

Other Transaction Authority (OTA) and Commercial Solutions Opening (CSO)
Industry Day

Naval Undersea Warfare Center Division, Keyport

Kristen Hansen– Deputy Chief of Contracting Office (DCCO)
June 15, 2026

Commanding Officer
Captain Brandon Monaghan

Technical Director
Mr. John Kenney, SES



Federal Acquisition- The Past and Present

PAST

- Innovation fueled by the Government
- Commercial sector wanted to work with the Government



PRESENT

- Innovation fueled by the private sector
- Commercial firms are reluctant to work with the Government

The landscape of Department of War (DoW) acquisition has undergone a significant shift in 2025 and 2026, moving toward a "**Warfighting Acquisition System**" that prioritizes speed and commercial innovation.

Impediments to Commercial Firm Participation



Traditional procurement process is **too slow**

Traditional procurement contracts are **based on "regulation"** rather than "negotiation"

Government's cost-based pricing system is **cumbersome**

- Specialized accounting and audit systems
- Actual and perceived oversight excesses

Government's approach to intellectual property can be **overreaching**

Solving the Problem: CSOs and OTAs

Executive Order: "Modernizing Defense Acquisitions and Spurring Innovation in the Defense Industrial Base" (April 9, 2025)

- Develop a plan to reform defense acquisition and specifically calls for:
 - A "first preference" for commercial solutions
 - A "general preference" for the use of Other Transaction Authority (OTA)
- Increased use of other streamlined acquisition methods and rapid acquisition pathways
- Defines OTA as an "innovative acquisition authority" and directs DoD to incentivize acquisition personnel to use these authorities where appropriate

The goal is to use the authority and its flexibility to get our warfighting team what they want, when they want it, and at an affordable price!

Solving the Problem: Reducing the Barriers

Other Transactions (OTAs)

- **Operate outside most FAR requirements**, reducing administrative burden and compliance costs.
- **Allow more flexible intellectual property (IP) negotiations**, enabling companies to better protect proprietary technology.
- **Use commercial business practices**, making the government easier to work with.
- **Typically provide faster award timelines** than traditional FAR Part 15 procurements.
- **Reduce accounting system and cost-principle requirements** that can be challenging for startups and small businesses.
- **Enable collaboration through consortia**, allowing firms to access opportunities without building a large government contracts infrastructure.

Commercial Solutions Openings (CSOs)

- Focus on **solving problems rather than prescribing detailed requirements**.
- Allow companies to propose **existing commercial technologies** rather than developing custom government solutions.
- Use a **merit-based evaluation process** instead of a lengthy source selection.
- Enable government buyers to engage industry early and frequently.
- **Shorten the time** from solicitation to award.
- Create opportunities for firms that may have never pursued federal contracts before.

Other Transactions Authority

- DoD has statutory authority for Other Transactions (OTs)
 - **Research OTs – 10 U.S.C. 4021** (formerly 10 U.S.C. 2371)
 - Allows DoD to enter into transactions other than procurement contracts, grants or cooperative agreements for basic, applied, or advanced research
 - This authority can be used for other purposes
 - **OTs for Prototypes – 10 U.S.C. 4022** (formerly 10 U.S.C. 2371b)
 - Allows DoD to enter into OT agreements to carry out prototype projects that are directly relevant to enhancing the mission effectiveness personnel of the Department of Defense or improving platforms, systems, components, or materials proposed to be acquired or developed by the Department of Defense, or to improvement of platforms, systems, components, or materials in use by the armed forces.
 - Considered an acquisition arrangement
 - No statutes or regulations specifically cover it other than the basic authority
 - **OTs for Production – 10 U.S.C. 4022(f)** (formerly 10 U.S.C. 2371b(f))
 - Allows programs begun as OTs for Prototypes to continue without additional competition into production

OTA's - Who Can Participate

10 U.S.C. § 4022 (formerly 10 U.S.C. 2371b)

At least one non-traditional defense contractor participating to significant extent; or

All significant participants in the transaction are small businesses or non-traditional defense contractors; or

At least 1/3 of the total cost of the prototype project is paid by the non-Federal parties; or

The agency SPE determines exceptional circumstances justify the use of the authority.

Non-Traditional Defense Contractor

An entity that is not currently performing or has not performed for at least the last one-year period preceding the solicitation of sources by the Department of Defense (DoD), any contract or subcontract for the DoD that is subject to full coverage under the cost accounting standards

Cost Sharing

Prototype OTs: Many prototype OTs **do not require cost sharing** because a nontraditional defense contractor is participating significantly.

Research OTs: cost sharing is **generally expected** when traditional contractors participate, but there are exceptions

Follow on Production OTs: generally **do not have** a cost sharing requirement

In practice, DoD frequently relies on significant participation by nontraditional defense contractors rather than requiring the performer to contribute one-third of the project cost.

NAVY OT PROTOTYPE EXAMPLES

Cybersecurity

Communication Technologies

Autonomous Systems

Unmanned Maritime Systems

Autonomous Fiber Optic Sensor Network (A-FOSN)

The system uses buried fiber-optic sensors to detect and classify intrusions at Navy ports and installations.

This is a classic operational prototype demonstrating military utility before broader deployment.

SPY-1 Radar Modernization Prototype

Modernization and sustainment of the SPY-1 radar system used on Aegis combatants, with the goal of extending operational capability well into the future.

This is a good example of an OTA being used for modernization and technology insertion into an existing fleet system

Commercial Solutions Opening (CSO) Authority

Commercial Solutions Opening (DFARS 212.70)

[Commercial Solutions Opening \(CSO\)](#) is a competitive process to obtain solutions or new capabilities that fulfill requirements, close capability gaps, or provide potential technological advances. Products and services acquiring using a CSO shall be treated as commercial products or services. For CSO purposes, innovation is defined as:

- any technology, process, or method, including research and development, that is new as of the date of proposal submission
- any application of a technology, process, or method that is new as of proposal submission

A CSO may also be used to fulfill requirements for R&D solutions ranging from advanced component development through operational systems development. CSOs are not subject to the limitations at [DFARS 235.016](#).

CSO procedures are similar to those for Broad Agency Announcements (BAAs), with the exception that a CSO can be used to acquire innovative commercial items, technologies, or services that directly meet program requirements, whereas BAAs are restricted to basic and applied research.

How Is a CSO Different from Traditional FAR Procurements?

Traditional FAR Competition

Requirement-driven

Lengthy proposals

Extensive documentation

Focus on compliance

Often months to award

Commercial Solutions Opening

Problem-driven

Short solution briefs

Streamlined evaluation

Focus on innovation and merit

Significantly faster timelines

CSOs are not a replacement for traditional contracting—they are a complementary tool that helps the Navy access innovative commercial capabilities more quickly.

Path to OT or CSO

Join an OTA Consortium (Most Common)

- National Security Technology Accelerator (manages S²MARTS and other consortia)
- Advanced Technology International
- Consortium Management Group

1. Join the consortium (typically paying a membership fee)
2. Receive Requests for Prototype Projects (RPPs)
3. Submit a white paper or proposal
4. Receive an OT agreement award

Respond to a Commercial Solutions Opening (CSO)

Under a CSO, the government solicits innovative commercial technologies and may award:

- Prototype OTs
- Procurement contracts
- Cooperative agreements

A contractor submits a solution rather than a traditional FAR proposal, often with significantly less documentation.

Respond to a Stand-Alone OT Solicitation (via SAM.gov etc)

A successful prototype can often transition directly into a **follow-on production OT** without a separate competition if the prototype project was competitively awarded and the original solicitation advised offerors of the potential for follow-on production.

This can provide a significant pathway from innovation to fielding.

Questions?