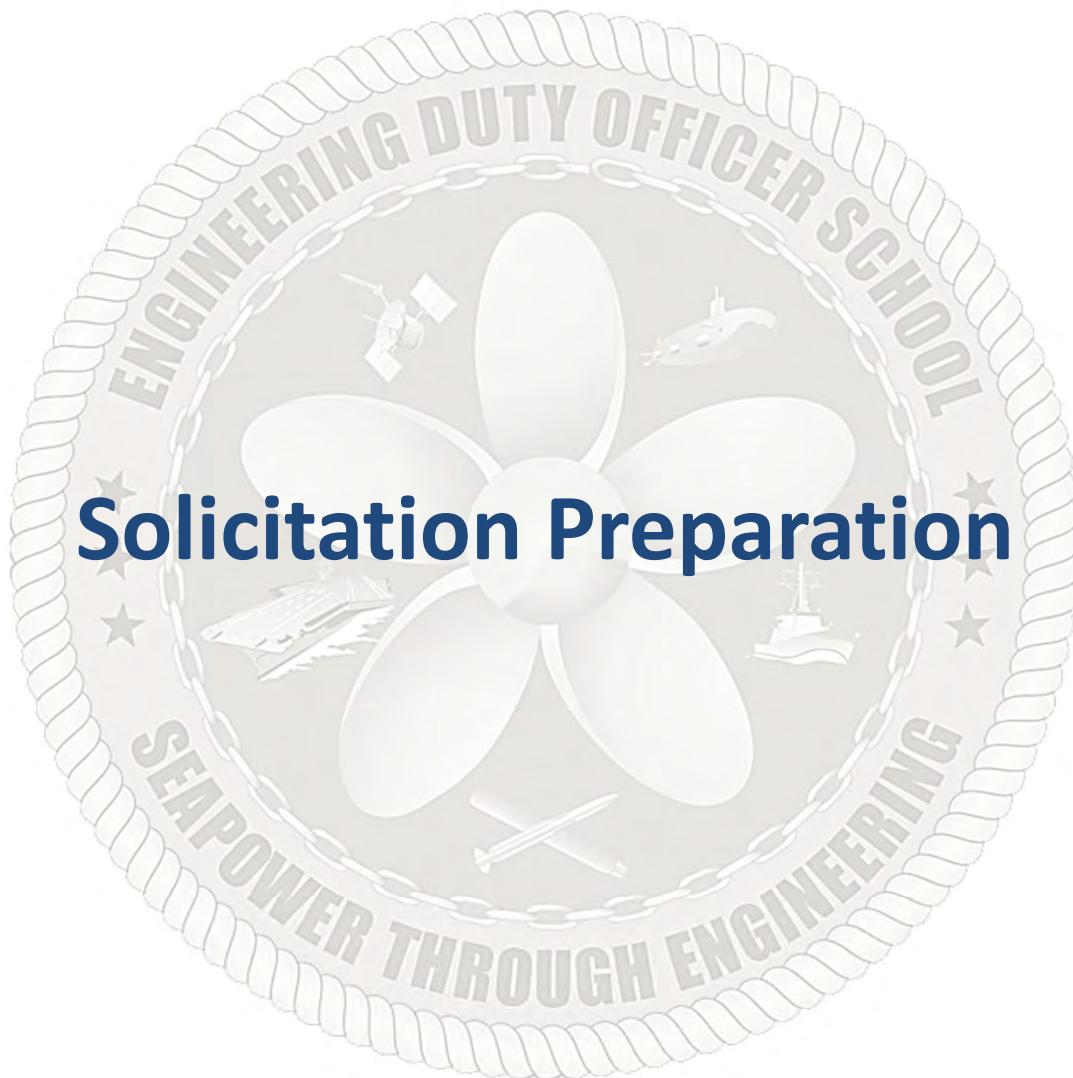




SEAPOWER THROUGH ENGINEERING



3.2.2

TOPIC LEARNING OBJECTIVES	STUDENT PREPARATION
<p>Upon successful completion of this topic, the student will be able to:</p> <ol style="list-style-type: none">1. Recognize the differences between sealed bidding and the negotiation methods of contracting.2. Recognize the differences between variants of fixed-price and cost-reimbursement type contracts.<ol style="list-style-type: none">a. Given the actual cost, target cost, target profit, target price, share line, and ceiling price on a fixed price incentive firm target contract, correctly calculate the final contract price3. Select appropriate contract type based upon program risk, recognizing the linkage between acquisition strategy, the contracting process, and program risk.4. Recognize the availability and flexibility of Indefinite Delivery/Indefinite Quantity (ID/IQ) contract types.5. Recognize the Pre-Solicitation Phase development sequence, to include the development of source selection criteria before release to industry.6. Recognize the work required to develop a contract requirements package and the need for coherent solicitation packages.<ol style="list-style-type: none">a. Identify methods of pre-solicitation communication with defense Contractorsb. Identify how the Government communicates performance requirements in solicitations7. Recognize the costs of Contractor-furnished data and how to request Contractor-furnished data in the Request for Proposal (RFP).8. Recognize the necessity for a well-written Statement of Work (SOW) or Statement of Objectives (SOO) and DoD's movement towards using performance-based solicitations.9. Identify the role of various Integrated Product Team members in conducting market research and developing the solicitation.	<p>Primary References</p> <ol style="list-style-type: none">1. Federal Acquisition Regulations (FAR)2. NAVSEA Contracts Handbook (NCH) https://wiki.navsea.navy.mil/display/NAP/NAVSEA+ACQUISITION+POLICY+Home <p>Additional References</p> <ol style="list-style-type: none">1. Defense Acquisition Guidebook (DAG) https://www.dau.edu/tools/t/Defense-Acquisition-Guidebook2. Department of Defense Source Selection Procedures Memo APR 2016 https://www.acq.osd.mil/dpap/policy/policyvault/USA004370-14-DPAP.pdf

TOPIC LEARNING OBJECTIVES

Upon successful completion of this topic, the student will be able to:

10. Identify current socioeconomic programs and determine their contractual consequences.
11. Identify the policy and concepts involved in the acquisition of data rights.
12. Identify descriptions of contracting terms (e.g., solicitation, RFP, Invitation for Bid (IFB), sealed bid, uniform contract format, SOO, SOW, and evaluation factors).

STUDENT PREPARATION

Primary References

1. Federal Acquisition Regulations (FAR)
2. NAVSEA Contracts Handbook (NCH)
<https://wiki.navsea.navy.mil/display/NAP/NAVSEA+ACQUISITION+POLICY+Home>

Additional References

1. Defense Acquisition Guidebook (DAG)
<https://www.dau.edu/tools/t/Defense-Acquisition-Guidebook>
2. Department of Defense Source Selection Procedures Memo APR 2016
<https://www.acq.osd.mil/dpap/policy/policyvault/USA004370-14-DPAP.pdf>

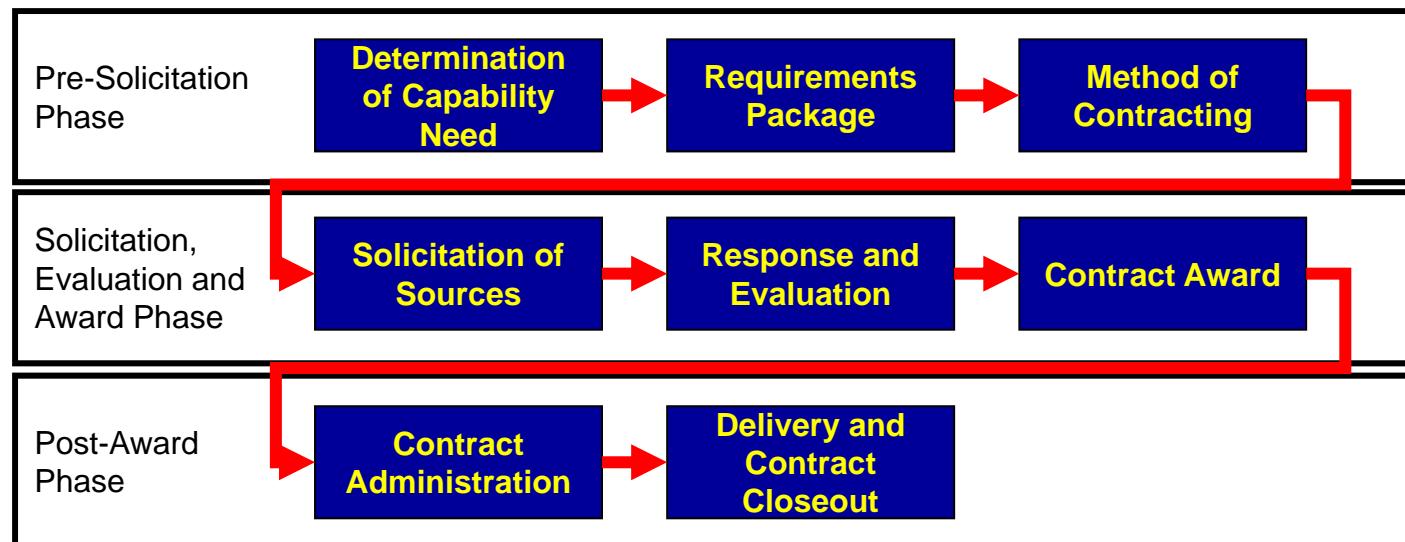


Overview

- Contracting Process
- Market research
- Methods of Contracting
- Types of Contracts
 - Fixed-Price
 - Cost-Reimbursement
 - Other
- Special Contracting Cases
- Data rights
- Uniform Contract Format (UCF)

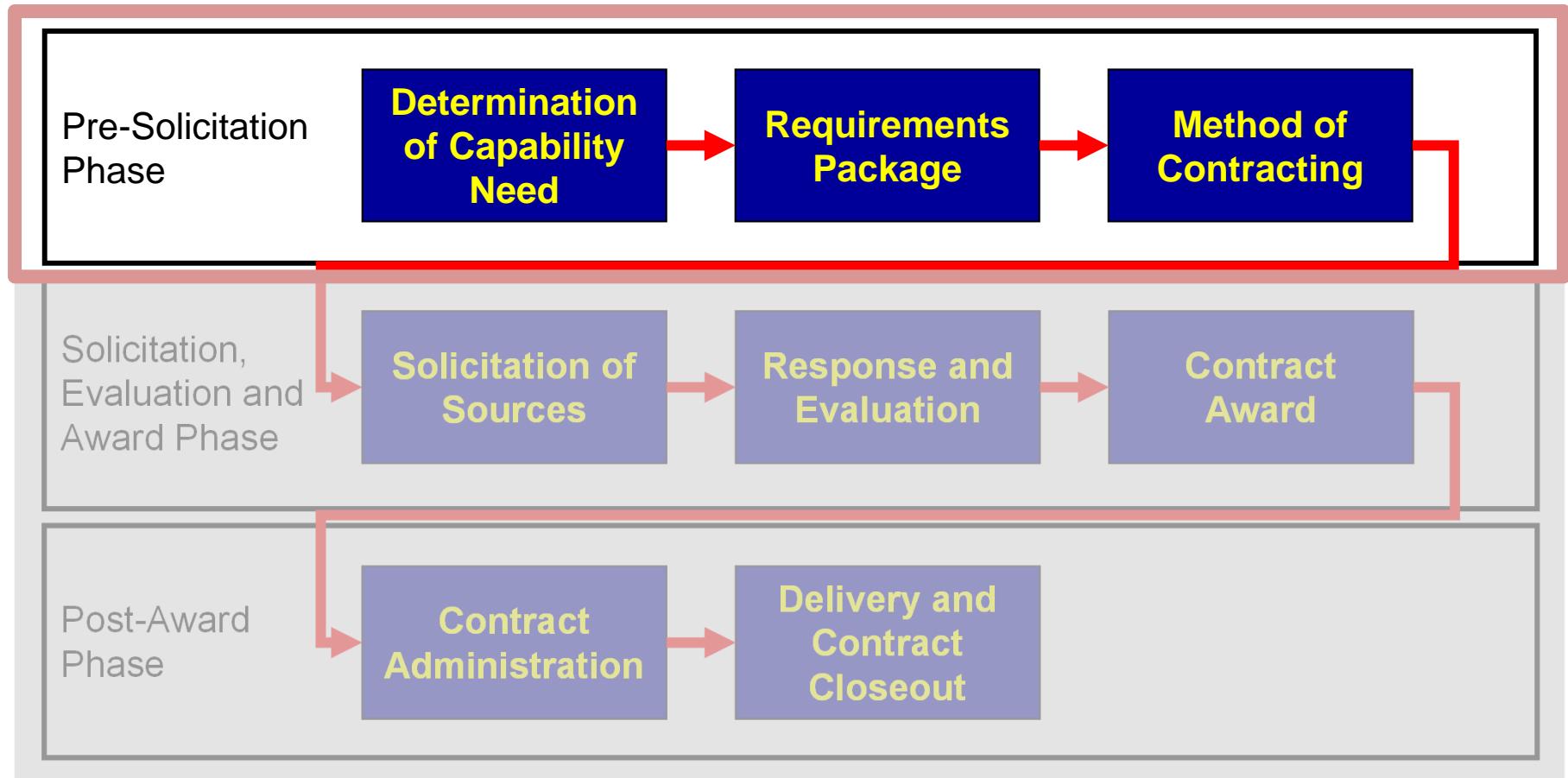


The Contracting Process





Pre-Solicitation Phase





Pre-Solicitation Activities

Pre-Solicitation Phase



- For a requirement to initiate the contracting process, all the following are required:
 - A need must be identified
 - A non-materiel solution cannot be identified
 - Approval must be given to pursue a materiel solution



Pre-Solicitation Activities

Pre-Solicitation Phase



- A requirements package may contain:
 - Management reviews and approvals
 - Certification of the availability of funds
 - Description of the requirements:
 - Specifications (performance or detail)
 - Statement of Work (SOW)/Statement of Objectives (SOO)
 - Purchase descriptions
 - Contract data requirements
 - Any special packaging and marking requirements
 - Recommended evaluation factors and criteria for contract award
 - Evaluation factors are developed by a team



Pre-Solicitation Activities

Pre-Solicitation Phase



- A requirements package may also contain:
 - Inspection and acceptance requirements
 - Delivery or performance requirements (delivery schedule)
 - Any special contract administration requirements
 - Any special provisions or clauses (e.g., options, Government Furnished Equipment (GFE))
 - Recommended potential sources and results of market research
 - Input for approval of other than full and open competition
 - Acquisition Plan, if required

A contract requirements package requires a great deal of work!



Statement of Objectives (SOO)/ Performance Work Statement (PWS)

- A **Performance Work Statement (PWS)** may be prepared by the Government or result from a **Statement of Objectives (SOO)** prepared by the Government, where the offeror proposes the PWS
- The **SOO** is a Government prepared document that provides the basic, high-level objectives of the acquisition
 - Provided in the solicitation in lieu of a Government written PWS
 - Offerors use the SOO to develop the PWS
- A **PWS** describes work in terms of required results rather than “how” the work is to be accomplished or the number of hours to be provided
 - May be developed by the Government, or may be developed by the offeror as a result of a **SOO** prepared by the Government
- Examples
 - PWS: “maintain grass between 1 and 2 inches”
 - SOO: “maintain attractive, functional groundcover”

In practice, a PWS is sometimes referred to as a Statement of Work (SOW)



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Pre-Solicitation Communication with Industry

- Before offers are solicited from industry, the needs that were identified by the requirements package must be advertised to determine which companies are interested
 - Market Research
 - Industry Day
 - Request For Information (RFI)
 - Draft RFP
- The source selection team should have robust communications with industry; the more the team understands about Industry's capabilities, the better the RFP and Source Selection Plan (SSP) will be



Market Research

- **Conducted throughout the acquisition life-cycle**
- Assist in development of the acquisition strategy and any related acquisition planning
- Involves evaluating the potential of the commercial marketplace to meet system performance requirements
- Used to:
 - Determine if sufficient sources exist and/or if commercial items are available to meet the requirement
 - Assist in performing price analysis
- Extent varies depending upon factors such as urgency, estimated dollar value, complexity, and past experience
- Done in an Integrated Product Team (IPT) environment



IPT Membership Roles in Market Research

- Program Manager (or representative)
 - Overall responsibility
 - Develop and implement the acquisition strategy
 - Ensure transparency in sources sought/market research process
- Contracting Officer
 - Negotiate, award, administer, and terminate contracts
 - Determine whether a requirement can be set aside for small business
 - Supported by a team of Contract Specialists, Cost Analysts, and other functional experts
- Technical Integrated Product Team (IPT) members
 - Evaluate existing commercial products and Non-Developmental Items (NDI)
- Cost Analysts
 - Provide input on proper contract pricing information

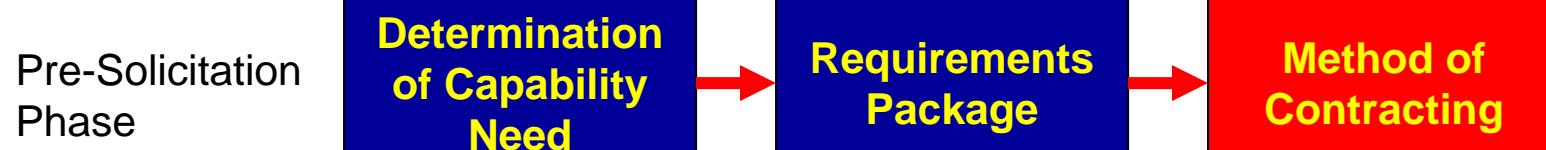


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Pre-Solicitation Activities



- Based on the requirements package, the Contracting Officer must decide which method of contracting to use:
 - Sealed bidding
 - Contracting by negotiation
- When contracting by negotiation, the Contracting Officer must determine what type of contract should result



Contracting Methods

■ Sealed Bidding

- Used when:
 - Time permits the solicitation, submission, and evaluation of bids
 - Award can be made on the basis of price or price-related factors
 - Specifications define requirements adequately so that it is unnecessary to conduct discussions
 - There is a reasonable expectation of receiving more than one bid
- Uses an ***Invitation For Bid (IFB)*** and awarded to the lowest priced, responsive, and responsible bidder

■ Negotiations

- Used when any of the four items under sealed bidding are lacking:
 - Time
 - Price Information
 - Requirements
 - Competition
- May use a sole source or competitive bidding process with a ***Request For Proposal (RFP)***
 - Awarded based on evaluation criteria contained therein
- Discussions or negotiations are expected to occur, at some point



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Contract Types

- A key decision that must be made during the pre-solicitation phase is what contract type to utilize
- Contract types vary according to:
 - The degree and timing of the responsibility assumed by the Contractor for the costs of performance; and
 - The amount and nature of the profit incentive offered to the Contractor for achieving or exceeding specified standards or goals
- Contract types are grouped into two broad categories:
 - **Fixed-price** - the Contractor is required to deliver the product specified and there is a maximum limit on the amount of money the Government may pay
 - **Cost-reimbursement contracts** - the Contractor is required to deliver a "best effort" to provide the specified product



Fixed Price Contracts

- Fixed-price contracts types provides for
 - Firm price, or
 - Adjustable price constrained by a ceiling price and/or guided by a target price adjusted only by operation of contract clause
- Fixed-price contracts are used when:
 - Scope of work is clear and defined
 - High confidence in the cost estimate
 - Transferring cost risk to the Contractor
 - Placing the requirement on the Contractor to control costs

Place the cost risk on the Contractor and can result in a higher initial contract cost



Fixed Price Contracts

Type of Contract	Description
Firm-Fixed-Price (FFP)	<ul style="list-style-type: none">- Government pays contract price which is not subject to adjustment regardless of Contractor's cost experience- Places upon the Contractor maximum risk and full responsibility for all costs and resulting profit or loss
Fixed-Price with Economic Price Adjustment (FP-EPA)	<ul style="list-style-type: none">- Government pays contract price which may be revised upward and downward upon the occurrence of specified contingencies
Firm-Fixed-Price Level of Effort (FP-LOE)	<ul style="list-style-type: none">- Requires the Contractor to provide a specified level of effort, over a stated period of time- Government pays the Contractor a fixed dollar amount
Fixed-Price-Incentive Firm Target (FPIF)	<ul style="list-style-type: none">- Government pays contract price that is the sum of final negotiated cost and final profit- Final profit is determined by comparing final negotiated cost and adjusting profit based on a formula (share-ratio)
Fixed-Price-Award-Fee (FPAF)	<ul style="list-style-type: none">- Government pays fixed-price and an award fee- Award fee is based on an evaluation criteria<ul style="list-style-type: none">- Used when Contractor performance cannot be measured objectively



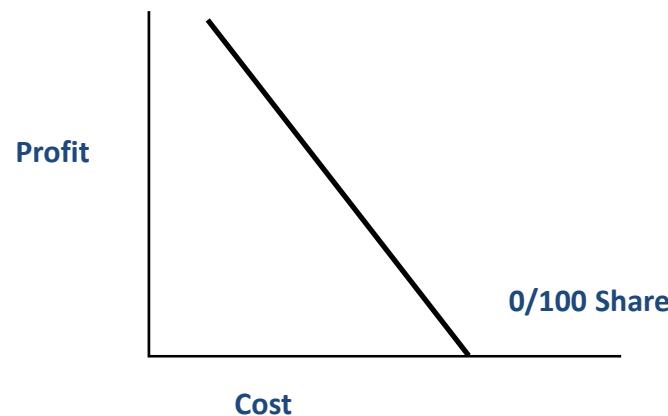
Fixed Price Contracts

Type of Contract	Description
Fixed-Price with Prospective Price Redetermination (FP-PPR)	Provides for a firm fixed price for an initial period of contract deliveries or performance and prospective redetermination, at a stated time or times during the performance, of the price for subsequent periods of performance
Fixed-Price with Retroactive Price Redetermination (FP-RPR)	Provides for fixed ceiling price; and retroactive price redetermination within the ceiling after completion of the contract

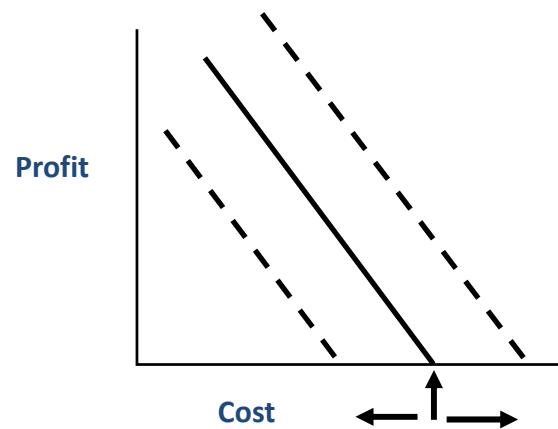


Fixed Price Contracts

Firm-Fixed-Price (FFP)

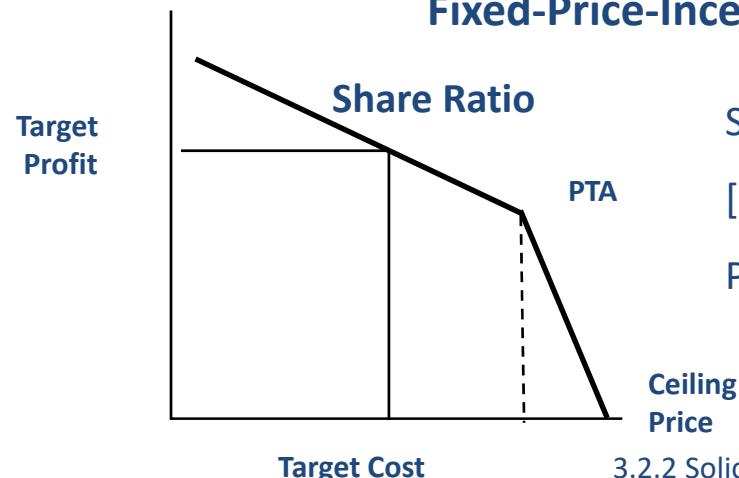


Fixed-Price Economic Price Adjustment (FP-EPA)



Price is increased or decreased based on economic trigger, typically an index is used

Fixed-Price-Incentive Firm Target (FPI(F))

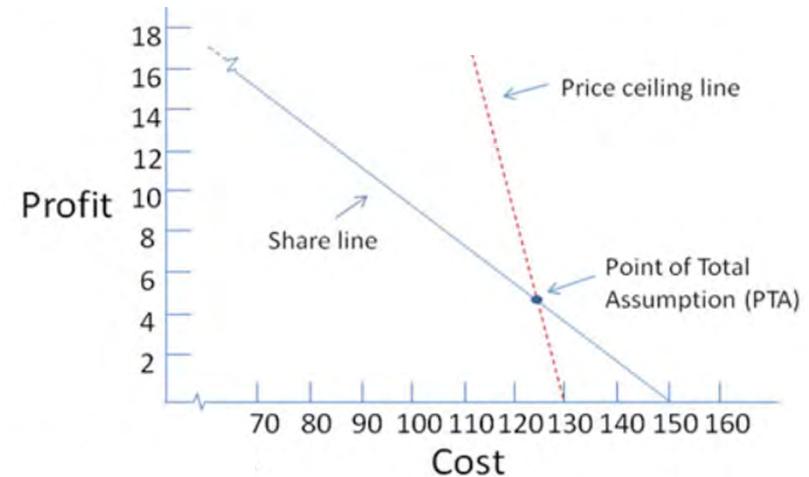


Share ratio is shown in the format:
[Government Share/Contractor Share]
PTA = Point of Total Assumption



Fixed-Price-Incentive Firm Example

- Given:
 - Target Cost: 100
 - Target Fee: 10
 - Target Price: 110
 - Ceiling Price: 130
 - Sharing Arrangement: 80/20
 - Actual Cost: ?
- (1) Determine overrun/underrun
 - Overrun/Underrun = Actual Cost - Target Cost
- (2) Determine adjusted fee
 - Adjusted Fee = Target Fee -/+ (.2 * Overrun/Underrun)
- (3) Compute final price
 - Final Price = Actual Cost + Adjusted Fee
 - If it is less than ceiling price



$$\text{PTA} = \frac{\text{Ceiling Price} - \text{Target Price}}{\text{Government Share}} + \text{Target Cost}$$



Fixed-Price-Incentive Firm Target Practical Exercise

- Given:
 - Actual cost: \$90,000
 - Target cost: \$100,000
 - Target fee: $10\% = \$10,000$
 - Target price = \$110,000
 - Share line: 80 GOV / 20 KTR
 - Ceiling price: \$130,000
- Calculate underrun/overrun
- Calculate adjusted fee (actual Contractor profit)
- Calculate final contract price



Cost Reimbursement Contracts

- Cost-reimbursement types of contracts provide for
 - Payment of allowable incurred costs, to the extent prescribed in the contract
 - Contain a total cost estimate for the purpose of obligating funds and a ceiling that the Contractor may not exceed (except at its own risk)
- Cost-reimbursement contracts are used when
 - Scope of work cannot be clearly defined to allow for a fixed-price type contract
 - Uncertainties involved in contract performance do not permit cost to be estimated with sufficient accuracy
 - Contractor's accounting system is adequate to track costs
 - Government surveillance will provide reasonable assurance that cost efficient methods and cost controls are used
 - Acquiring non-commercial items or services

*Places **cost risk on the Government**, but can result in a lower initial contract cost*



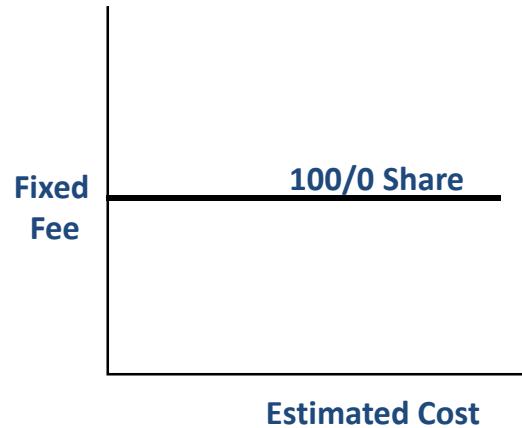
Cost-reimbursement Contacts

Type of Contract	Description
Cost-Plus-Fixed-Fee (CPFF)	<ul style="list-style-type: none">- Government pays allowable cost and fixed fee- Fixed fee does not vary with actual cost, but may be adjusted as a result of changes in the work to be performed under the contract
Cost-Plus-Incentive-Fee (CPIF)	<ul style="list-style-type: none">- Government pays allowable cost and incentive fee- Incentive fee determined by a formula based on the relationship of total allowable costs to total target costs- Specifies a target cost, a target fee, minimum and maximum fees, and a fee adjustment formula
Cost-Plus-Award-Fee (CPAF)	<ul style="list-style-type: none">- Government pays allowable cost, base fee (which can be zero) and an award fee
Cost	<ul style="list-style-type: none">- Government pays allowable costs, no fee
Cost Sharing	<ul style="list-style-type: none">- Government pays agreed-upon portion of allowable costs, no fee

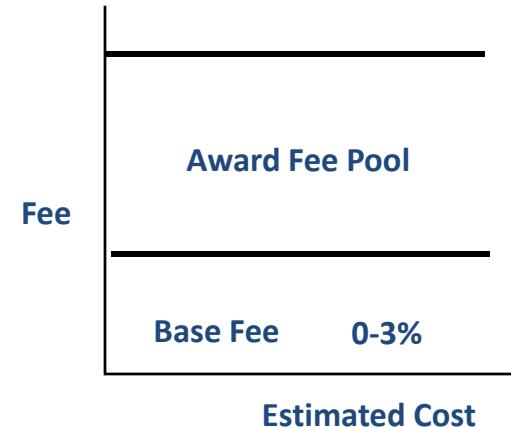


Types of Contracts: Cost-Reimbursement

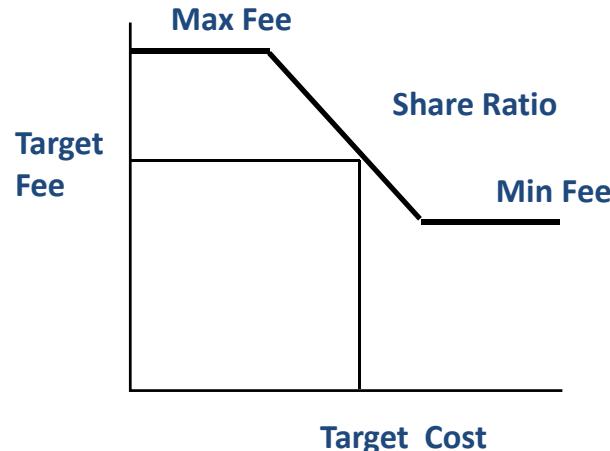
Cost-Plus-Fixed-Fee (CPFF)



Cost-Plus-Award-Fee (CPAF)



Cost-Plus-Incentive-Fee (CPIF)

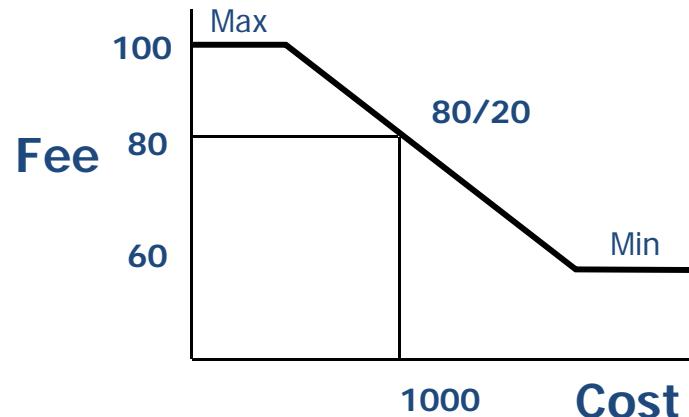


Share ratio is shown in the format
[Government Share/Contractor Share]



Cost-Plus-Incentive-Fee Example

- Given:
 - Target Cost: 1000
 - Target Fee: 80
 - Maximum Fee: 100
 - Minimum Fee: 60
 - Sharing Arrangement: 80/20
 - Actual Cost: ?
- (1) Determine overrun/underrun
 - Overrun/Underrun = Actual Cost - Target Cost
- (2) Determine Adjusted Fee
 - Adjusted Fee = Target Fee -/+ (.2 * Overrun/Underrun)
- (3) Compute Final Price
 - Final Price = Actual Cost + Adjusted Fee





Incentives

- The decision to use an incentive is driven by the requirement
- Incentivize Contractor to do their best
 - Cost incentive
 - Performance incentive
 - Schedule incentive
 - Award fee
 - Options
 - Mixed contract type Contract Line Item Number (CLIN) structure
- The use of award and/or incentive fees allows the Contracting Officer to further address risk concerns for key acquisition objectives



Incentives

- Incentive contracts provide the opportunity for the Contractor to realize increased profit for attaining cost, performance, and/or schedule criteria
- Incentives should be structured to achieve desired objectives through reasonable and attainable targets that are clearly communicated to the Contractor
 - Utilizes objective criteria
 - Used in fixed-price contracts by applying formula based on relationship between final negotiated price and total target cost; final price is subject to a predetermined ceiling
 - Used in cost-plus contracts by applying formula based on relationship between total allowable costs and total target cost; target cost, target fee, min and max fees are predetermined



Incentives

- Most incentives contracts include only cost incentives, which takes the form of a profit or fee adjustment formula (shareline)
 - The shareline motivates the KTR to meet or exceed the agreed-upon cost
 - The KTR is betting on their performance to earn a fee
 - The majority of incentive fee is identified for the shareline





Special Incentives

■ Special Incentives

- Specified contract areas that the Government wants to encourage the KTR to focus on
- Examples of special incentives on a construction contract:
 - Schedule (X by Y date)
 - Land first block unit (superlift)
 - Achieve X% erection
 - Key Events and Milestones
 - » Drydock progress
 - » Launch
 - » Land the mast
 - Delivery
 - Examples of special incentives on a design contract:
 - Number of drawings released by X date
 - Bills of Material completed by X date



Award Fee

- Award Fee: Utilizes subjective criteria
 - Used in fixed-price contracts when the Government wishes to motivate a Contractor and other incentives cannot be used because Contractor performance cannot be measured objectively
 - Award fee earned will be paid in addition to the fixed-price, the amount is not predetermined in the contract and the final fee is determined by evaluating the Contractor's performance
 - Used in cost-plus contracts when the Government wishes to motivate a Contractor for excellence in cost, schedule, and/or technical performance
 - A base fee is predetermined in the contract and additional award fees may be earned (in whole or in part) during performance to provide motivation



Award Fee

- Award fee criteria examples:
 - Systems Engineering
 - Defined interfaces
 - Successful design reviews
 - Designs that exceed thresholds and targets
 - Delivery and completeness of design drawings
 - Software reuse
 - Test
 - Successful test and evaluation of subsystems
 - Successful completion of demonstration
 - Obtain certification(s)



Major Contract Types: Summary

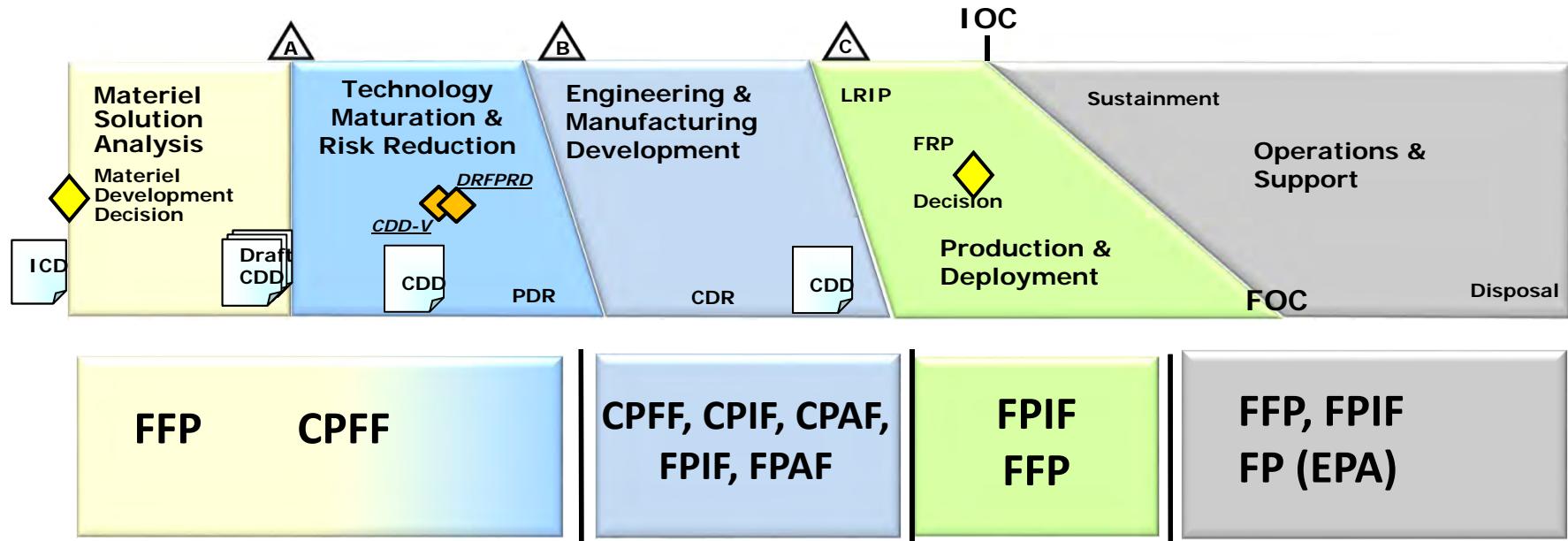
	Fixed-Price	Cost-Reimbursement
What is promised?	Acceptable goods/services	Best efforts
When is payment?	After delivery (progress payments possible)	As costs are incurred
Cost risk to Contractor:	High	Low
Cost risk to Government:	Low	High

- Fixed-Price
 - Requirement is clearly defined
 - Delivery of requirement expected
 - Price is not subject to adjustment
 - Profit is the result of cost control
- Cost-Reimbursement
 - Requirement is not well defined
 - Contractor performs best efforts
 - Government pays allowable, allocable, and reasonable costs
 - Profit is paid in the form of fees

A contract may include multiple contract types through the use of CLINs



Contracting Type by Phase of the Acquisition Process (Notional)



CPFF= Cost-Plus-Fixed-Fee

CPAF= Cost-Plus-Award-Fee

CPIF= Cost-Plus-Incentive-Fee

FPIF= Fixed-Price-Incentive-Firm

FFP = Firm-Fixed-Price

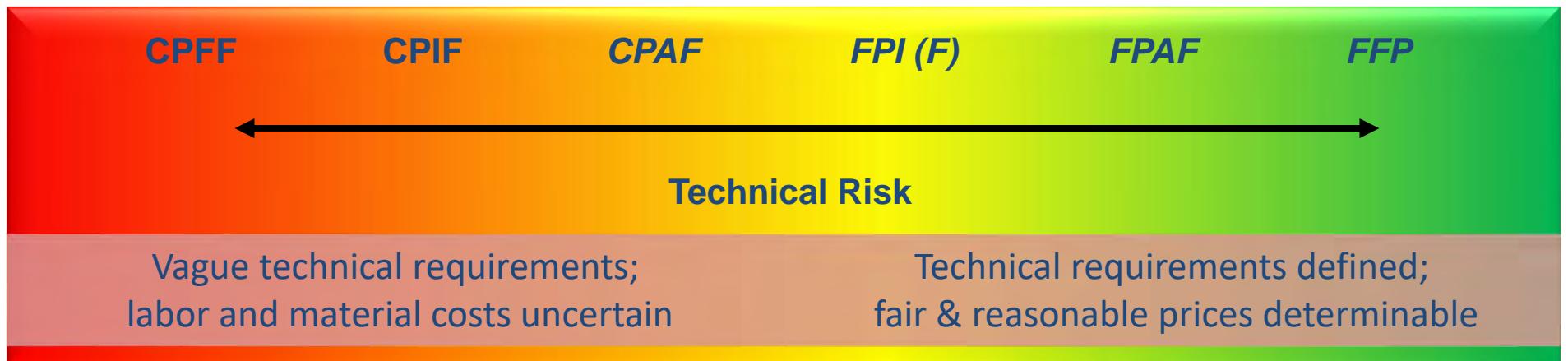
FP (EPA) = Fixed-Price Economic Price Adjustment

Contract type is influenced by program risk and requirements



Risk and Contract Types

Greatest Cost Risk to the Contractor →
← **Greatest Cost Risk to the Government**





Practical Exercise: Select an Appropriate Contract Type

- What type of contract would you use? Why? What if you were the Contractor? Keep in mind the linkage between acquisition strategy, the contracting process, and program risk
 - The Program Office has been dealing with this Contractor for over 20 years
 - The scope of work is clear and defined, you have high confidence in the Government cost estimate and the Contractor has a track record of completing ahead of schedule and under budget
 - The USS PIERSIDE is a new class of submarine that is entering a private sector shipyard for the first of class depot level overhaul
 - Notional cost estimates have been developed based on previous classes but have not been confirmed for the PIERSIDE class



Indefinite-Delivery Contracts

- Indefinite-delivery contracts used when agency has frequent needs for a product or service but aren't certain how much they need or for how long
 - Streamlines the procurement process
 - Reduces lead times to award individual task or delivery orders
- There are three types of indefinite-delivery contracts:
 - Definite-quantity contracts (IDQ)
 - Provides for delivery of a definite quantity of specific supplies or services for a fixed period
 - Indefinite-quantity contracts (IDIQ)
 - Provides for delivery of an indefinite quantity, within stated limits (minimum and maximum), of supplies or services during a fixed period
 - Single Award IDIQ or Multiple Award Contract (MAC) IDIQ
 - Requirements contracts
 - Provides for filling all actual purchase requirements for supplies or services during a specified contract period (from one Contractor) by placing orders with the Contractor



Other Contract Types

- Time-and-Materials (T&M)
 - Provides for acquiring supplies and services on the basis of
 - Direct labor hours (labor rate includes profit)
 - Materials at cost
 - May only be used only when it is not possible at the time of placing the contract to estimate accurately the extent and duration of work or to anticipate cost with any reasonable degree of confidence
- Labor-Hour
 - Like time-and-materials but without material
- Letter Contract (a.k.a. Undefinitized Contract Action (UCA))
 - Written preliminary contractual instrument containing a price ceiling that authorizes the Contractor to immediately begin manufacturing supplies or performing services
 - May be used when:
 - The Government's best interests demand that the Contractor be given a binding commitment so that work can start immediately
 - Negotiating a definitive contract is not possible in sufficient time to meet the requirements



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Special Contracting Cases: Socioeconomic Programs

- Small Business Concern: Not industry dominant, independently owned and operated, meets size requirements per 13 CFR 121 (see FAR 19.102)
- Special Disadvantaged Business concerns are socially or economically disadvantaged as determined by the Small Business Administration (SBA):
 - Small Business
 - Other than Small Business
 - Woman-Owned Small Business
 - Veteran-Owned Small Business
 - Service-Disabled Veteran-Owned Small Business
 - SBA Certified Small Disadvantaged Business
 - SBA Certified 8(a) Firm
 - SBA Certified HUBZone (Historically Underutilized Business) Firm

Small businesses represent over half of all private sector jobs; socioeconomic programs help improve their economic status and competition in the market



Special Contracting Cases: Socioeconomic Programs

- A set-aside is the reserving of an acquisition exclusively for participation by small businesses
 - Helps ensure that small businesses who are certified can compete for Federal contracting opportunities
- Set-asides for:
 - Less than Simplified Acquisition (\$10K to \$250K)
 - Automatically and exclusively set-aside for small businesses
 - Acquisitions Exceeding \$250K
 - Set-aside for small business participation when there is a reasonable expectation that offers will be obtained from at least two responsible small businesses; and
 - Award will be made at fair market prices
- Partial set-aside:
 - Contracting officers may, at their discretion, set aside a portion or portions of a multiple-award contract, except for construction



Special Contracting Cases: Socioeconomic Programs

- The Small Business Administration (SBA) 8(a) Program
 - SBA contracts with other agencies and then sub-contracts to small disadvantaged businesses within 8(a) program
 - Foster/expand the company's capabilities, and when it graduates it will be a viable self-sustaining business
 - Opportunity for the disadvantaged business to get awards with limited/no competition (nine years max)
- Other Transaction Authority (OTA)
 - Flexible funding tool, generally not required to comply with Federal laws and regulations that apply to contracts (used only under special circumstances)
 - Provide specific authority to award contracts for research and development, prototyping, and follow-on production



Special Contracting Cases: Small Business Innovation Research (SBIR)

- SBIR is a program that creates opportunities for small businesses to develop innovative technologies for the Government, which they can then commercialize
 - Government funds cover startup and development stages
 - Commercialization of technologies stimulates U.S. economy
- Large R&D organizations are required to allocate ~3% of budgets to SBIR programs
- 3 Phased approach

Your organization may have SBIR funds set aside that could benefit your program



Small Business Innovation Research (SBIR) 3 Phases



- Phase I:
 - Establish technical merit, feasibility, and commercial potential
 - Agencies may issue award up to \$314,363 without seeking Small Business Administration (SBA) approval
- Phase II:
 - Continue R&D efforts based on commercial potential, prototype development
 - Agencies may issue award up to \$2,095,748 without seeking SBA approval
- Phase III:
 - Pursue commercialization
 - SBIR program does not fund Phase III, some Federal agencies may have follow-on non-SBIR funds for products/services intended for use by U.S. Government



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Data Rights Acquisition

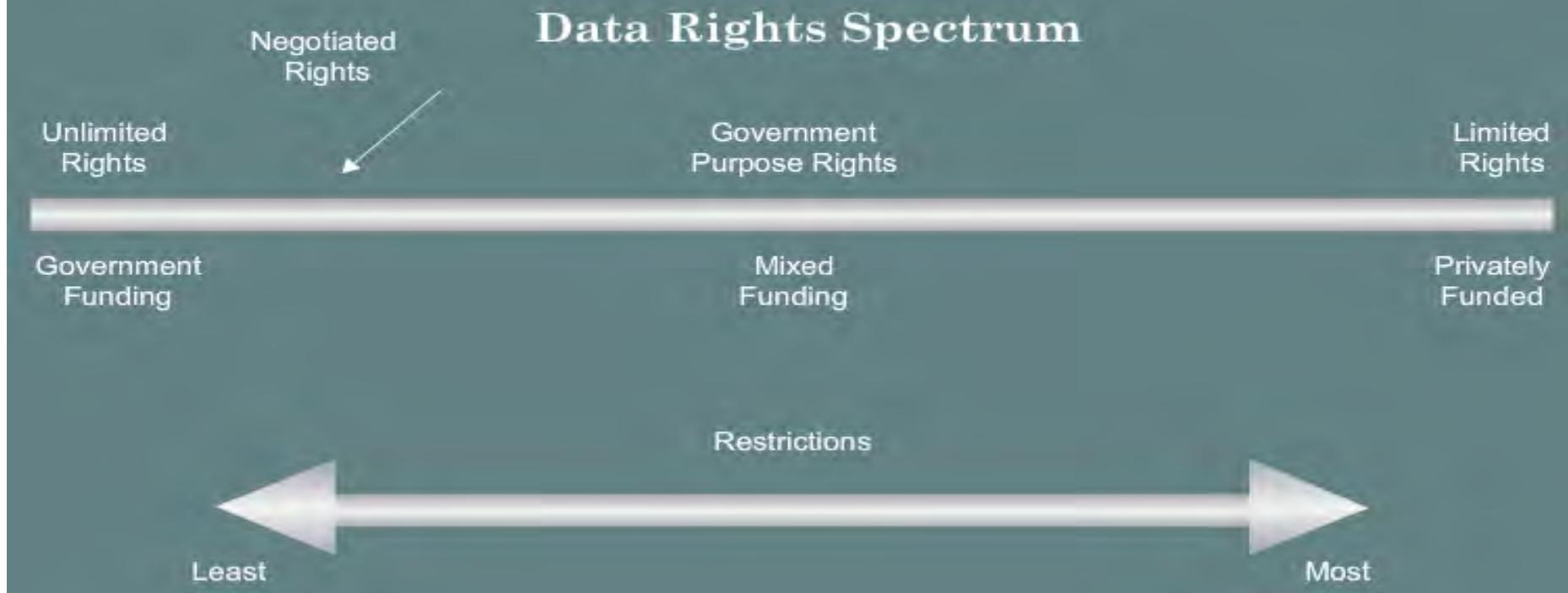
- DoD Policy
 - Emphasizes acquiring only the data rights that are essential to meeting minimum Government needs

- Main categories of Technical Data Rights
 - Unlimited Rights
 - Government Purpose Rights
 - Limited Rights
 - Restricted Rights



Data Rights Spectrum

Unlimited, Government Purpose and Limited Rights are pre-determined levels of rights. However, the Government and the contractor may negotiate and contract for variations. Rights that differ from pre-determined levels are referred to as "Specifically Negotiated License Rights", or **Negotiated Rights**. These rights may apply to both technical data and computer software, with their expiration also negotiated.





Categories of Technical Data Rights

- Unlimited
 - Government funded the entire development of an item
 - Government has the unlimited right to use, modify, reproduce, display, release, or disclose technical data for any purpose

- Limited Rights
 - Developed exclusively at Contractor own expense
 - Required in the performance of a Government contract
 - Government can use, modify, reproduce, release, perform, display, or disclose technical data within the Government
 - Government cannot use for manufacturing or release to a third party without permission from the Contractor



Categories of Technical Data Rights

- Government Purpose Rights
 - Developed with mixed funding (part Government and part Contractor)
 - Government use is the same as Limited Rights, but can also be used for competition after a negotiated expiration period
 - Normally five years unless negotiated otherwise and then reverts to unlimited rights
- Restricted Rights
 - Applicable only to non-commercial computer software
 - Government rights are limited and may:
 - Use the software on one computer or terminal at a time
 - Make minimum copies for backup
 - Transfer the software to another Government agency
 - Modify the software only for its own use or backup



Factors in Determining the Type of Rights to Purchase

- Whether or not the item, component, or process will be competitively acquired
- Whether repair and overhaul work will be contracted out or serviced in-house
- Whether the repair or replacement parts will be commercial items, or acquired by form, fit or functional data, performance specifications, or by detailed engineering drawings

DoD policy requires use of procedures that are the least intrusive on the Contractor's economic interest as is practicable

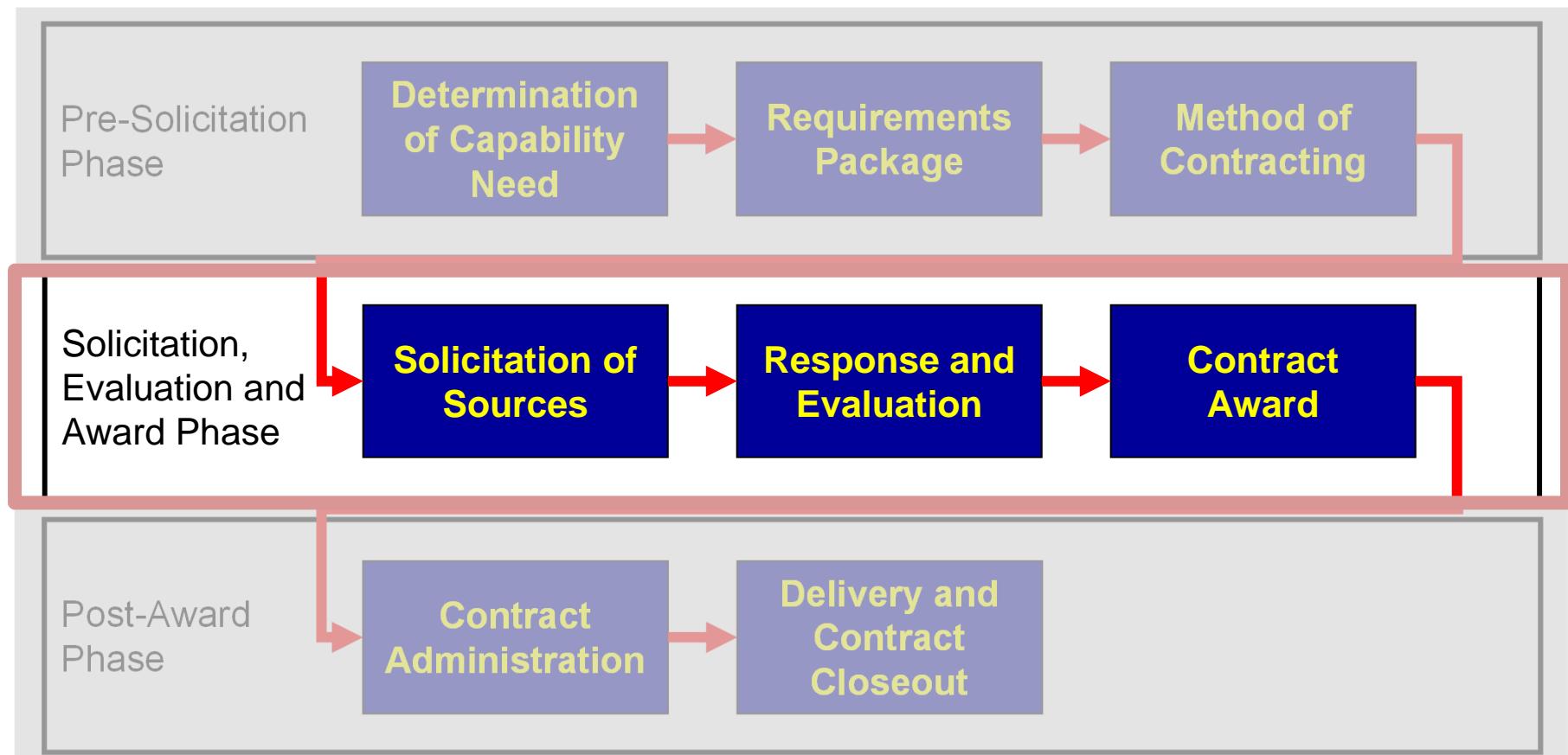


Types of Data Rights

Rights Category	Application	Rights Criteria	Permitted uses within the Gov't	Permitted uses by third parties outside the Gov't
Unlimited Rights	Noncommercial TD and CS	Developed exclusively at gov't expense and other types of data (form, fit functions, etc)	All uses; no restrictions	All uses; no restrictions
Gov't Purpose Rights	Noncommercial TD and CS	Developed with mixed funding (transitions to Unlimited Rights after a certain term, normally 5-years)	All uses; no restrictions	For Government purpose only; no commercial use
Limited Rights	Noncommercial TD only	Developed exclusively at private expense	Unlimited, except may not be used for manufacture	Emergency repair or overhaul
Restricted Rights	Noncommercial CS only	Developed exclusively at private expense	Only one computer at a time, minimum backup copies, modification	Emergency repair/overhaul, support service/maintenance contracts
Negotiated License Rights	Any/all TD and CS – including commercial	Developed exclusively at private expense	As negotiated	As negotiated
SBIR Data Rights	Non-commercial TD and CS	All TD or CS generated under an SBIR contract	All uses; no restrictions	Cannot release or disclose except to gov't support Contractors
Commercial TD License Rights	Commercial TD only	TD related to commercial items (developed at private expense)	Unlimited FFF and OMIT; other rights negotiated	Same
Commercial CS Licenses	Commercial CS only	Anny commercial CS or CS documentation	As specified in commercial license offered to public	Same



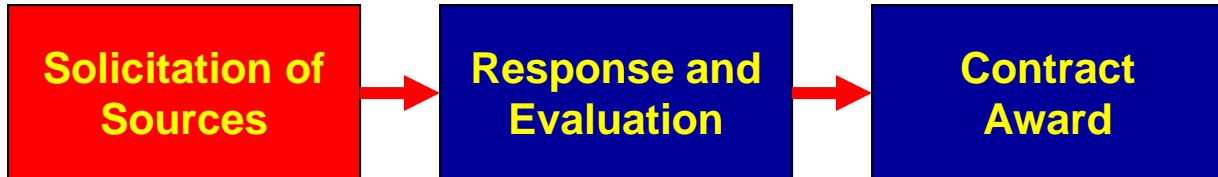
Solicitation, Evaluation, and Award Phase





The Solicitation

Solicitation,
Evaluation and
Award Phase



- Solicitations are used to notify industry of a contracting need and parameters
- Method of contracting determines type of solicitation
 - ***Invitation for Bid (IFB) if using sealed bidding***
 - ***Request for Proposal (RFP) if contracting by negotiation***
 - Both types of solicitation (IFB and RFP) use the Uniform Contract Format (UCF) and are sent to businesses that request a copy
 - Bids and proposals submitted to the Government are considered to be offers
- Solicitations and pre-solicitation opportunities are often publicized on System for Award Management (www.sam.gov)
 - Public notice of contract actions expected to exceed \$25K is required

The solicitation communicates the capability need to industry



Overview

- Contracting Process
- Market research
- Methods of Contracting
- Types of Contracts
 - Fixed-Price
 - Cost-Reimbursement
 - Other
- Special Contracting Cases
- Data rights
- Uniform Contract Format (UCF)



Uniform Contract Format (UCF) for RFP

Part of the solicitation

Part of the contract

Part I — The Schedule

- A — Solicitation/contract form
- B — Supplies or services and prices/costs*
- C — Description/specifications/work statement*
- D — Packaging and marking
- E — Inspection and acceptance
- F — Deliveries or performance
- G — Contract administration data
- H — Special contract requirements

Part II — Contract clauses

- I — Contract clauses

Part III — List of Documents, Exhibits, and Other Attachments

- J — List of attachments*

Part IV — Representations and Instructions

- K — Representations, certifications, and other statements of offerors or respondents
- L — Instructions, conditions, and notices to offerors or respondents*

M — Evaluation factors for award*



UCF Critical Sections

- Section B — Supplies or Services and Prices/Costs
 - Contains brief descriptions of supplies or services required, including the quantities required, and national stock numbers or part numbers, if applicable
 - Each item in this section is identified by a CLIN
- Section C — Description/Specifications/Work Statement
 - Contains any descriptions, specifications, or additional information to identify the Government's requirements in addition to the descriptions contained in Section B
 - Identifies applicable standards (Government and commercial)
 - Statement of work
 - DD Form 1423 Contract Data Requirements List (CDRL) tells the Contractor what information/data is required to be provided back to the Government

Must fully understand reporting requirements and value to the entire program, and balance the total requirements against overall program costs



UCF Critical Sections

- Section J — List of Attachments
 - This list provides the title, date, and number of pages for each attached document, exhibit, and other attachment
 - An attachment commonly listed is DD Form 1423, CDRL
- Section L — Instructions, Conditions, and Notices to Offerors or Respondents
 - When and where to submit proposals
 - How to submit proposals (paper, electronic)
 - Page limitations and type size
 - Organization (format) of the proposal
 - Past performance information
 - Required cost or pricing data



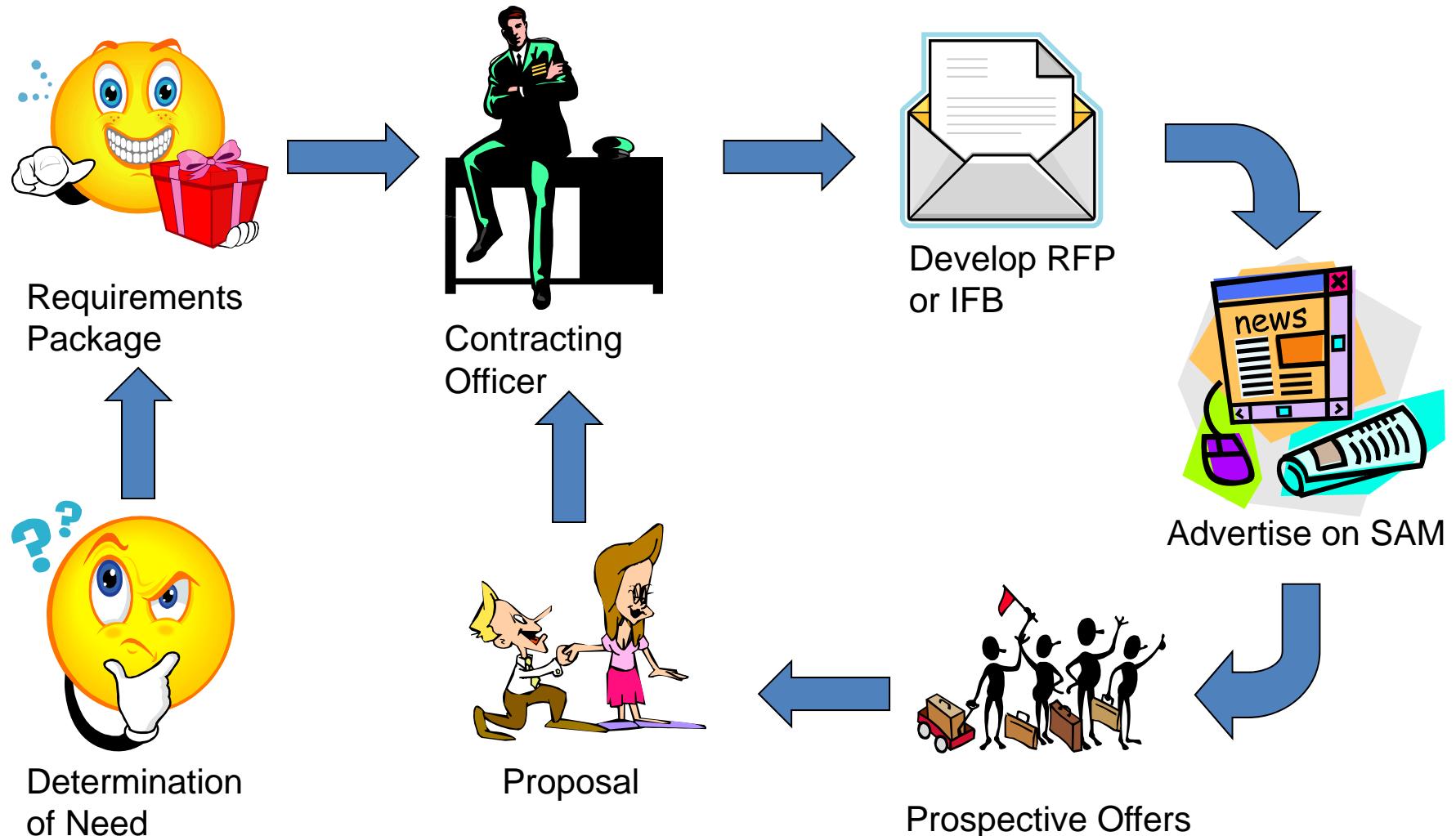
UCF Critical Sections

- Section M — Evaluation Factors for Award
 - All significant factors that will be used to evaluate the proposals must be identified in Section M
 - The relative importance of the evaluation factors must be stated (listing them in descending order of importance)
 - Evaluation factors used in a solicitation depend on the requirement
 - Some evaluation factors could include:
 - Price or cost
 - Past performance
 - Technical excellence
 - Management capability
 - Personnel qualifications
 - Prior experience
 - Schedule compliance





The Big Picture – So Far





Summary

- What are the two primary types of contracts?
- If you wanted to transfer cost risk to the Contractor, what type of contract would you use?
- A(n) _____ contract provides for an indefinite quantity, within stated limits, of supplies or services to be furnished during a fixed period
- What is the Pre-Solicitation Phase sequence of events?
- When would the contracting officer use an Invitation for Bid (IFB) as the solicitation method?