

Breaking rules, making rules

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*Early Stage Capital in the United States: Moving Research Across
the Valley of Death and the Role of SBIR
The National Academies*

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What makes DARPA unique...

Formed in 1958 to **PREVENT** and **CREATE** strategic surprise...

Capabilities, mission focused

Finite duration projects

Diverse performers

Multi-disciplinary approach...from
basic research to system engineering

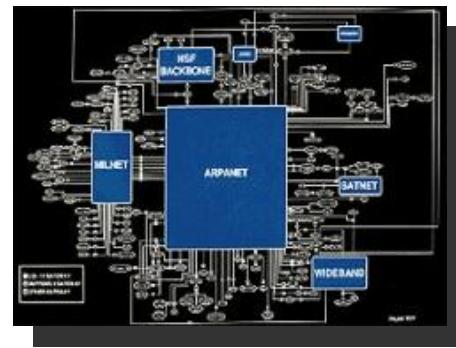
DARPA is the DoD's innovation engine.



A history of disruption...



SATURN



ARPANET



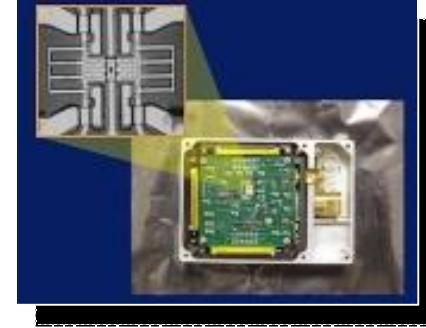
STEALTH FIGHTER



GPS



PREDATOR



MEMS



Strategic surprise requires...

finding the...

Best Jumpers

the ability to...

Protect the
Fragile/Fleeting

the willingness to...

Challenge One's
World View

Bold, best-in-class
technical experts
and knowledgeable,
lean, adaptable
support staff...

...who recognize
opportunities and
are empowered to
act rapidly...

...and are unafraid to
challenge
conventional
viewpoints
or methods.



Changes to SBIR create...

Better SBIR connectivity to on-going DARPA programs

- Fewer topics; more SBIRs per topic
- Complementary/supportive tasks

Better alignment for access to venture capital & private investment

- Simplified contracts
- Clear data rights & IP language
- Communications outreach to private investment sector

Better access to awarded funds

- Reduced time from selection to contract award from 5-6 months typical to < 60 days
- New contract mechanisms (Other Transactions)
- More options for performers



DSO HPO IPTO TTO SDO TCTO AEO

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Other Transactions

President Obama's National Innovation Strategy, described in "*A Strategy For American Innovation: Driving Towards Sustainable Growth And Quality Jobs*" seeks to harness the inherent ingenuity of the American people and a dynamic private sector to ensure that the next expansion is more solid, broad-based, and more beneficial than previous ones. It focuses on critical areas where sensible, balanced government policies can lay the foundation for innovation that leads to quality jobs and shared prosperity. It has three goals: (1) Invest in the Building Blocks of American Innovation; (2) Promote Competitive Markets that Spur Productive Entrepreneurship; and (3) Catalyze Breakthroughs for National Priorities.

In support of this strategy, the Office of Science and Technology Policy, in conjunction with the Small Business Administration, established the Innovation and Entrepreneurship Working Group. As a participating member of the SBIR Improvement sub-group, DARPA has brought to the forefront the issue of the difficult and lengthy contract negotiation and award process and has developed a Sample Agreement document under the Other Transactions (OTs) for Prototypes authority in an effort to streamline the process. The use of OTs provides commercial companies an alternative to procurement contracts subject to the Federal Acquisition Regulation and allows these companies that traditionally have not done business with the Government to utilize commercial practices in their award negotiation.

Coined as the "1040-EZ" SBIR, this Sample OT is designed to:

- Simplify and standardize as much as possible
- Be concise and make the process more logical and easier to read and understand
- Cut negotiation and award timeframe to less than 60 days from time of selection to funding vs. the current average timeframe of 180 days
- DARPA "Beta test" for "1040-EZ": the first OT took 37 business days

RELATED INFORMATION

Documents



Other Transaction (OT) for Prototype Fact Sheet [\[PDF\]](#)



Sample Other Transaction for Prototypes Agreement [\[PDF\]](#)



"OTHER TRANSACTIONS" (OT) Guide for Prototype Projects [\[PDF\]](#)

 [Download Adobe Acrobat Reader](#)

Links

[\(DPAP\) Defense Procurement and Acquisition Policy - Other Transactions](#)

Other Transactions Award Timeline		
Potential Candidates	Confirmed Candidates	Average Days to Award
8	3	28

<http://www.darpa.mil/sbpo/ot/index.html>



www.darpa.mil