

August 24, 2018

NewsBrief

Small business industry news bulletin

This newsletter summarizes open-source information. The information reflects the views of the original sources and is not vetted for accuracy or completeness.

LEGISLATION

Sen. Risch applauds small business provisions included in FY19 NDAA

Following Senate passage of the National Defense Authorization Act, U.S. Sen. Jim Risch (R-ID), chairman of the Senate Committee on Small Business and Entrepreneurship, applauded the bill for providing a significant boost to small businesses across America.

Provisions include:

- Section 1644 - This section provides cybersecurity information for small and medium manufacturers.
- Section 811 - This section updates existing Statute by repealing the requirement for an Advocate for Competition at the Defense Logistics Agency.
- Section 851- This section requires the Department of Defense (DoD) to develop an agency-wide small business strategy in consultation with the DoD Office of Small Business Programs.
- Section 852 - This section requires the DoD to make accelerated payments to small business contractors with a goal of paying them within 15 days of receiving an invoice.
- Section 854 - This section makes improvements to the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) by extending four pilot programs through FY 2022, including the Phase Flexibility Pilot Program, the SBIR/STTR Administrative Funding Pilot Program, the Phase 0 Proof of Concept Partnership Pilot Program, and the Commercialization Readiness for Civilian Agencies Pilot Program. It also includes commercialization provisions that expands the use of technical assistance from one vendor to multiple vendors and increases the amount of SBIR awards that can be used for commercialization.
- Section 855 - This section requires agencies soliciting construction contracts to disclose their three-year history of using change orders.
- Section 857 - This section requires DoD to include information on SBIR and STTR program funding in their annual budget justification.
- Section 860 - This section requires all agencies with SBIR programs to implement a Commercialization Assistance Pilot Program if they do not already have one. This pilot would expire in 2022.
- Section 861 - This section would create a statutory definition of a Puerto Rican business in order to provide various incentives for contracting with small businesses located in Puerto Rico in the aftermath of the 2017 hurricanes.
- Section 2804 - This section raises the threshold for small business set-aside contracts for architects and engineers from \$300,000 to \$1,000,000.

Source: [U.S. Senate Committee on Small Business & Entrepreneurship](#)

FY19 NDAA increases DoD micro-purchase threshold to \$10K

The Department of Defense's micro-purchase threshold will double, from \$5,000 to \$10,000, under the Fiscal Year 2019 National Defense Authorization Act.

Source: [Koprince Law LLC](#)

FY19 NDAA directs Pentagon to study protests

The Fiscal Year 2019 National Defense Authorization Act directs the Pentagon to study "second bite at the apple" protests, or those that have been filed with both GAO and the U.S. Court of Federal Claims. The Pentagon had wanted Congress to pass legislation preventing contractors from taking a losing GAO decision to federal court, but industry opposed such a policy.

The Fiscal Year 2018 NDAA includes a provision requiring contractors with at least \$250 million in revenue to reimburse DOD for the cost of an unsuccessful protest.

Source: InsideDefense

REGULATION

SBA All Small Mentor-Protégé program limits proteges to two mentors

A small business "can have no more than two [SBA] mentors over the life of the business," according to the SBA's All Small Mentor-Protégé website.

Source: [Koprince Law LLC](#)

Agencies want to collect contractors' feedback on pre-award and debriefing processes

The Defense Department, the General Services Administration and NASA want to amend federal acquisition rules to set up a survey form that contractors could use to provide voluntary feedback on how well federal agencies handle their contracts and solicitations. The agencies opened up a comment period July 26 to potentially amend the Federal Acquisition Regulation to set up a standardized survey that allows contractors, whether or not they received a particular contract award, to rate an agency's pre-award and debriefing processes. Comments are due Sept. 21.

Source: [FCW](#)

Army drafting intellectual property policy

The Army "in probably a month or two" will have a formal policy on intellectual property, according to the service's acquisition executive. Bruce Jette, assistant secretary of the Army for acquisition, logistics and technology, told defense industry leaders at a conference in Washington that the "extensive" policy would take a "much more familiar approach to IP" that embraces private-sector standards. He said the policy may cover under what circumstances a non-disclosure agreement would be warranted and lay out what the Army and potential contractors would expect to be off limits during formal contract discussions.

OTA spending spikes

Working with the military has had its drawbacks in the past—and the Pentagon knows it. The Pentagon's acquisition rules are legendarily byzantine. This often has excluded small, innovative companies from bidding on contracts. But the Pentagon has taken steps to minimize these problems in recent years. One way that the military has sought to reach out to the technology community is through the use a different set of acquisition rules, known as Other Transaction Authority (OTA).

OTA also simplifies government acquisition rules. The Pentagon has learned that most technology companies cannot or will not participate in a process that is not inexpensive, easy or fast. OTA sidesteps most of these rules, making it easier for nontraditional government contractors to participate in the process.

As a sign of how serious the government views its innovation problem, the value of contracts let under OTA has increased significantly in recent years. In a recent tally, the Department of Defense reported that the military services spent nearly \$21 billion on 148 OTA agreements between 2015 and 2017. Recently, the Army awarded a small Huntsville-based company, Geeks and Nerds, a \$13.6 million OTA contract for technology to help train helicopter pilots to fly in rain and dust. What is needed is more companies, such as Geeks and Nerds, to seek out opportunities that the federal government has and put out to bid.

Source: [National Security Technology Accelerator](#)

DoD awards OTA to replace Defense Travel System

The Defense Department has selected a new vendor to overhaul and replace the aging and widely-reviled IT system military personnel use to book airline flights and make other travel arrangements.

DoD issued a \$9.3 million other transaction agreement (OTA) to SAP Concur to build a prototype that will eventually take the place of the current Defense Travel System (DTS).

OTAs, a longstanding feature of federal procurement, are generally meant to give agencies access to vendors who would not ordinarily be interested in doing business with the government because of its onerous procurement rules. Under current law, DoD can award work for OTA prototypes as long as a “nontraditional” defense contractor is participating in the project to a “significant extent.” In its statement, the department asserted that SAP Concur is, in fact, a nontraditional defense contractor. But SAP and its other subsidiaries do not appear to have not been averse to accepting government work in recent years. The broader company was the direct recipient of more than 800 federal contracts over the past decade, according to data in the USASpending.gov database.

Source: [Federal News Radio](#)

CYBERSECURITY

FY19 NDAA grants Pentagon broad powers to protect private infrastructure

The recently enacted annual defense authorization measure gives the Defense Department broad authority to take a more active role in defending privately owned critical infrastructure, deterring and “defeating” cyber aggression from foreign adversaries—specifically Russia, China, North Korea and Iran -- and securing industrial operations relied on by the military.

DOD and the government “should employ all instruments of national power, including the use of offensive cyber capabilities, to deter if possible, and respond to when necessary, all cyberattacks or other malicious cyber activities of foreign powers that target United States interests,” according to the Fiscal Year 2019 National Defense Authorization Act signed by President Trump on Aug. 13.

The legislation also provides DOD authority to reach out to private-sector industries in sharing threat information about Russia, North Korea, China and Iran. The defense secretary “may make arrangements with private-sector entities, on a voluntary basis, to share threat information related to malicious cyber actors, and any associated false online personas or compromised infrastructure, associated with a determination under” the act, related to these four known cyber aggressors, according to the legislation.

Source: InsideDefense

New report offers Pentagon recommendations on delivering capabilities 'uncompromised'

The Pentagon is considering a series of recommendations for how it can fix vulnerabilities in its supply chain and convince contractors to take security as seriously as cost, schedule and performance.

Foreign adversaries are exploiting vulnerabilities in the U.S. military's supply chain "for hostile purposes," according to a new report released by Mitre Corp. today called "Deliver Uncompromised." They are using those vulnerabilities, the report states, to steal sensitive data, attack industrial control systems, corrupt the quality of military systems and seek access to military networks. The report calls on the Defense Department to implement new policies in response. One of the foremost recommendations is to "elevate security as a primary metric in DOD acquisition and sustainment." In June, DOD officials said they were pursuing an initiative along those same lines, also called "Deliver Uncompromised."

The Mitre report states DOD can make security the "fourth pillar" in acquisition—along with cost, schedule and performance—by continuously monitoring and measuring the risk contractors present to the government.

Source: InsideDefense

OUTREACH

SPAWAR supports annual Navy Gold Coast event

SPAWAR joined members of government and industry to support small business opportunities at the NDIA 30th Annual Gold Coast Small Business Procurement Event, Aug. 7-8, at the San Diego Convention Center. Emily Harman, director, Department of Navy (DON) Office of Small Business Programs (OSBP) kicked off the event with a discussion about the DON's OSBP's strategic priorities. Harman echoed sentiments referred to in a memo titled "Small Business Utilization for Strategic Advantage" released Aug. 6 by Assistant Secretary of the Navy for Research, Development and Acquisition, James Geurts. Harman stressed the importance of including small businesses as key members of our Department of the Navy team, as they are an incredible source for innovation, adaptability, pivot speed and resilience.

Following Harman, Mark McLain, associate director for SPAWAR OSBP, led a panel focused on the Navy's acquisition lifecycle from requirements to contract. "Working with small businesses increases competition, reduces costs and provides quality products, services and solutions that support our Sailors and Marines," said McLain. "It is to our benefit and the benefit of small business to guide and assist small businesses through the Navy's acquisition lifecycle and make doing business with government as simple and efficient as possible."

Source: [SPAWAR](#)

Army Futures Command aims to harness the energy of entrepreneurs

The Army's under secretary hopes to "harness the energy" of entrepreneurs in the Austin area and across the country, as the Army Futures Command plans to officially open its doors later this month. Ryan D. McCarthy held a roundtable with business leaders last week in the Texas capital to discuss how the Army can work closer with industry to more quickly bring the latest technology to Soldiers.

In the discussion, they spoke of authorities and contracting strategies with entrepreneurs that have good ideas but are historically challenged with doing business with the military. "A lot of it was about how to do business with each other," McCarthy said. "In particular with entrepreneurs and small businesses, they

want to get a better understanding of how you're going to make it easier and faster to do business. They can't afford, from a cash flow standpoint, to hang on for long sales cycles."

Source: [Army Training and Doctrine Command](#)

Army may publish S&T strategy for industry

The Army's acquisition executive is poised to approve a new science and technology strategy that will provide key information on potential modernization efforts, a service official told industry executives today.

Deputy Assistant Secretary of the Army for Research And Technology Thomas Russell, speaking at a conference in Washington, said the strategy has been "sitting on [acquisition chief Bruce Jette's] desk for quite some time," and he hopes the service will publish it soon. Russell described the strategy as "a framework" that will lay out for industry the Army's "future direction" on S&T investment.

Source: InsideDefense