



OTHER TRANSACTIONS: AN OVERVIEW

Scott R. Ulrey, Deputy Director
Contracts Management Office
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Why Other Transactions?

- ❖ Civilian technology is often more advanced than military technology
- ❖ Innovative civilian products are introduced rapidly
- ❖ Civilian firms with big R&D budgets are reluctant to do business with DoD
- ❖ Shrinking defense and industrial base
- ❖ “Partnering” is becoming more common in U.S.



Special Nature of Government-Sponsored Science and Technology

- ❖ The process shall encourage the best sources from the scientific and industrial community to become involved and provide an environment in which the work can be pursued with reasonable flexibility and minimum administrative burden.



10 U.S.C. 2371 – Other Transactions Authority

- ❖ SECDEF (acting through DARPA) and Secretaries of the Military Departments may enter into transactions (other than contracts, cooperative agreements and grants) for basic, applied and advanced research projects
- ❖ The SECDEF shall ensure that:
 - To the maximum extent practicable, no transaction for research duplicates research conducted under existing programs
 - To the extent that the Secretary determines practicable, the funds provided by the government do not exceed the total amount provided by other parties to the other transaction



When Are Other Transactions Appropriate?

- ❖ To attract a commercial company to work with the government
 - This relationship building needs to have a company firmly in charge and is the primary point of contact for the government. The company maintains the vision but will still allow other entities involved to participate. The team must be committed to the goal of affordability.



Common Other Transactions Instruments

- ❖ The DoD has two examples of Other Transactions:
 - Technology Investment Agreements
 - “Department of Defense Grant and Agreement Regulations” (DoDGARs), Part 37
 - Current version is from August 2007
 - Other Transactions for Prototypes
 - Section 845 of the “National Defense Authorization Act for Fiscal Year 1994”



Solicitation Types Used with Other Transactions

- ❖ Research Announcements (RA)
 - Directed toward Grants, Cooperative Agreements, and Technology Investment Agreements
 - Cost sharing, teaming arrangements, etc., can be specified

- ❖ Program Solicitations (PS)
 - Typically used for Other Transactions for Prototypes
 - No defined structure



Benefits of Other Transactions

- ❖ Not bound by most procurement laws and regulations (FAR)
- ❖ Competition, only to the maximum practicable extent
- ❖ With or without resource (cost) sharing
- ❖ Intellectual property flexibility
- ❖ No Termination for Default or Termination for Convenience
- ❖ Payable milestones encouraged
 - Developed by PM and CO
 - Measurable Events
 - Upon accomplishment, payment is made



Benefits of Other Transactions (Continued)

- ❖ Costs
 - No mandatory cost principles/accounting standards
- ❖ Subcontracting
 - Government system not required
 - No mandatory clause flow downs
- ❖ Management Structure
 - Sound business judgment **absolutely** necessary
 - Team approach



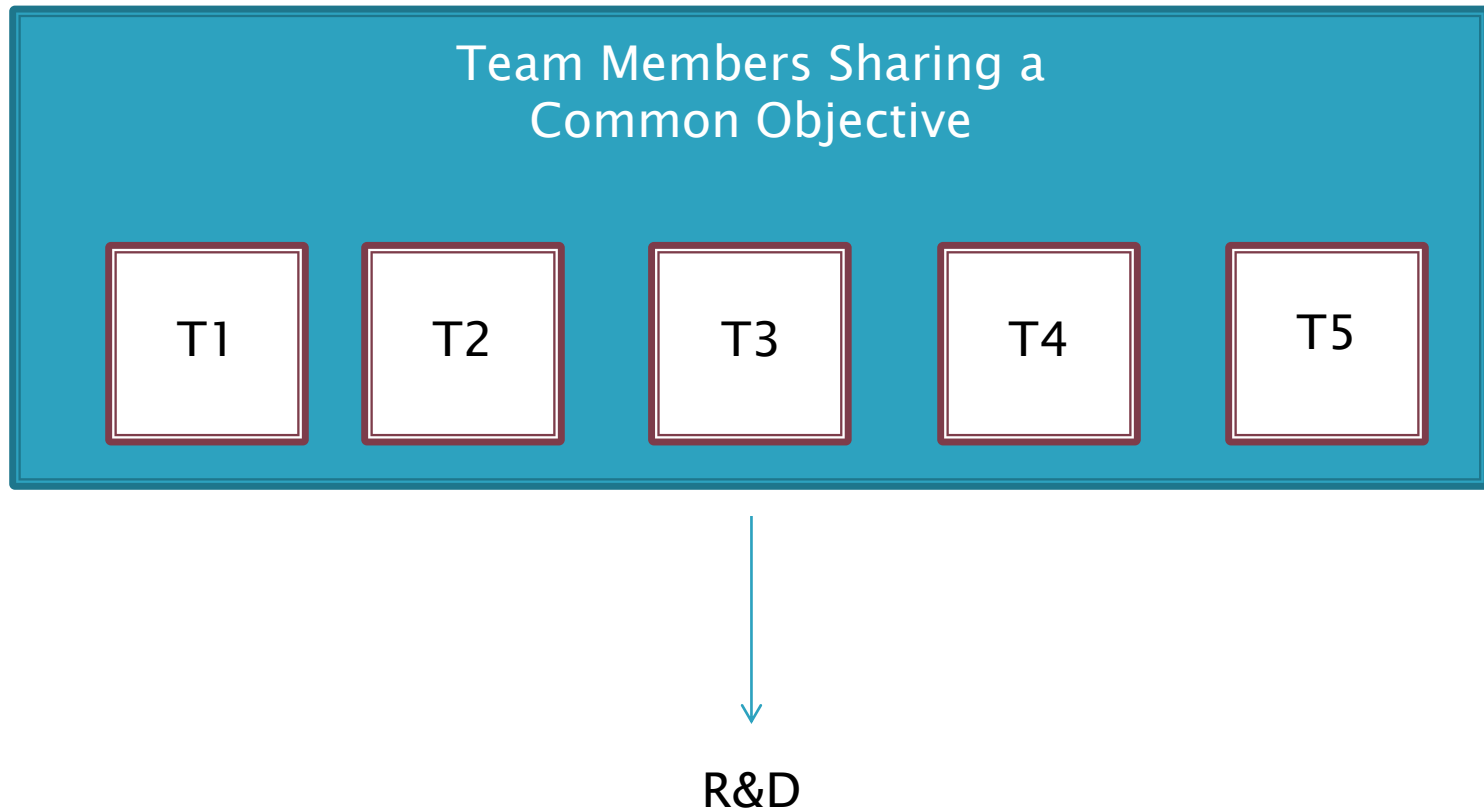
EFFECTS UPON PROGRAM MANAGERS

- ❖ Advantages of these Authorities & Approaches:
 - Government funding more like investment
 - Harnesses incentive to develop & commercialize technology
 - Does business in commercial way: Government intrusion and red tape minimized
 - Spirit of cooperation
- ❖ Disadvantages:
 - Time consuming negotiations?



Examples

❖ Horizontal Teaming:





Examples

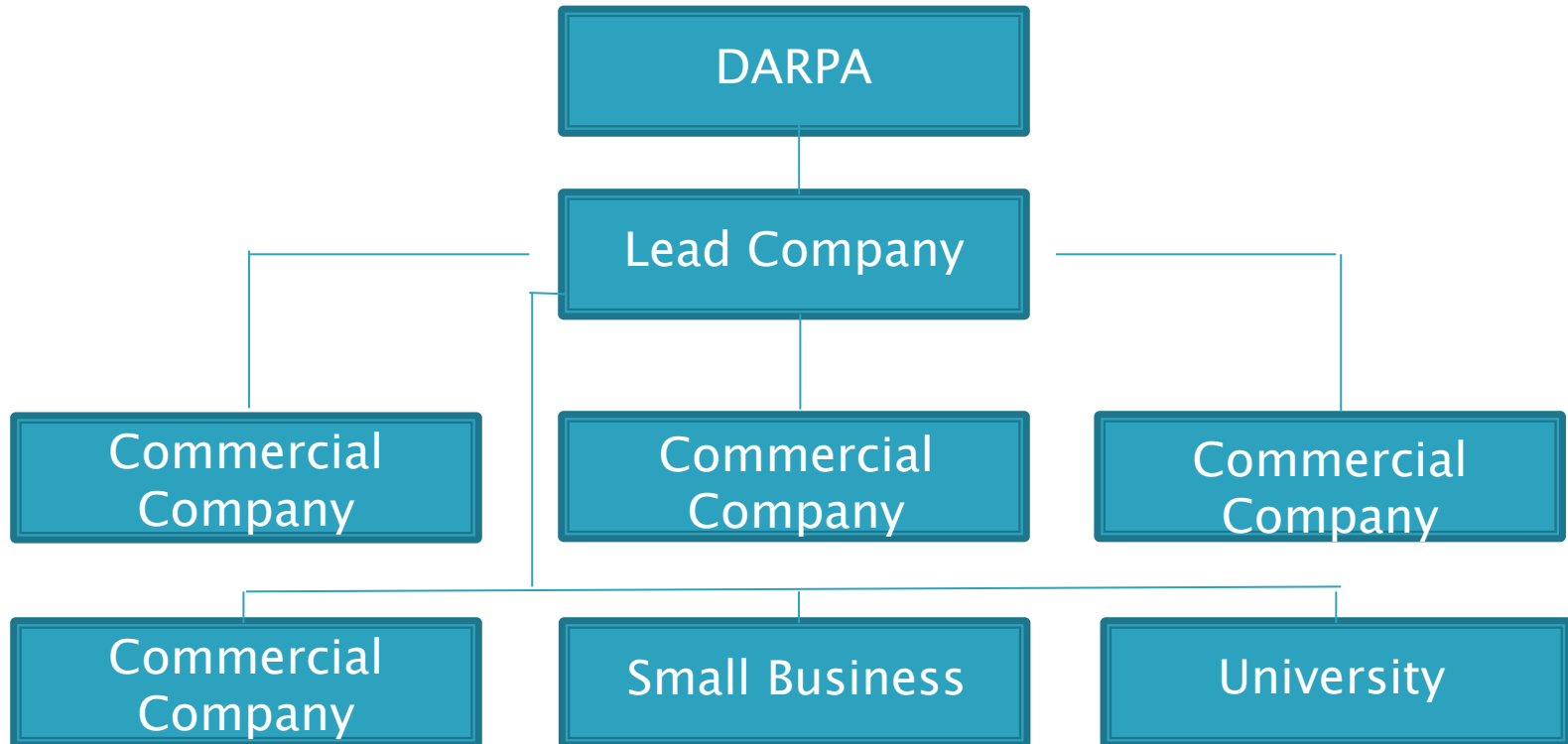
❖ Vertical Teaming:





Examples

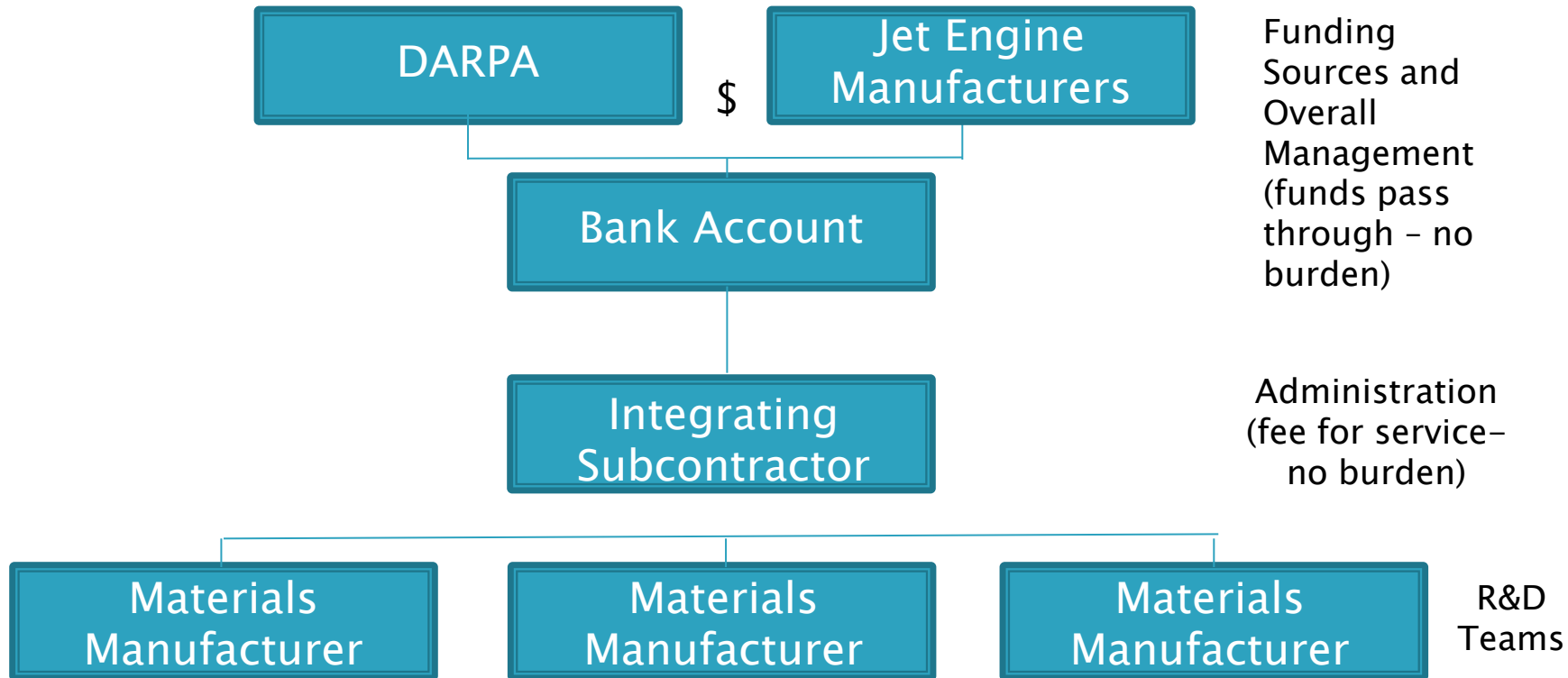
❖ Lead Company with Government





Examples

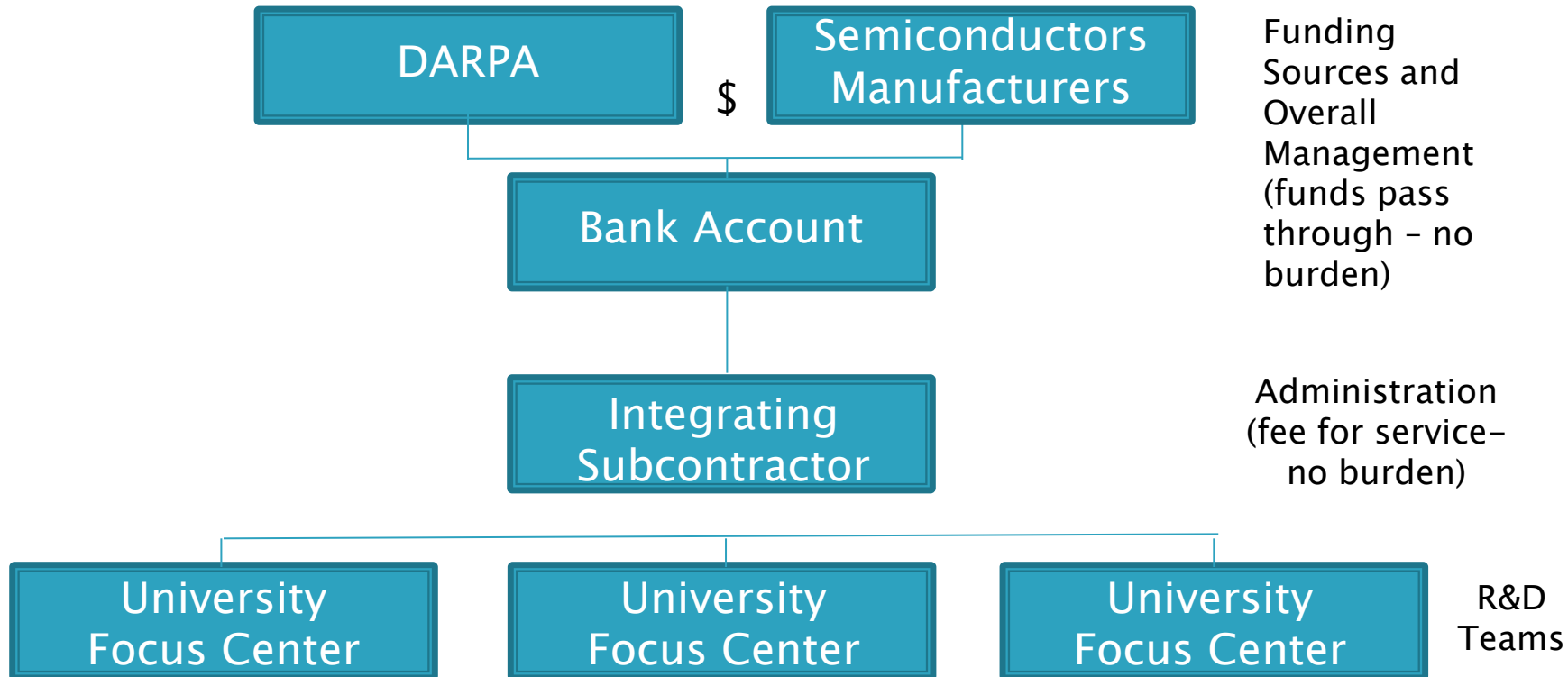
❖ Joint Funding Agreement 1





Examples

❖ Joint Funding Agreement 2





**The use of Other Transactions is
only limited by your imagination**