Air Force Materiel Command

AFMC
Small Business Office

Aerospace Matchmaker

Ms. Farris Welsh
AFMC/SB
17 July 2018

Deliver and Support Agile War-Winning Capabilities
Overview

• Mission
• Key Objectives
• Small Business Data
• Category Management
• Small Business Innovative Research (SBIR)
• Other Transaction Agreement (OTA)
• Other Thoughts
HQ AFMC Small Business Mission

• **Mission**: The mission of AFMC Small Business is to create and deliver strategies that bring innovative, agile, lethal and affordable Small Business solutions to the Air Force to fly, fight and win in air, space and cyberspace.

• **Vision**: Champions of small business solutions for the warfighter
Who We Are

AFMC/SB
Executive Director
Ms. Farris Welsh

Procurement Analyst / SB Specialist
Mrs. Lynne Imhoff

Procurement Analyst / SB Specialist
Vacant

Market Analyst-Data Analysis-Metrics
Mr. Damon Oakes

Market/Data Analyst
Mr. Matthew Howard

Management Analyst
Ms. Kara L. Fletcher

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Public Web Site:
AFMC Small Business Offices

Map showing locations of various AFMC offices across the United States, including:
- AFSC - Hill AFB
- AFLCMC HQ AFRL & Wright Research Site
- AFICA/WP
- Hanscom AFB
- AFOSR/DC
- AFICA/DTIC
- AFLCMC-AFMETCAL
- Heath OH
- AFTC-Arnold AFB
- AFSC-Robins AFB
- AFICA - PACAF Hickam AFB
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Key Objectives
• Defense Department Objectives
  – Build a More Lethal Force
  – Strengthen Alliances
  – Attract new Partners
  – Reform the Department for Greater Performance and Affordability

– So, what does this mean….
  • Increase Agility to Improve Support
  • Cost-Effectively Modernize
  • Drive Innovative Solutions
  • Rapidly Develop/Deploy/Transition Technology
Small Business Data
## AFMC - FY17
### Top 15 NAICS Codes

<table>
<thead>
<tr>
<th>NAICS</th>
<th>Description</th>
<th>TOTAL $</th>
<th>SB $</th>
<th>SB%</th>
</tr>
</thead>
<tbody>
<tr>
<td>336411</td>
<td>AIRCRAFT MANUFACTURING</td>
<td>$10,452,854,343</td>
<td>$176,609,959</td>
<td>1.69%</td>
</tr>
<tr>
<td>541712</td>
<td>RESEARCH AND DEVELOPMENT IN THE PHYSICAL, ENGINEERING AND LIFE SCIENCES (EXCEPT BIOTECHNOLOGY)</td>
<td>$5,945,459,441</td>
<td>$2,062,305,868</td>
<td>34.69%</td>
</tr>
<tr>
<td>336413</td>
<td>OTHER AIRCRAFT PARTS AND AUXILIARY EQUIPMENT MANUFACTURING</td>
<td>$4,335,278,464</td>
<td>$329,001,539</td>
<td>7.59%</td>
</tr>
<tr>
<td>541330</td>
<td>ENGINEERING SERVICES</td>
<td>$3,316,291,689</td>
<td>$481,516,112</td>
<td>14.52%</td>
</tr>
<tr>
<td>488190</td>
<td>OTHER SUPPORT ACTIVITIES FOR AIR TRANSPORTATION</td>
<td>$2,738,211,862</td>
<td>$30,702,050</td>
<td>1.12%</td>
</tr>
<tr>
<td>334511</td>
<td>SEARCH, DETECTION, NAVIGATION, GUIDANCE, AERONAUTICAL AND NAUTICAL SYSTEM AND INSTRUMENT MFG</td>
<td>$1,715,313,044</td>
<td>$34,995,272</td>
<td>2.04%</td>
</tr>
<tr>
<td>332993</td>
<td>AMMUNITION (EXCEPT SMALL ARMS) MANUFACTURING</td>
<td>$1,060,338,540</td>
<td>$14,248,935</td>
<td>1.34%</td>
</tr>
<tr>
<td>541990</td>
<td>ALL OTHER PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES</td>
<td>$952,505,647</td>
<td>$53,869,625</td>
<td>5.66%</td>
</tr>
<tr>
<td>336414</td>
<td>GUIDED MISSILE AND SPACE VEHICLE MANUFACTURING</td>
<td>$821,234,537</td>
<td>$0</td>
<td>0.00%</td>
</tr>
<tr>
<td>336412</td>
<td>AIRCRAFT ENGINE AND ENGINE PARTS MANUFACTURING</td>
<td>$737,268,297</td>
<td>$32,361,222</td>
<td>4.39%</td>
</tr>
<tr>
<td>541511</td>
<td>CUSTOM COMPUTER PROGRAMMING SERVICES</td>
<td>$656,452,191</td>
<td>$300,360,664</td>
<td>45.76%</td>
</tr>
<tr>
<td>236220</td>
<td>COMMERCIAL AND INSTITUTIONAL BUILDING CONSTRUCTION</td>
<td>$533,388,013</td>
<td>$238,657,091</td>
<td>44.74%</td>
</tr>
<tr>
<td>541512</td>
<td>COMPUTER SYSTEMS DESIGN SERVICES</td>
<td>$490,431,490</td>
<td>$100,451,493</td>
<td>20.48%</td>
</tr>
<tr>
<td>334210</td>
<td>TELEPHONE APPARATUS MANUFACTURING</td>
<td>$484,259,266</td>
<td>$273,991,574</td>
<td>56.58%</td>
</tr>
<tr>
<td>334419</td>
<td>OTHER ELECTRONIC COMPONENT MANUFACTURING</td>
<td>$402,954,488</td>
<td>$2,854,371</td>
<td>0.71%</td>
</tr>
<tr>
<td>Others</td>
<td>OTHER AFMC NAICS CODES</td>
<td>$4,433,966,965</td>
<td>$1,880,475,212</td>
<td>42.41%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>ALL AFMC NAICS CODES</td>
<td>$39,076,212,194</td>
<td>$6,012,400,986</td>
<td>15.39%</td>
</tr>
</tbody>
</table>

**Source:** FPDS-NG, 12/08/17, Actions thru 09/30/17. Based on total procurement obligations for large & small business, excluding FMS, Ability One, nonprofit institutions, UNICOR (Federal Prison Industries) & work performed outside of the United States.
AFMC Small Business

PEO vs Non-PEO – FY17-FINAL $s

AFMC – Total contract obligations: $39,076M
AFMC – SB contract obligations: $6,012M (15.39% - FY17 SLPE 12.21%)

Total Contract Obligations

- PEO $27,420M (70%)
- Non-PEO $11,656M (30%)

Total SB Obligations

- Non-PEO $4,052M (33%)
- PEO $1,961M (67%)

Largest proportion of AFMC SB Obligations - Non-PEO Mission Buying.
All AFMC mission areas critical in providing maximum opportunities for SBs.

Source: FPDS-NG, 12/08/17, Actions thru 09/30/17. Based on total procurement obligations for large & small business, excluding FMS, Ability One, nonprofit institutions, UNICOR (Federal Prison Industries)
# AFMC - FY17 $s

## Top 10 Businesses

<table>
<thead>
<tr>
<th>VENDOR NAME</th>
<th>TOTAL $</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOEING COMPANY, THE</td>
<td>$7,721,062,057</td>
</tr>
<tr>
<td>LOCKHEED MARTIN CORPORATION</td>
<td>$4,657,133,931</td>
</tr>
<tr>
<td>NORTHROP GRUMMAN SYSTEMS CORPORATION</td>
<td>$3,173,601,864</td>
</tr>
<tr>
<td>L-3 COMMUNICATIONS CORPORATION</td>
<td>$1,872,750,781</td>
</tr>
<tr>
<td>RAYTHEON COMPANY</td>
<td>$1,523,226,179</td>
</tr>
<tr>
<td>GENERAL ATOMICS AERONAUTICAL SYSTEMS, INC.</td>
<td>$1,296,720,141</td>
</tr>
<tr>
<td>MASSACHUSETTS INSTITUTE OF TECHNOLOGY</td>
<td>$1,016,051,385</td>
</tr>
<tr>
<td>UNITED TECHNOLOGIES CORPORATION</td>
<td>$893,716,598</td>
</tr>
<tr>
<td>SIERRA NEVADA CORPORATION</td>
<td>$640,932,181</td>
</tr>
<tr>
<td>BAE SYSTEMS INFORMATION AND ELECTRONIC SYSTEMS INTEGRATION INC.</td>
<td>$470,170,080</td>
</tr>
</tbody>
</table>

*Source: FPDS-NG, 12/08/17, Actions thru 09/30/17. Based on total procurement obligations for large & small business, excluding FMS, Ability One, nonprofit institutions, UNICOR (Federal Prison Industries) & work performed outside of the United States*
AFMC - FY17 $s –OH  
Top 10 SBs (by Vendor Location)

<table>
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<tr>
<th>VENDOR NAME</th>
<th>TOTAL $</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOLUTIONS THROUGH INNOVATIVE TECHNOLOGIES, INC.</td>
<td>$51,295,882</td>
</tr>
<tr>
<td>UES, INC.</td>
<td>$47,260,525</td>
</tr>
<tr>
<td>UNIVERSAL TECHNOLOGY CORPORATION</td>
<td>$45,525,850</td>
</tr>
<tr>
<td>BTAS INC</td>
<td>$35,437,590</td>
</tr>
<tr>
<td>SAWDEY SOLUTION SERVICES, INC.</td>
<td>$25,169,740</td>
</tr>
<tr>
<td>CDO TECHNOLOGIES, INC.</td>
<td>$21,031,873</td>
</tr>
<tr>
<td>MATRIX RESEARCH, INC.</td>
<td>$19,000,695</td>
</tr>
<tr>
<td>PEERLESS TECHNOLOGIES CORPORATION</td>
<td>$17,576,670</td>
</tr>
<tr>
<td>SELECTTECH SERVICES CORPORATION</td>
<td>$16,668,266</td>
</tr>
<tr>
<td>INNOVATIVE SCIENTIFIC SOLUTIONS, INC</td>
<td>$15,263,012</td>
</tr>
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AFMC YTD Performance

**FY18-YTD Small Business Status (30 June 18)**
- AFMC Small Business Senior Leader Performance Expectation (SLPE) 12.27%
  - YTD Total Dollars Achieved FY18: $27.7B
  - YTD Dollars Achieved FY18: $4.13B
  - YTD Achieved FY18: 14.87%
Category Management
Category Management Defined

- **A structured** approach to create common categories of products and services that enables the Federal Government to eliminate redundancies, increase **efficiency** and **effectiveness**, and boost (customer) satisfaction with the products and services we deliver.

- **Latest evolution of Strategic Sourcing & Supply Chain Mgt**
  - Holistic/enterprise approach to **maximize value for spend**
  - Reduce Total Cost of Ownership (TOC)
  - Goal to reduce costs **AND** improve mission effectiveness
  - Eliminate redundancies/duplication **& leverage** Federal gov’t spend
  - Enhanced market intelligence into industry best practices & innovation
  - Analysis/data driven - let facts/marketplace lead to optimal solutions
AF Category Management Principles

1. Categorization of Spend
   - Key: Acquisition Solution
   - Non-Acquisition Solution

2. Assign Cost Ownership via Category Managers
3. Develop Business Intelligence
   - Robust business intelligence
   - Data driven solutions
4. Drive Results
   - Strategic Acquisition Solutions
   - Industry Best Practices

1. Air Force category structure aligns to OMB’s government-wide program
2. Assigns cost management authority & responsibility to functional domain owner
3. Comprehensive analysis ➔ robust business intelligence ➔ data driven solutions
4. Reduce TCO through shaping, managing, and strategically acquiring requirements
Category Management Categories

- Ten Level 1 Categories
  - *Information Technology — Hardware, Software, Services
  - *Professional Services — Management & Advisory, Technical & Engineering, etc.
  - *Security and Protection — Animals, Systems, Services
  - *Facilities & Construction — Materials, Services, etc.
  - Industrial Products and Services — Hardware, Tools, Machinery, etc.
  - Office Management — Products, Services & Furniture
  - Transportation and Logistics Services — Vehicles, Delivery, etc.
  - Travel and Lodging — Travel, Lodging & Applicable services
  - Human Capital — Education, HR services, etc.
  - Medical — Medical Equip, Healthcare Services, etc.

*Currently has assigned AF Category Manager
Transient Alert Services (100% SB)  
USAF-wide 5-yr MAC IDIQ  
Savings/Efficiencies:  
- $205K (5%) in 1st year

Client Computing Solutions (50% SB)  
USAF-wide 5-yr BPA  
Savings/Efficiencies:  
- $163.9M (39%) in 1st year

System & Modular Furniture (100% SB)  
USAF-wide 5-yr Contract  
Savings/Efficiencies:  
- $15.29M (29%) over 4 years

Imaging (67% SB)  
USAF-wide 5-yr BPA  
Savings/Efficiencies:  
- $40.7M (32%) over 4 years

Maintenance, Repair & Operations (89% SB)  
USAF-wide 5-yr BPA  
Savings/Efficiencies:  
- $6.23M (29%) over 4 years

Office Supplies V3 (96% SB)  
USAF-wide 5-yr IDIQ  
Savings/Efficiencies:  
- $9.92M (16%) over 3 years

DF-LCS2 Non-FR Combat Shirt Gen 2 (100% SB)  
USAF-wide 5-yr IDIQ  
Savings/Efficiencies:  
- $830K (38%) over 2 years

Roofing Replacement Repair (96% SB)  
USAF-wide 5-yr IDIQ  
Savings/Efficiencies:  
- $14.86M (63%) over 3 years
Small Business Innovative Research (SBIR)
Introduction

- Federal program to strengthen the role of innovative small business concerns in Federally-funded research or research and development (R/R&D)

- Three-phased process encompassing (1) a technical feasibility study, (2) the demonstration and evaluation of commercial potential, and (3) transition to the marketplace
SBIR Program Goals

• Stimulate technological innovation

• Use small business to meet federal R/R&D needs

• Foster and encourage participation by socially and economically disadvantaged and woman-owned small businesses

• Increase private sector commercialization of innovations derived from federal R&D
SBIR Program Eligibility

• **SBIR participation requirements:**
  • For-profit Small Business Concern (SBC) of 500 or fewer employees
  • SBC at least 51% owned by U.S. citizen(s)
  • “Principal Investigator” – individual designated by the SBC to provide scientific and technical direction to the project
    • Primary employment (>50%) must be with the SBC
    • Precludes full time employment by another organization
  • Work must be performed in the US*
  • SBC cannot receive funding for a SBIR project essentially equivalent to other work they have performed for the Federal Government

* Includes Puerto Rico and Territories
Phase I

• The purpose of Phase I is to determine the scientific, technical, and commercial merit and feasibility of ideas proposed by SBCs pursuant to the solicitation

• Phase I awards *will not exceed $150K*

• Normally do not exceed 6 months technical effort with 3 months for final reporting
SBIR Three-Phase Process

Phase II

• Continuation of the R&D effort, funding the most promising Phase I projects

• Only those firms that were awarded Phase I contracts are eligible to submit a Phase II proposal, unless they are proposing against a Direct to Phase II topic

• Phase II awards are *typically $750K*

• Normally do not exceed 2 years in duration
SBIR Three-Phase Process

Phase III

• Commercializing work that derives from, extends, or completes an effort performed under prior SBIR agreements

• Phase III is the ultimate goal of each SBIR effort

• Phase III contracts may be awarded on a sole-source basis

• No limit on the number, award amount, or duration of Phase III contracts

• Small business size standards do not apply to Phase III contracts
Other Transaction Agreement
Other Transaction Agreement (OTA)

- The prototype projects that are directly relevant to enhancing the mission effectiveness of military personnel, platforms, systems, components or materials proposed to be acquired or developed by the DoD

- A legally binding instrument encouraging traditional and nontraditional defense contractor participation

- An instrument that allows for negotiation of intellectual property and flexible payment provisions (payable milestones)

- Customizable to fit desired acquisition strategy

- Includes Engineering MD, LRIP and production activity under an OTA
An OTA is NOT:

• A FAR procurement contract, grant or cooperative agreement

• Constrained by previous Government contract practices and conventions

• Subject to mandatory cost accounting standards
Other Thoughts
Tools and Trends

- **Trends**
  - Increase in Dollars
  - Increase in the use of Multiple Award Contracts (MAC)
  - Increase in the use of ‘pools’ or reserves in contracts
  - Increase in length of contracts

- **Tools**
  - Use of Indefinite Delivery/Indefinite Quantity (ID/IQ) contracts
  - Other Transaction Agreements
  - Small Business Innovative Research (SIBR) Phase I, II and III
    - Phase III used for transition to Program of Record
  - Rapid Innovation Funds (RIF)
Communication

- Talk to Your Small Business Specialist
- Outreach and Networking are keys to successful programs for both Government and Industry
- Program Managers and Contracting Officers should talk to their Industry Partners prior to the release of Request for Proposal (RFP)
- Speak up if Request For Information (RFI) or RFP is not clear
- Use Clear and Concise Language in responses to an RFI/RFP/Evaluation Notice (EN)
• Long Range Forecasting Tool is in work
• Upcoming activity on strategic vehicles (i.e. SmartBook and OASIS website)
• Identify key Intellectual Property/Data Rights up front in RFP the process
• Industry responses should address all aspects of the RFP and identify any overly restrictive terms and conditions that could be adjusted to allow for more agile and efficient program requirements
• Always ask for a Debrief
Questions?