



# Other Transaction Agreement

## MTEC Solicitation Process

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# Statutory Requirement Prototype OTA

## Section 815, National Defense Authorization Act of 2016

Section 815 of the National Defense Authorization Act (NDAA) for Fiscal Year 2016, authorizes Department of Defense organizations to carry out **prototype projects** that are 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.



# Definition of Prototype Project

- Projects may include:
  - Systems or Subsystems
  - Components or Materials
  - Methodology or Processes
  - Technology
- A preliminary pilot, test, evaluation, demonstration or agile development activity.
- Used to evaluate the feasibility of a particular:
  - Technology
  - Process
  - Concept
  - End item
  - Effect, or other discrete feature



# Definition of Prototype Project

- Projects may involve:
  - Proof of concept
  - Pilot
  - Novel application of a commercial technology for a defense application
  - A creation, design, development, demonstration of technical or operational utility as related to a prototype
- Quantity limited to amount needed to prove technical or manufacturing feasibility or military utility



# MTEC Prototype Guidance

Recommended that projects be at a stage to:

- Conduct studies required for a regulatory filing to the Food and Drug Administration (FDA)
- Prototype design is near final
- Proof-of-concept has been demonstrated in a large animal model (if applicable)
- Committed industrial partner is involved
- Technology Readiness Level 4 – 6 typically



# Use of Authority/Requirements

- (A) There is at least one **nontraditional defense contractor** participating to a **significant extent** in the prototype project
- (B) **All significant participants** in the transaction other than the Federal Government are small businesses or nontraditional defense contractors
- “(C) At least one third of the total cost of the prototype project is to be paid out of funds provided by parties to the transaction other than the Federal Government
- (D) The senior procurement executive for the agency determines in writing that exceptional circumstances exist (**uncommon**)



# Definition of Nontraditional

A nontraditional defense contractor is a business unit that has not, for a period of at least one year prior to the issue date of the Request for Project Proposals, entered into or performed on:

- *any contract or subcontract that is subject to **full coverage** under the cost accounting standards (CAS) prescribed pursuant to section 26 of the Office of Federal Procurement Policy Act (41 U.S.C. 422) and the regulations implementing such section*



## **“Nontraditional” (continued)**

Nontraditional defense contractors can be at the prime level, team members, subcontractors, lower tier vendors, or "intra-company" business units; provided the business unit makes a significant contribution to the prototype initiative (i.e., is a key participant).





# Significant Participation

No statutory definition of Significant Participation

- Per the DoD OT Guide, rationale to justify a *significant contribution* include:
  - Supplying a new key technology or products,
  - Accomplishing a significant amount of the effort
  - Causing a material reduction in cost or schedule, and/or
  - Increase in performance



# Warranties and Representations

- Used along with statement of work and proposal to ensure project meets OTA statutory authority
- Specifically addresses whether criteria regarding non-traditional participation to a significant extent has been met
- Opportunity for proposer to make case that contributions of nontraditional defense contractor are significant
- More detail and specificity is better than less



## Cost Share

Without significant participation of a nontraditional defense contractor, a project can still be awarded under OTA, if 1/3 of the total project cost is provided as cost share:

### ***Project or program costs not borne by the Federal Government***

- Proposed cost share is defined in terms of source and applicability to the performance of the project.
- Offeror must demonstrate determination (methodology) of cost share value



# Types of Cost Share

- **Cash:** Outlays of funds to perform the Research Project Awards. Cash includes labor, materials, and relevant subcontractor efforts. Sources include new Independent Research & Development (IR&D) funds, profit or fee from another contract, overhead or capital equipment expense pool. New IR&D funds offered to be spent on the Research Project Award SOW and subject to the direction of the initiative management may be utilized as cost share.
- **In-Kind:** Reasonable value of in-place equipment, materials or other property used in performance of the Research Project Award.



# Cost Share Requirements

- Must be part of the project scope
- Would otherwise be an allowable project cost
- Will be subject to review to cost reasonableness review
- Proposals that contain cost share cannot include fee
- May only be proposed on cost type agreements
- Must be concurrent with the proposed period of performance
- Offeror will be required to provide financial reporting with appropriate visibility into expenditures of Government funds and cost share funds



# Intellectual Property (IP) and Royalty Agreement

- IP rights will be defined in the terms of an awardee's Base Agreement and resultant Task Orders.
- Per Section 11.17 of the Consortium Member Agreement Intellectual Property of the MTEC Consortium Member Agreement (CMA)
  - Government-funded research projects awarded through MTEC will be subject to a 10% royalty on all **Net Revenues** received by the performing Member from licensing/commercialization of the technology, **capped at 200% of funding provided.**
  - MTEC members receiving MTEC funding agreements for research projects may choose between:
    - executing an MTEC Royalty Agreement outlining the terms in more detail, **or**
    - paying an additional 2% assessment fee on the award.



# Solicitation Process



# Solicitation Development

- Conduct Technology and Market Assessments in key research areas as approved by the Sponsors
- Gather Government agency requirements and private sector interests, and develop the draft solicitation
- Gather project ideas through Request for Project Information (RPI)
- Review and approve the draft solicitation (government + potential private sponsors)





# Request for Project Information (RPI)

- RPIs will include specific areas of interest for a given technology.
- Project submissions serve as a means to assess the specific technology landscapes and potentially focus the proposal effort that will follow.
- Project submissions are reviewed by the Sponsor and used in a manner that shapes a future MTEC solicitation that requests full project proposals.
- Project submissions may not contain proprietary information
- Project submissions will be accepted from both members and non-members.
- RPIs will be posted on MTEC website



# MTEC Solicitation Announcement

- E-mail sent to all MTEC members
- Special Notice posted to Fed Biz Opps
- Project Proposal documents
  - Request for Project Proposals (RPP) will be posted on MTEC public website
  - Proposal Preparation Guide (PPG) will be posted on MTEC “Members Only” website
  - Small Project Guide (SPG) - will be posted on MTEC “Members Only” website
- Members can submit questions regarding project calls to [mtec-sc@mtec-sc.org](mailto:mtec-sc@mtec-sc.org)
- FAQs are posted on MTEC “members only” website



# Request for Project Proposals (RPP)

- Presents specific technology objectives
- Presents commercialization plan requirements
- Describes military relevance requirements
- Addresses any unique requirements (page numbers, etc.)
- Includes evaluation criteria and adjectival merit rating description
- Project proposals will only be accepted from members in good standing.



# Proposal Preparation Guide (PPG)

- Describes content requirement of white papers (if required)
- Includes requirements for separate technical volumes and cost volumes
- Describes potential award types and process for making research project awards
- Describes proposal compliance screening process



# Small Project Guide (SPG)

- Streamlined guide
- Smaller dollar projects
- Less information is required



# Research Project Awards

- Base Agreements
  - Will include terms and conditions from MTEC OTA
  - Sample base agreement available for review on the MTEC members only website
  - Anticipate base agreements will be negotiated following project approvals
    - All projects approved for funding immediately
    - Projects in the basket
- Task Order Award
  - Statement of Work
  - Milestone/Deliverables



# Basket Provision

- **Provides Offerors multiple “bites at the apple” in a given solicitation cycle.** If funding is not available from the original sponsor at the time of source selection, that sponsor has the option of placing a source-selection-approved proposal in an electronic “basket” with the option of funding it within two years of the date of the original solicitation.
- Should funds subsequently become available, the original proposal may receive funding by:
  - The same funding sponsor at a later time when additional funds become available (up to 2 years from original solicitation);
  - A different federal funding sponsor;
  - A private sector funding sponsor (philanthropic, foundation, venture, etc.)



**MTEC**  
Medical Technology  
Enterprise Consortium

## MTEC Proposal-Award Cycle

