

How to do Business with the Federal Government

Matthew Lee



Matthew Lee

1984 Baltimore Polytechnic Institute High School

1988 Bachelor of Science, Electrical Engineering, Virginia Tech

1994 Master of Science, Electrical Engineering, Johns Hopkins University

1998 Minority Business Executive Program, Lincoln University

1999 Howard County Leadership 1999

2015 Small Business Administration (SBA) Emerging Leaders Program

2018 Goldman Sachs 10,000 Small Business Baltimore Alumni

1988-1995 Electronics Engineer, U.S. Army Research Laboratory

1990-Present Founder/President/CEO, FASTech, Inc.

Published “Challenge! U.S. Government Contracting,” The Korea Daily, May 13, 2013.

Knowledge of Business Enterprise (KoBE) Government Contracting Alliance, President

U.S. International Development Center (USIDC), Chairman

Maryland Technology Development Corporation (TEDCO) Board (Governor Appointed)

Maryland Cybersecurity Council (Attorney General Appointed)

Montgomery County Economic Development Corporation (County Executive Appointed)

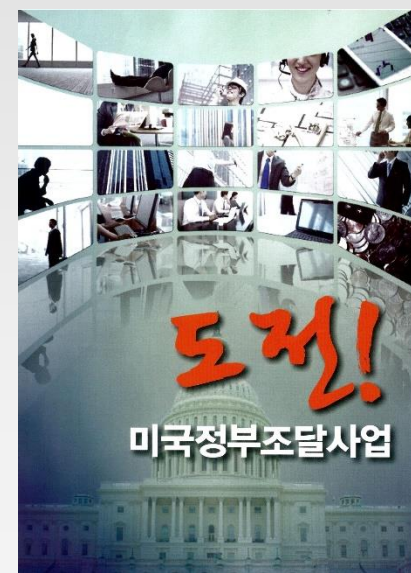
Howard County AAPI Advisory Group

Maryland TOP 100 MBE (2006, 2008, 2010)

Korea Trade-Investment Promotion Agency (KOTRA) Distinguished Award (2004, 2010)

Maryland Governor’s Citations (2004-2019)

‘42nd Commerce and Industry Day’ Korean Prime Minister’s Citation (2015)



Overview

- **How to Get Started**
- **Socio-Economic Programs**
- **Find Bid Opportunities**
- **Target Your Market**
- **Prime contractor vs. subcontractor**
- **Teaming & Partnership**
- **Utilizing Existing Resources & Infrastructure**



U.S. FEDERAL SPENDING & CONTRACTING

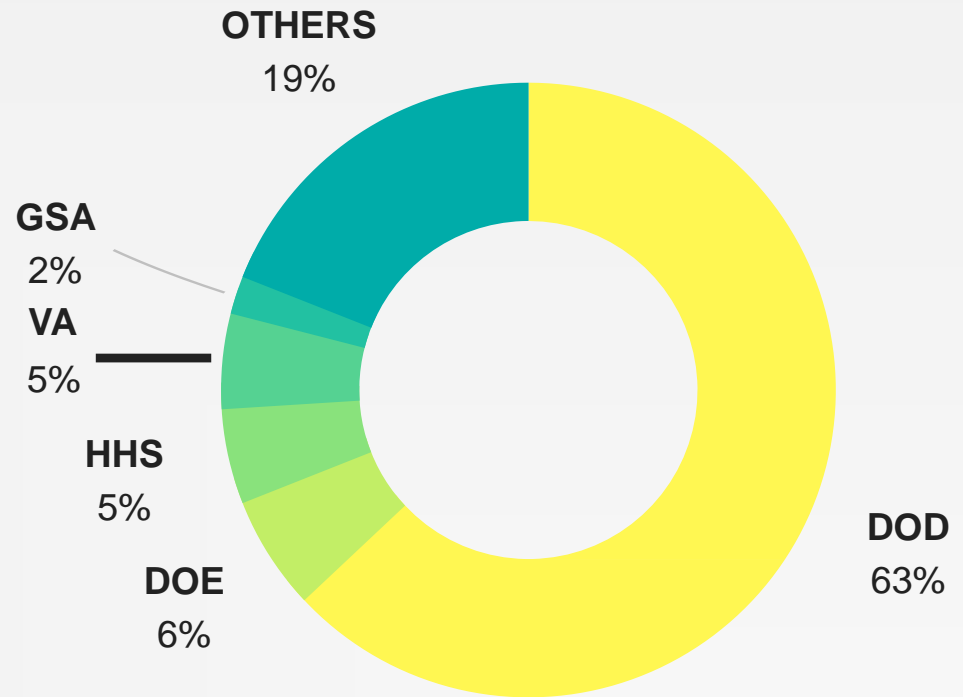
2018 U.S. Federal Gov Spending
(2019 Budget) \$4.407 Trillion



Contracting Award \$500 Billion



Contracting to Small Biz
\$120 Billion



SOURCE: CRS REPORT 2017

FEDERAL CONTRACTING FOR SMALL BUSINESS PROGRAM

TARGET

GOAL

BENEFIT

HUBZone 3% (prime)

1.9%

SDVOSB 3% (prime)

4.3%

EDWOSB/WOSB 5% (prime 5% sub 5%)

4.69%

SDB/SBA 8(a) 5%(prime 5% sub5%)

9.33%

Other Small

4.38%

Small Biz Total 23% (sub 20%)

24.6%

Veteran-owned (Prime & Sub-best effort)

Others: SBIR/STTR

- Sole Source Procurements: 8(a), HUBZone
- Price Preferences: HUBZone, SDB
- Evaluation Preferences: HUBZone, SDB
- Set Asides: Small Businesses, WOSB, 8(a), HUBZone

SAM.GOV & GWAC/DWAC

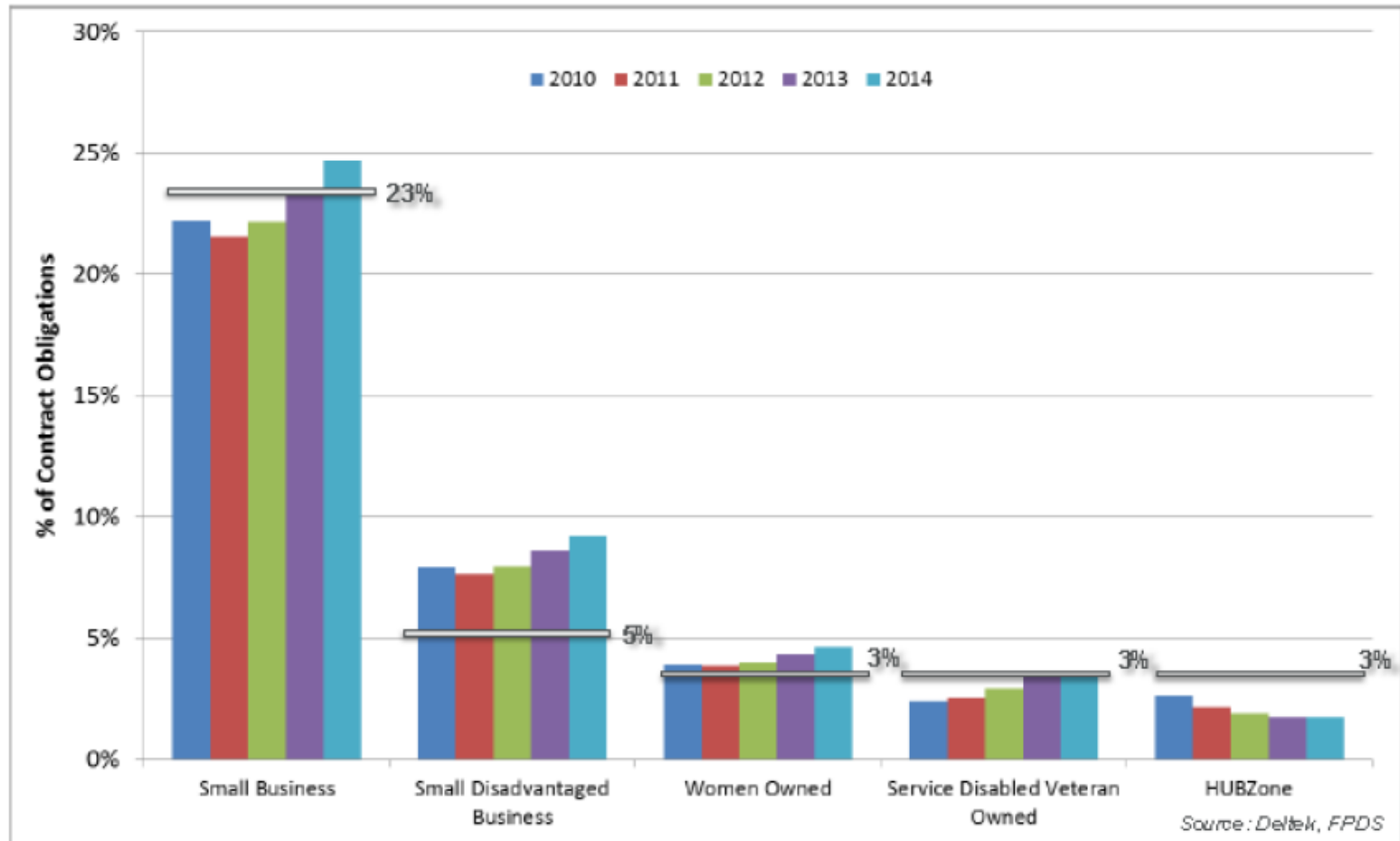
SAM.GOV Registered
GSA MAS and other GWAC/DWAC contract vehicles

GSA Contract Vehicles

- GSA Multiple Award Schedule (MAS)
- Government Wide Acquisition Contracts (GWAC)
- GSA 8(a) STARS III, NASA SEWP5, NIH CIO-SP3
- Department Wide Acquisition Contracts (DWAC)
 - DHS First Source, FAA eFAST, DHS EAGLE, USCG ILMS

Small Business Program

Government-wide Performance on Socioeconomic Goals



SBIR & STTR



Small Business Innovation Research Program (SBIR) &
Small Business Technology Transfer Program (STTR)

- **Small Business Innovation Research (SBIR):** → 3.2% of the extramural research budget for agencies with a budget greater than \$100 M per year, ~\$3.2 billion minimum spend each year
- **Small Business Technology Transfer (STTR):** → 0.45% of the extramural research budget for agencies with a budget greater than \$1B per year, ~\$450 million minimum spend each year
- **Over 5,000 new awards every year**
- **Company must be for profit, U.S. owned/operated, and under 500 people**
 - Work must be done in the U.S.
 - Focus is on performing R&D – Not purchasing equipment, commercializing a technology that has already been developed, or one that has very low risk and only needs capital

SBIR/STTR is a Gated Process w/ Three Phases



SBIR Typical Application Process



SBIR & STTR

Federal and State Technology (FAST) Partnership Program Awardee

SBA Growth Accelerator

Procurement Technical Assistance Center (PTAC)

Small Business Development Center (SBDC)

SBA Regional Innovation Cluster (RIC)

Manufacturing Extension Partnership (MEP)

NIH Proof-of-Concept Center

Build-to-Scale (EDA Awardee)

MBDA Business Center

Accelerator/Incubator/Coworking Space

Venture Capitalist/Angel Investor/Group

Community Platform

College/University

State or Local Government Economic Development Organization



Agencies that Participate in the SBIR/STTR Program

Department of
Agriculture
(USDA)

Department of
Commerce
(DoC)

Department of
Defense
(DoD)

Department of
Education
(ED)

Department of
Energy
(DOE)

Department of
Health and
Human Services
(HHS)

Department of
Homeland
Security
(DHS)

Department of
Transportation
(DOT)

Environmental
Protection
Agency
(EPA)

National
Aeronautics and
Space
Administration
(NASA)

National Science
Foundation
(NSF)



Federal is very interested in and procures innovative technologies and services

Rule #1: Federal Acquisition Regulations (FAR) not only allow but encourage acquisition officials to talk to vendors to learn about industry trends, capabilities and innovative ideas. The Office of Management and Budget clarified this in its fourth “myth-busting” memo issued in April 2019 to all federal contracting officers.

Rule #2: Do your homework. Before setting up an appointment, research the agency’s strategic plan, procurement forecasts, contract vehicles and procurement history to understand its major programs, whether it has a problem you can solve and how your innovative solution currently solves its problem.

Rule #3: Familiarize yourself with FAR Parts 10 and 15, which instruct contracting officials on when and how to have meaningful communications with industry partners. One-on-one meetings are lawful and lower the probability of protests.

Rule #4: Utilize the agency’s Industry Liaison. The April 2019 OMB memo required all federal agencies to appoint an Industry Liaison to help shepherd small businesses with innovative solutions to government problems into the offices of decision makers and influencers.

Rule #5: Begin creating interest in your solution before requirements are officially identified. Often, agencies don’t know they have a need for your products or services until they are educated on their benefits.

Rule #6: No one in the government is going to give you information that will give you a competitive advantage. It’s illegal. Don’t even ask.

Rule #7: Offer to conduct a demonstration. This often leads to the “ah ha!” moment and proof of concept.

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Rule #8: In addition to discussing your innovation and its benefits to the government, you are allowed to discuss the government's acquisition strategy: contract type, set-aside, contract vehicle, procurement schedule, supporting documentation to include in the RFP etc.

Rule #9: Avoid conflicts of interest or even the appearance of a conflict of interest.

Rule #10: Respond to relevant RFIs. This is important to let agencies know that potential sellers exist and is crucial to getting procurements set aside for a smaller pool of sellers.

Rule #11: Don't be afraid to partner or team with a more experienced contractor.

Rule #12: Focus on your strengths. Just like in the commercial world, differentiate your solutions to increase your chances. Don't be all things to everyone.

Rule #13: Be diligent and patient. Contract awards don't come overnight.

To be most effective, small innovative businesses must follow these rules in addition to understanding their buyers' motives, decision making processes and the procurement ecosystem of the agencies to which they are selling. Leveraging this knowledge and being respectful and reliable are the keys to selling innovation to the federal government which in turn serves the needs of the American people.

Other Transaction Authority (OTA)

Other Transactions (OTs) are procurement instruments other than contracts, grants, or cooperative agreements enabling flexible business arrangements to acquire research and development to support technology advancement or to quickly develop a prototype. Many laws and regulations governing federal contracts do not apply to OTs (i.e., Federal Acquisition Regulation (FAR) and the Competition in Contracting Act (CICA)), however, the Procurement Integrity Act applies and competitive practices are applicable. OTs may be protested to the U.S. Court of Federal Claims, and GAO has limited jurisdiction to review OT decisions.

OTs are a mechanism to access innovative research and development, especially from *non-traditional contractors who may be challenged by requirements of traditional contracts, grants, or cooperative research and development agreements. OTs can be used with traditional contractors when statutory requirements are met. OTs provide flexibility that allows for increased speed, flexibility, and accessibility for research and prototyping activities than permitted under statutes and regulations that apply to traditional FAR-based contracts. OT agreements may be fixed-price, expenditure based, or hybrid.

For Research & Development activities to advance new technologies and processes and prototyping or models to evaluate feasibility or utility of a technology.

To address barriers to entry and perceived obstacles to doing business with the government by non-traditional vendors to include intellectual property rights and compliance with cost accounting standards.

For flexibility to tailor agreements leveraging commercial terms & conditions to reach non-traditional vendors with innovation Research & Development solutions

For negotiable funding arrangements, payment milestones, length of agreement to achieve research and prototype projects, and flexible approach to managing intellectual property

Although OTs may be appealing due to perceived speed to award OT agreements, the primary goal of OTs is to encourage innovation and technological advances, NOT to award fast or avoid FAR competitive processes.

11 Agencies Authorized to Use OTs

OTs are not an appropriate solution for all requirements!

KoBE & USIDC

KoBE Diversity Partner Network

IT

Construction/
Engineering

Facility

Legal / Public
Accounting
Service

Media/
Press

BIO /
Medical /
Health
Service

Professional
Service

KoBE Network

Networking
(US & Korea)

Prime Contractor
& Subcontractor

8(a)/EDWOSB/
SDVOSB/HUB

Existing
Resources

strategy

- **BUY AMERICAN.** Make “Buy American” Real and Make a \$400 billion Procurement Investment that together with the Biden clean energy and infrastructure plan will power new demand for American products, materials, and services and ensure that they are shipped on U.S.-flagged cargo carriers.
- **MAKE IT IN AMERICA. Retool and Revitalize American Manufacturers,** with a particular focus on smaller manufacturers and those owned by women and people of color, through specific incentives, additional resources, and new financing tools.
- **INNOVATE IN AMERICA. Make a New \$300 Billion Investment in Research and Development (R&D) and Breakthrough Technologies** — from electric vehicle technology to lightweight materials to 5G and artificial intelligence — to unleash high-quality job creation in high-value manufacturing and technology.
- **INVEST IN ALL OF AMERICA. Ensure Investments Reach All of America so we draw on the full talents and invest in the potential of all our communities and workers.** America is not at full strength when investments, venture capital, educational opportunities and paths to good jobs are limited by race, zip code, gender, gender identity, sexual orientation, disability, religion or national origin. Biden will ensure that the major public investments in his plan — procurement, R&D, infrastructure, training, and education — reach all Americans across all states and regions, including urban and rural communities, with historic investments in communities of color and an emphasis on small businesses.
- **STAND UP FOR AMERICA. Pursue a Pro-American Worker Tax and Trade Strategy** to fix the harmful policies of the Trump Administration and give our manufacturers and workers the fair shot they need to compete for jobs and market share.
- **SUPPLY AMERICA. Bring Back Critical Supply Chains to America** so we aren’t dependent on China or any other country for the production of critical goods in a crisis.

// Thank You!



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