

## Overview of Other Transaction Authority (OTA)

**Other Transaction Authority (OTA)** is a flexible contracting mechanism used by various U.S. federal agencies—most prominently the Department of Defense (DoD)—to accelerate research, development, and prototyping without the constraints of traditional Federal Acquisition Regulations (FAR). OTAs are primarily used for innovative projects and partnerships with non-traditional defense contractors.

### Key Characteristics of OTA

1. **Not Bound by FAR:** OTAs are exempt from most regulations under FAR, offering greater flexibility in contract terms, pricing, and structure.
2. **Types of OTAs:**
  - **Research OTAs:** Support basic, applied, and advanced research efforts.
  - **Prototype OTAs:** Focus on creating and testing prototypes to meet specific government needs.
  - **Production OTAs:** Used for transitioning a successful prototype into production.
3. **Focus on Innovation:** OTAs are designed to engage non-traditional contractors (companies that don't usually do business with the government) and encourage innovation in technology and defense.
4. **Streamlined Process:** Unlike FAR-based contracts, OTAs have fewer procedural requirements, reducing administrative burdens and enabling faster procurement cycles.
5. **Flexibility in Negotiation:** OTAs allow customized terms for intellectual property, cost-sharing, payment structures, and project management.

### Legal Foundation and Authority

- **10 U.S.C. § 4021–4023** provides the DoD with statutory authority for OTAs.
- Other agencies like NASA, the Department of Energy, and the Department of Homeland Security also have OTA authority.

### Benefits of OTAs

- **Speed and Efficiency:** Reduces time from contract award to project execution.
- **Encourages Innovation:** Attracts startups and non-traditional defense companies.
- **Tailored Contracts:** Allows for customized agreements that fit the project's unique needs.
- **Collaboration:** Promotes partnership between government, industry, and academia.

### Common Use Cases

- Development of cutting-edge defense technologies.
- Cybersecurity research and solutions.
- Artificial Intelligence (AI) and machine learning initiatives.
- Space technology and satellite development.

## Challenges and Risks

- **Oversight and Transparency:** OTAs lack the built-in safeguards of FAR-based contracts, raising concerns about accountability.
- **Complex Negotiation:** The flexibility can lead to complex and lengthy negotiations.
- **Risk of Misuse:** Potential for misuse due to less stringent requirements.

## Recent Trends

OTAs have seen explosive growth, particularly within the DoD, driven by the need to quickly adapt to emerging threats and technological advances. In 2020, the DoD's use of OTAs reached record levels, focusing on areas like hypersonics, AI, and COVID-19 response.

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Let me know if you want a more detailed breakdown of a specific aspect—like legal framework, contracting examples, or recent OTA-awarded projects!

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**You said:**

what are recently awarded projects

**ChatGPT said:**

The U.S. Department of Defense (DoD) has recently utilized Other Transaction Authority (OTA) to expedite the development and procurement of critical defense technologies. Notable recent OTA awards include:

### 1. Defense Industrial Base Consortium (DIBC) OTA Award

In January 2024, the DoD awarded an OTA to Advanced Technology International (ATI) to serve as the consortium manager for the newly established Defense Industrial Base Consortium. This initiative aims to accelerate research and access commercial solutions from industry, academia, and non-traditional contractors to strengthen the defense industrial base. The agreement has a ten-year performance period and is designed to stimulate growth and innovation within the defense sector.

[Defense.gov](https://www.defense.gov)

### 2. Stinger Missile Upgrades and Replacement

In September 2023, the Army awarded OTAs to Raytheon Co. and Lockheed Martin Corp. for the enhancement and replacement of Stinger missiles. Raytheon's agreement has a ceiling of \$418.3 million, with an initial obligation of \$26.1 million, and work is expected to be completed by March 2028. Lockheed Martin's agreement also has a ceiling of \$311.9 million, with the same

initial obligation, and an estimated completion date of June 2028. These agreements aim to modernize the Stinger missile systems to meet current and future defense needs.

[Defense.gov](https://www.defense.gov)

These recent OTA awards underscore the DoD's commitment to leveraging flexible contracting mechanisms to rapidly develop and deploy advanced defense capabilities.

Sources



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**You said:**

must small business be involved in other transaction authority contracts

**ChatGPT said:**

No, small businesses are **not required** to be involved in **Other Transaction Authority (OTA)** contracts, but their participation is **strongly encouraged** and can be beneficial for the government and the contracting consortium. OTAs are designed to attract **non-traditional defense contractors** (including small businesses and startups) that may not typically engage in government procurement due to the complexity of Federal Acquisition Regulations (FAR).

## Key Points about Small Business and OTAs

### 1. No Mandatory Small Business Set-Asides

Unlike traditional contracts governed by FAR, OTAs do not have mandatory small business set-aside requirements. However, contracting officers often promote small business involvement as part of overall program goals.

### 2. Opportunities for Small Business Innovation

Small businesses often bring innovative technologies to the table, making them attractive partners for OTA projects. The government frequently seeks their expertise in cutting-edge areas such as:

- Artificial Intelligence (AI)
- Cybersecurity
- Biotechnology
- Hypersonic technology
- Advanced manufacturing

### 3. Consortium Participation

Many OTAs are awarded through **consortia**, which are groups of companies, including large primes, small businesses, and academic institutions. Joining a consortium can be an effective way for small businesses to gain access to OTA opportunities.

### 4. Direct Contracting or Subcontracting

- **Direct Contracting:** Small businesses can receive OTAs directly if they meet the government's needs.
  - **Subcontracting:** They may also participate as subcontractors or collaborators with larger companies on OTA projects.
5. **Non-Traditional Defense Contractors (NTDCs)**  
Small businesses are often classified as **non-traditional defense contractors** (NTDCs) because they have not been significantly engaged in defense contracts for the past year. OTAs prioritize engaging these companies, giving small businesses a competitive edge.

## Benefits for Small Businesses

- **Reduced Bureaucratic Burden:** OTAs avoid many FAR-based compliance requirements, lowering barriers for small businesses.
- **Faster Contracting Timeline:** Accelerated award processes compared to FAR-based contracts.
- **Flexible Negotiation:** Easier to negotiate intellectual property rights, terms, and conditions.
- **Access to Larger Projects:** Collaborating with larger primes or joining consortia can open doors to high-value contracts.

## Recent Trends

Government agencies are increasingly promoting small business participation in OTAs. Programs like the DoD's **Small Business Innovation Research (SBIR)** and **Small Business Technology Transfer (STTR)** are often linked to OTA opportunities.

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Let me know if you want examples of consortia small businesses can join or tips for how to get started with OTA contracts!