

Technology Accelerator Prototype Program Defense Logistics Agency (“DLA”)

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INTRODUCTION

BACKGROUND AND AUTHORITY

The 2014 Quadrennial Defense Review (“QDR”) established innovation as a central line of effort in the U.S. national defense strategy. Our decisive military advantage over adversaries and peer competitors is steadily eroding. Globalization driven a renaissance in commercial innovation fueled by venture capital investment that far exceeds the research and development budget of the Department of Defense (“DoD”). As a result, the global technology ‘water line’ has risen faster than DoD’s ability to outpace it alone. Both state and non-state actors have gained access to new technologies, allowing them to compete in entirely new domains of warfare.

The 2018 National Defense Strategy reiterates the significant impact rapid technological advancements from the commercial sector have on the security environment and character of war, emphasizing the urgency of the threat to U.S. dominance. Early access to the most advanced, dual-use commercial technologies is essential. In order to preserve conventional overmatch, DoD must adapt acquisition behaviors and culture to this new strategic landscape.

The Defense Logistics Agency (“DLA”) is the Department of Defense’s largest logistics combat support activity. DLA provides worldwide support, primarily to the military services. Other customers include US civilian entities and foreign countries. Given DLA’s reach across DoD, it is essential that we also rapidly adapt. In 2016, the DLA CIO launched its innovation team to meet that challenge. The DLA innovation team’s mission is to deliver prototype capabilities rapidly to DLA and its customers. Depending on the underlying problem we are trying to solve, DLA either “builds it” through internal (Silicon Valley-derived) methods or “buys it.”

The bottom line: in prior decades, the most valuable technological advancements were driven by DoD research and development efforts. Today, commercial innovations make those the comparable advancements much faster than DoD. This program allows DLA to tap into these commercial innovations.

DLA uses 10 U.S.C. 2371b Other Transaction Agreements (“OTA”) to partner with nontraditional and traditional defense contractors and non-profit research institutions to carry out prototype projects.

These prototype projects must either:

- enhance mission effectiveness of military personnel and the supporting platforms, systems, components or materials; or
- improve platforms, systems, components, or materials in use by the armed forces.

The information provided in this document ensures, to the maximum extent practicable, that DLA uses competitive procedures with these agreements to carry out these prototype projects.

PROCESS OVERVIEW

This program seeks competitive proposals for innovative, commercial technologies. In this context, *innovative* means any new technology, process, or business practice, or any new application of an existing technology, process, or business practice that contributes to enhancing military effectiveness and sustaining global peace and U.S. national security. This program awards prototype projects that include:

- commercially-available technologies fueled by commercial or strategic investment;
- concept demonstrations, pilots and agile development activities that can incrementally improve commercial technologies, existing government-owned capabilities, or concepts for defense application.

ACQUISITION PROCESS DETAILS

PROBLEM STATEMENTS

The core of every DLA OTA solicitation is a “problem statement.” The innovation team extensively vets each problem statement, through interviews with DLA senior leaders, stakeholders across DoD and DLA and industry leaders. The problem statement describes a capability gap on the part of DLA or one of its military customers. As discussed in the introduction, the QDR makes innovation a priority because “the decisive military advantage of the United States over its adversaries and peer competitors is steadily eroding.” Problem statements are specific instances where this erosion has occurred. Appropriate problem statements have many of these characteristics:

- Potential for significant return on investment
- No obvious solution path already exists
- Strong nexus with IT, though not necessarily traditional IT
- Not technology for technology’s sake (cannot be ‘do something with block chain’)
- Able to scope down to actionable chunk (cannot be too big)
- Rapid prototype potential (cannot have systemic barriers where prototype would take years)

Most important: problem statements are purposefully solution and technology agnostic. DLA will identify the capability gap and offerors will provide a variety of disparate technologies to solve that problem.

PREAWARD: THREE PHASES

DLA recognizes that the industry segment we are trying to reach—startups and non-traditional defense contractors—are not familiar with the standard federal procurement process. That standard process is often lengthy, confusing and prevents the kind of meaningful give-and-take with which innovative companies are familiar in their standard dealings. Therefore, this program attempts to adapt familiar innovation terms and concepts and streamline the process. Benefits include:

- A streamlined application process requiring only minimal corporate and technical information
- Fast track evaluation timelines for solution briefs
- Negotiable payment terms
- Capital is non-dilutive
- All intellectual property (“IP”) rights are negotiable; the government does not plan to own IP
- Direct feedback from operators, customers and users within the DoD to help product teams develop and hone product design and functionality
- Potential follow-on funding for promising technologies and sponsorship of user test cases for prototypes and possible follow-on production contract or transaction

The process uses three phases/gates to minimize unnecessary burdens on offerors. We measure for product-market fit with increasing levels of specificity.

PHASE I. WHITE PAPERS.

The government solicits a four-page white paper and one-page ROM pricing. Upon white paper review, the government may elect to invite a company into phase two: the Pitch. In phase two, offerors pitch and further discuss their proposed concept/technology/solution in person or virtually. White papers must include the following information:

Technology concept

Describe the unique aspects of your technology and the proposed work as it relates to the problem statement. Identify whether the effort includes the pilot or demonstration of existing commercial technology (identified as commercially ready and viable technology), or the development of technology for potential defense application. If you propose development or adaptation is proposed, identify a suggested path to mature the technology. Identify aspects that you consider proprietary.

We encourage all offerors to use diagrams and figures to depict the essence of the proposed solutions.

Company posture

Provide a brief overview of the company. Provide a summary of current fundraising to date or a summary of the top line (gross sales/revenues). Provide a summary of product commercialization and go-to-market strategy.

- Relevant information about whether you qualify as a small business or non-traditional
- Pertinent relationships with subcontractors and other partners

PHASE II. PITCH.

This is a give-and-take between government and industry. Ideally, a one-hour in-person (sometimes virtual) presentation that provides additional details on the white paper. The government will not pay offerors for costs associated with pitches. Post presentation, the government will invite the offerors with a realistic path to an award to participate in phase three. Pitches must include the following information:

Response to government questions that arise from the white paper

Further pricing details and proposed schedule

Provide a rough order of magnitude price and notional schedule for how this concept could be tested within the DoD.

Data rights assertions

Identify any intellectual property involved in the effort and associated restrictions on the government's use of that intellectual property.

PHASE III. REQUEST FOR PROTOTYPE PROPOSALS.

The government shall further down-select potential awardees and issue a request for prototype proposal ("RPP") to the remaining candidate firm(s). The RPP will have specific guidelines. The government shall also provide a draft contract to selected firms, on which offerors return an iteration. Upon receipt, the government works collaboratively with the offeror/offerors that make sense based on technical factors and pricing. Prototype proposals must include the following information:

Technical Proposal (Section #1)

Title Page – Company Name, Title, Point of Contact Name, Date, E-Mail Address, Phone, and Address and any subcontractors or team members. Include an abstract that provides a concise description of the proposal.

Approach – Describe the background and objectives of the proposed work, the approach, deliverables, and the resources needed to execute it. Include the nature and extent of the anticipated results. Include ancillary and operational issues such as certifications, algorithms, and any engineering/software development methodologies that you plan to use to perform. This proposal must include a Statement of Work ("SOW").

You may refer to the solution brief that prompted this proposal request, but do not duplicate it.

Government Support Required – Identify the type of support, if any, the offeror requests of the government in general such as facilities, equipment, data, and information or materials.

Price Proposal (Section #2)

The offeror shall propose the total price to complete the prototype project and shall provide any other data or supporting information the parties agree is necessary for the determination of a fair and reasonable price. This can include commercial price catalog or other proprietary information to help the government assess project cost. This must include a detailed project schedule that outlines the various phases of work to align with this basic paradigm for payment milestones:

- Collaborative Minimum Viable Product (“MVP”) Design
- Awardee delivers MVP to government
- Awardee delivers prototype to government

For purposes of this project, the MVP is defined as the project blue print—the first step in the iterative process. After award, the successful offeror shall work with the government’s technical team to develop this detailed project plan for the eventual prototype. The government recognizes that, prior to award, offerors will have limited knowledge of the government’s relevant IT infrastructure and this collaborative phase allows the awardee to conduct relevant beneficiary discovery.

EVALUATION CRITERIA

The Government shall evaluate each submission of each phase under the following three technical criteria¹, all of equal importance. The government shall also consider price. The technical criteria, popularized by IDEO, is a common method to drive enterprise innovation and build successful prototypes. These criteria help prevent common dead ends and drive prototypes that are actionable, which the government is likely to adopt and scale.

The government shall evaluate all submission on the basis of the merit of the proposed concept in addressing the problem statement but not against other solution briefs submitted in response to the same problem statement. The Government may elect to use external market research to ensure offerors are likely to perform throughout the period of performance.

FEASIBILITY

The proposed solution is technically possible. This criterion measures whether the technology exists or is likely to be developed in the scope of this prototype effort. An example of something that is not feasible is a “Star Trek” transporter;

VIABILITY

The proposed solution is compatible with DoD constraints, technical environments and other organizational requirements. This criterion measures whether DoD could easily adopt the prototype. An example of something which is not viable is a technology that has no chance of passing DoD cybersecurity requirements; and

¹ <https://medium.com/innovation-sweet-spot/desirability-feasibility-viability-the-sweet-spot-for-innovation-d7946de2183c>

DESIRABILITY

The proposed solution is responsive to a problem statement. This criterion measures whether end users are likely to adopt the offeror's prototype solution. An example of something that is not desirable is a piece of field equipment that is so uncomfortable to carry that end users refuse to bring it into the field. Another example of something that is not desirable is a feasible, viable technology that does not meet the problem that end users are trying to solve.

AWARDS

Upon favorable review and available funds, the government may choose to make an award. Awards shall be fixed price and will be made using Other Transaction Agreements (OTAs). The Agreements Officer will negotiate directly with offerors on the terms and conditions of the OTA, including payments, and will execute the OTA on behalf of the Government. Be advised, only an agreements officer has the authority to enter into, or modify, a binding agreement on behalf of the government.

Companies must have a Dunn and Bradstreet ("DUNS") number and must register in the System for Award Management ("SAM"). Companies should commence SAM registration upon (or before) receipt of an RPP.

Companies must also register in the prescribed government invoicing system (ex. Wide Area Work Flow). The agreements officer will provide assistance to those offerors from whom a full proposal is requested.

The company must be considered a responsible party by the Agreements Officer and must not be suspended or debarred from award by the Federal Government, nor be prohibited by Presidential Executive Order and/or law from receiving award.

Receipt of an RPP does not guarantee that a Company will receive an award and the Government reserves the right, at any point prior to award of an OTA, to cancel the RPP.

COMPTROLLER GENERAL ACCESS TO INFORMATION

In projects that provide for payments in a total amount in excess of \$5,000,000, the agreement will include a mandatory clause that provides for the Comptroller General the ability to examine the records of any party to the agreement or any entity that participates in the performance of the agreement.

PROCUREMENT INTEGRITY ACT

In accordance with 10 U.S.C. 2371b(h), all Agreements awarded under this CSO shall be treated as Federal Agency procurements for purpose of Chapter 21 of Title 41 of the United States Code.

ITERATIVE PROTOTYPING

Prototype OTAs awarded under this program will allow for an iterative prototyping process.

An iterative prototyping process will allow the government to modify, by mutual agreement, the scope of a prototype project to allow the adaptation and modification of the technology being prototyped to meet additional unique and discrete purposes/mission sets. The sequential prototype iterations may result in a separate prototype project rather than a modification of the original prototype project. These additional unique and discrete purposes/mission sets can be generated by the original government customer or originate with other organizations within the DoD Enterprise.

FOLLOW-ON PRODUCTION

Upon successful completion of a prototype project under the OTA, the Government and company may negotiate a follow-on production contract or agreement, without the need for further competition. Any concept/technology/solution successfully proven through the prototype OTA can be transitioned to production.

Solicited problem statements and awarded prototype OTAs will explicitly identify follow-on production OTAs as a potential outcome of a successful prototyping effort as authorized under 10 U.S.C. 2371b(f).

SUCCESSFUL COMPLETION

A transaction for a prototype project is complete upon the written determination of the appropriate approving official for the matter in question that efforts conducted under a Prototype OT: (1) met the key technical goals of a project; (2) satisfied success metrics incorporated into the Prototype OT; or (3) accomplished a particularly favorable or unexpected result that justifies the transition to production. Furthermore, successful completion can occur prior to the conclusion of a prototype project to allow the government to transition any aspect of the prototype project determined to provide utility into production while other aspects of the prototype project have yet to be completed. Any Prototype OT shall contain a provision that sets forth the conditions under which that prototype agreement must be successfully completed.

NON-GOVERNMENT ADVISORS

The government may use non-government advisors to evaluate all submissions. These individuals will have signed non-disclosure agreements with the government.

The government understands that information provided in confidence and may contain trade secret or commercial or financial information, and it agrees to protect such information from unauthorized disclosure to the maximum extent permitted or required by Law, to include:

- 18 USC 1905 (Trade Secrets Act);
- 18 USC 1831 et seq. (Economic Espionage Act);
- 5 USC 552(b)(4) (Freedom of Information Act);
- Executive Order 12600 (Pre-disclosure Notification Procedures for Confidential Commercial Information); and
- Any other statute, regulation, or requirement applicable to Government employees.

DEFINITIONS

"Other Transaction for Prototype Projects" refers to the type of Other Transaction Agreement ("OTA") described in this document. This type of OTA is authorized by 10 U.S.C. 2371b for prototype projects 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 DoD, or for the improvement of platforms, systems, components, or materials in use by the armed forces. This type of OTA is treated by DoD as an acquisition instrument, commonly referred to as an "other transaction" for a prototype project or a Section 2371b "other transaction".

"Prototype Project" is a preliminary pilot, test, evaluation, demonstration, or agile development activity used to evaluate the technical or manufacturing feasibility or military utility of a particular technology, process, concept, end item, effect, or other discrete feature. Prototype projects may include systems, subsystems, components, materials, methodology, technology, or processes. For example, a prototype project may involve: a proof of concept; a pilot; a novel application of commercial technologies for defense purposes; a creation, design, development, demonstration of technical or operational utility; or combinations of the foregoing, related to a prototype. The quantity should generally be limited to that needed to prove technical or manufacturing feasibility or evaluate military utility. (ref: pg 4, sec. C1.6., Jan 2017 DoD OT guide v1.2.0)

"Nontraditional Defense Contractor" is defined in section 2302(9) of title 10, United States Code as an entity that is not currently performing and has not performed, for at least the one-year period preceding the solicitation of sources by the Department of Defense for the procurement or transaction, any contract or subcontract for the Department of Defense that is subject to full coverage under the cost accounting standards prescribed pursuant to section 1502 of title 41 and the regulations implementing such section. This includes all small business concerns under the criteria and size standards in Title 13, Code of Federal Regulations, part 121 (13 CFR 121).

"Nonprofit Research Institution" means a nonprofit institution, as defined in 15 U.S.C. 3703: An organization owned and operated exclusively for scientific or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

"Small Business" is defined under section 3 of the Small Business Act (15 U.S.C. 632) "Innovative" means—

- any new technology, process, or method, including research and development; or
- any new application of an existing technology, process, or method.

SUBMISSION GUIDANCE

- Offerors bear all costs to prepare and submit responses to solicitations;
- Technical data with military application may require appropriate approval, authorization, or license for lawful exportation;
- All offeror submissions shall be unclassified. In the event that an offeror requires certain information withheld from the public, shall include the following paragraph on the cover page:

“This solution brief includes data that shall not be disclosed outside the Government, except to non-Government personnel for evaluation purposes, and shall not be duplicated, used, or disclosed -- in whole or in part -- for any purpose other than to evaluate this submission. If, however, an agreement is awarded to this Company as a result of -- or in connection with -- the submission of this data, the Government shall have the right to duplicate, use, or disclose the data to the extent agreed upon by both parties in the resulting agreement. This restriction does not limit the Government's right to use information contained in this data if it is obtained from another source without restriction. The data subject to this restriction are contained in sheets [insert numbers or other identification of sheets]”

- Offerors should mark each restricted data sheet as follows:

“Use or disclosure of data contained on this sheet is subject to the restriction on the title page of this proposal.”

- To be eligible for award, offerors must be able to obtain necessary clearances. This is especially relevant for foreign-owned business

Please direct all questions and comments to accelerate@dla.mil