

Top 10 Challenges of Acquisition Through OTAs

1. *Procurements tend to be quick-notice, making bids difficult to resource and team*
2. *Extensive requirements limit participation from foreign-owned companies*
3. *Low barriers to entry enable companies to throw buzzword-laden unqualified bids over the transom*
4. *Working through a consortium can limit ability to shape and/or tailor a bid to a customer*
5. *"Non-traditional" contractor definition is ambiguous, leading to "traditional" contractor participation*
6. *"Black box" nature of procurement decision-making deters some non-government contractors from bidding*
7. *Limited public information on when consortiums will start can decrease participation*
8. *Consortium selection for OTA procurements is opaque, requiring bidders to be "in the know" to succeed*
9. *Elimination of protests liberates procurement officers and frustrates competitors*
10. *Increasing regulatory oversight, as evidenced by the Rean Cloud decision, will rein in OTA abuse*

Late to the OTA Parade

- 🐾 Government customers are shifting procurements to OTAs faster than people in Washington are hopping on the Capitals' bandwagon
- 🐾 With flexibility, quick time-frames, and low barriers to entry, OTAs have recently outskated conventional procurement strategies
- 🐾 OTAs are well-established procurements that can put you or your procurement officer in the penalty box (looking at you, Mr. Wilson)
- 🐾 OTAs are not a panacea, and are limited to certain types of work and specified agencies; league officials are currently reviewing abuses
- 🐾 Just as Ovie needs Backstrom, OTAs are a critical role player in maintaining customer access and ultimately driving growth
- 🐾 As with the Capitals' GM this offseason, contractors will need to reassess spending priorities to retool BD shops for OTA competition

Rock the OTA

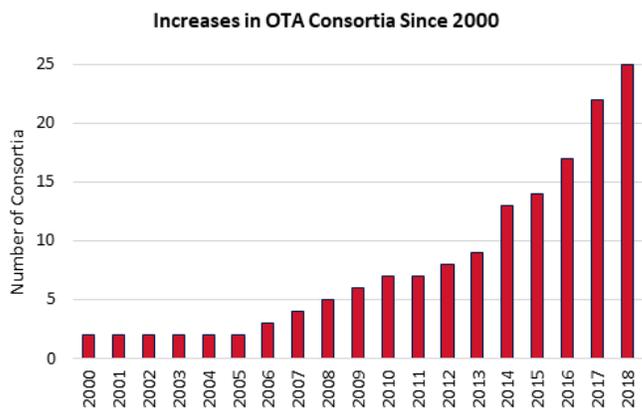
With the Washington Capitals finally capturing Lord Stanley's cup after years of coming so close, a red tidal wave has crested in the DC area. Elsewhere in DC, contractors and federal procurement executives have been hopping on the Other Transaction Agreement (OTA) bandwagon. Like the Capitals' 43-year championship drought, OTAs were prominent at NASA in the 1950s and then largely forgotten until recently. Initially intended as an alternative mechanism for acquiring cutting edge R&D and rapid prototypes from non-traditional contractors, OTAs have re-entered the mainstream due to their increased flexibility and reduced procurement friction. As a result, the OTA scene looks like the streets around Capital One Arena after the Game 5 win over the Golden Knights.

A Hat Trick

In addition to providing benefits to the agencies who use them, OTAs can score three big points for contractors who play the game. First, there are usually very few barriers to entry. Participation in an OT consortium – an organization comprised of member companies that participate in OTAs managed under an administrator – usually only requires paying a fee to get access to all solicitations under that consortium. Second, bidders can expect much quicker turnaround times for awards than under conventional procurement processes, with the added benefit of avoiding the lengthy and costly protest delays. Third, while OTAs themselves are typically shorter-term awards, successful execution on an OTA can lead to a lucrative sole-source "Production OTA" follow-on effort. With so many benefits to customers and contractors, it is no wonder that OTAs are on the rise and that those who have mastered them are taking share.

Power Play

Like the Capitals' dominating power plays, OTAs are a game changer with significant momentum. Dollar-weighted usage of OTAs increased more than 500% from 2012 to 2017. In 1998, there was one OTA consortium. Today there are already 25 with new ones constantly forming. Since FY16, each subsequent National Defense Authorization Act (NDAA) has expanded and facilitated the DoD's authority and ability to utilize OTAs, with the biggest push occurring in the FY18 NDAA. With



The number of OTA consortia has expanded significantly in the past ten years, with 16 consortia starting between 2014 and 2018 alone.
Source: Wolf Den Analysis from open source data on 23 consortia

recent calls for agencies to modernize and embrace new commercial technologies, OTAs will continue to be a popular way to engage innovative solutions and to streamline acquisition. While agencies will face challenges with respect to OTA usage, there is no doubt they will remain on the ice.

Offseason Planning

To make the most of the opportunities presented by OTAs, business development organizations have a lot of work to do this offseason. OTA responses typically only allow for 10-15 pages (to include technical and management solutions and a cost estimate) and the response period is usually only a few weeks. Competing under these constraints requires more effort pre-RFP to shape requirements, as well as a compelling elevator pitch refrain in the actual submission. Furthermore, the sales cycle governing traditional pipeline conversion is less relevant in OTA competitions. Agencies that use OTAs are looking for fresh ideas that lend themselves to incremental procurements. This requires bidders to modify incentives around smaller initial awards and lucrative follow on efforts, lest they risk the "Barry Trotz(es)" of their team leaving for greener pastures. Mastering these OTA best practices can fuel your next successful playoff run.