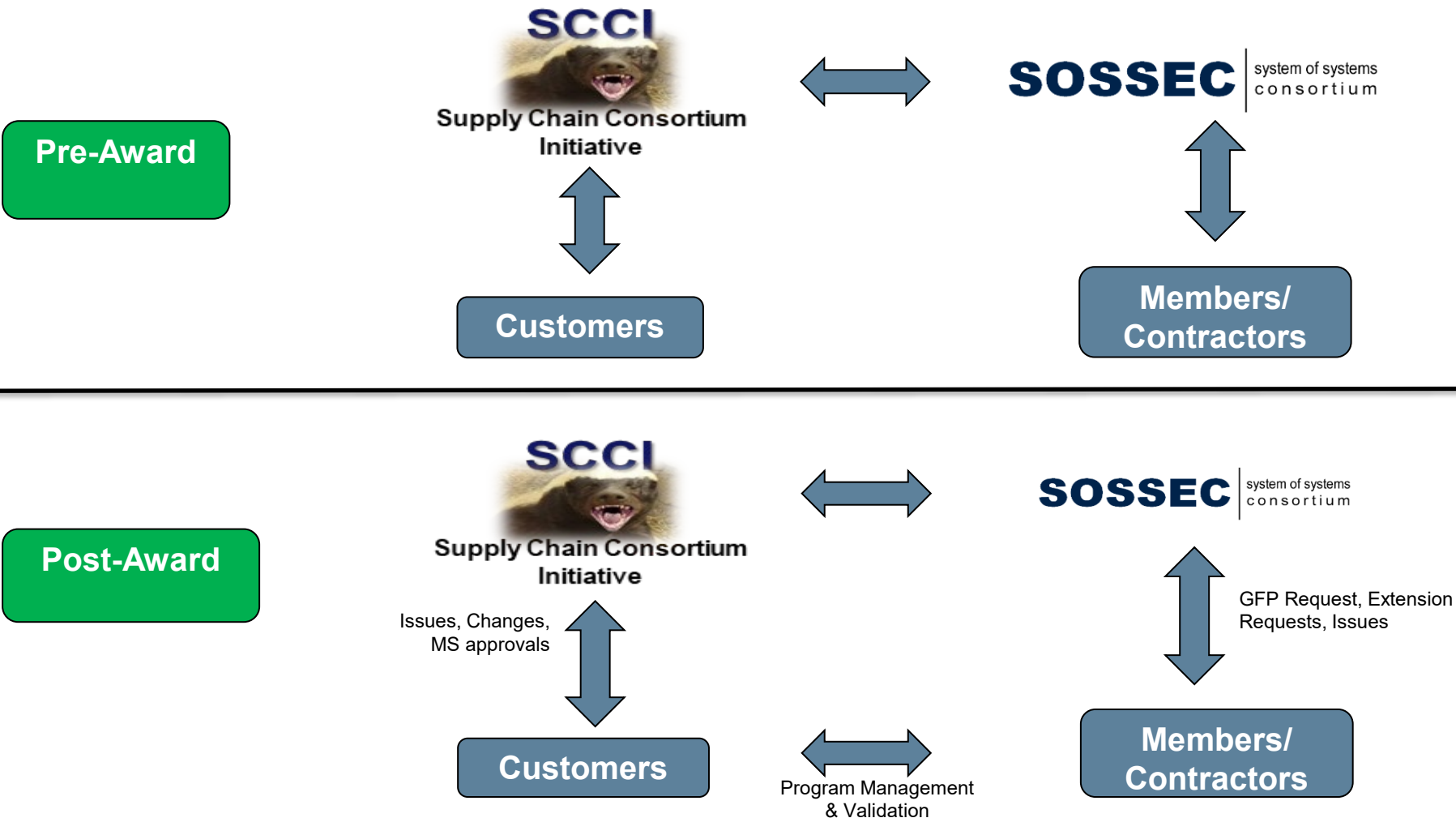
- **System of Systems (SOSSEC) Consortium is the SCCI Awardee**
 - 1000+ Member Companies
 - Broad spectrum of Defense Contractors, Nontraditional Defense Contractors, Academia, and Non-profit Organizations
 - Breadth of Capabilities, Expertise, and Technology
 - Low barrier-to-entry for new Consortium Members
- **SOSSEC, Inc. acts as the OT Lead Organization**
 - Single Point of Contact for Contracting/Administration
 - Quality Control on Proposals/Reports/Invoicing
 - Provides price reasonableness analysis on proposals
 - Receives Administration Fee
 - Ensures Deliverables are Provided
- **Enables the Nontraditional Contractor to focus on Technical Performance not Business/Contracting Issues**

Key Information	
Contract PoP	10 yr (1 Oct '19-30 Sep '29)
Accumulative Ceiling	\$99M*
SOSSEC 's Admin Fee	3.75%
Incentives paid to SOSSEC - Negotiated on each Individual Project Agreement	Up to 1%

*Funding due prior to solicitation by customer



Communication ROEs





Project Level Agreements

- **Prototype Projects are Awarded to SOSSEC**
 - **Firm Fixed Price Prototype Projects**
 - **Milestone payments track technical progress**
 - **OT is Amended to add the Project, Milestones, and Funding**
- **Competitive procedure shall be used “to the maximum extent practicable” (10 USC 4022)**
- **SOSSEC then enters into a Project Level Agreements with the Consortium Member (Project-Level Performer)**
 - **Not a Prime-Subcontractor Relationship**
 - **Project Level Performer is responsible for technical work however, SOSSEC responsible for delivery**
 - **Government has direct insight into the technical performance**
 - **SOSSEC acts a Mentor to the Performer and Intermediary for the Government**



OTA Prototype Transition

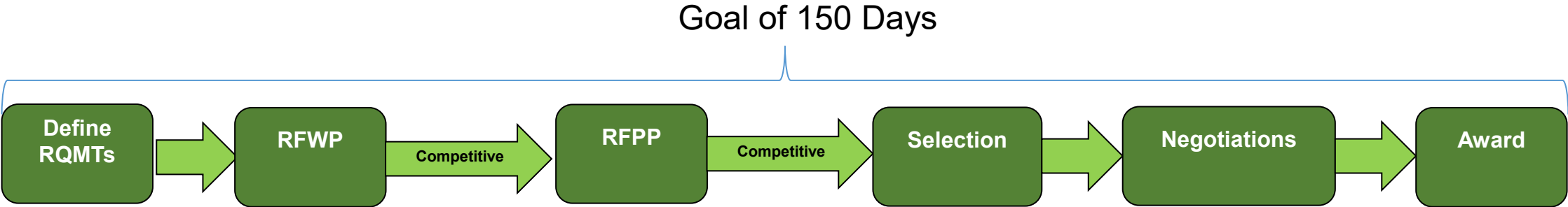
- **Sole source follow-on production contract(s) or transaction(s) may be awarded when:**
 - **The acquisition approach for the prototype project addressed the strategy for follow-on activities and the following two criterion are satisfied:**
 - **Competitive procedures were used for the selection of parties for participation in the transaction; and**
 - **The participants in the transaction successfully completed the prototype project provided for in the transaction**
 - **Topic: DFARS Final Rule - Exception to Competition for Certain Follow-On Production Contracts**
 - **Reference: DFARS Case 2019-D031 — Effective February 28, 2022**
 - **Summary: DoD has issued a final rule amending the DFARS to implement a section of the NDAA for Fiscal Year 2016 that modifies the criteria required to exempt from competition certain follow-on production contracts.**
 - **The follow-on for the first run of production can be a FAR based contract or Other Transaction**



SCCI Solicitation Methods

- **Two Solicitation Approaches:**
 - **Request for White Papers (RFWP)**
 - **Request for Prototype (RFPP)**
- **SCCI works with the respective Program Offices to determine the best acquisition approach for each individual prototype project**
- **Prototype projects are solicited competitively with all members of the SOSSEC consortium eligible for a project award**

RFPP → Award = **One-step Process**
RFWP → RFPP → Award = **Two-step Process***
*Highly Recommended





Other Details

- **All GFP requests go through SCCI team**
 - **Be prepared to ship at award**
- **All Invoices processed through SCCI team in WAWF**
- **Form 9s are processed through FRC**
 - **PRPS not required**
- **All schedule changes processed through SCCI team**
- **During Pre-Award Phase all contractor communications are done through SOSSEC**
- **All negotiations handled by SCCI team**
- **Follow on sole source/first run of production competition meet per 10 USC 2371b***



Points of Contact

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