



DEPARTMENT OF THE AIR FORCE  
WASHINGTON DC

29 MAY 2019

OFFICE OF THE ASSISTANT SECRETARY

MEMORANDUM FOR AFPEO Digital

FROM: SAF/AQ

SUBJECT: Written Determination to Use a Production Other Transaction for Prototype  
(Production OTP) Exceeding \$100,000,000 to Pivotal Software, Inc.

REFERENCE: Production OTP Agreement FA8730-19-9-0005

Pursuant to 10 U.S.C § 2371b, I have determined that the Air Force Life Cycle Management Center (AFLCMC) may execute Production OTP to Pivotal Software Inc. (Pivotal) to support the AFLCMC Detachment 12 (Kessel Run). This determination is in addition to the determinations issued on 2 Feb 2018 (for Production OTP Agreement FA8730-18-9-0001) and 28 Sep 2018 (for Production OTP Agreement FA8730-19-9-0002).

On 4 August 2017, Defense Innovation Unit (DIU), Army Contracting Command-New Jersey (ACC-NJ), and AFLCMC Operations, Command, & Control Division Contracting (HBBK) competitively awarded an OTP under Agreement no. W15QKN-17-9-0044 to Pivotal with an objective to "prototype the use of agile software development methodology in conjunction with a modernized software platform (Pivotal Cloud Foundry [PCF]) to assess whether this commercial methodology can provide similar benefits in a Government use case." Furthermore, the agreement states, "The AOC PMO is the first major IT program to implement this methodology. If successful, it is the intent of the DoD to leverage this methodology across several other IT program offices." Upon completion, the prototype was determined successful. As a result, a Production OTP (Agreement no. FA8730-18-9-0001, enabled by the determination issued on 2 Feb 2018) was awarded on 31 May 2018 to scale the methodology, software, and services to the entire Air Operations Center (AOC) and Targeting and Geospatial (T&G) Enterprises. This Agreement had a period of performance of 31 May 2018 to 30 May 2019. Therefore, AFLCMC/HBBK is seeking authority to enter into an additional Production OTP for performance from 31 May 2019 to 30 May 2020 with a subsequent seven month option period through 30 Dec 2020.

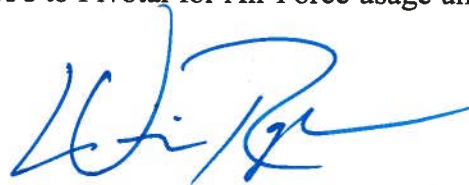
The Production OTP (Agreement no. FA8730-18-9-0001) stated, "The AOC PMO was the first major IT program to implement the methodology through the prototype. As such, this Production OT may be modified at a later date to accommodate other program offices within the DOD." The determination issued on 28 Sep 2018 was in support of this expansion to other program offices within the Air Force. An additional Production OTP (Agreement no. FA8730-19-9-0002) was supported and supports other program offices within the Air Force. The period of performance of this agreement is 19 Dec 2018 through 18 Dec 2019. (The intent of the seven month option period on FA8730-19-9-0005 is to align the end date with the anticipated additional Production OTP, supporting other Air Force programs, to end in Dec 2020.)

AFLCMC/HBBK's approach to the aforementioned acquisitions represents a unique methodology of obtaining technical capabilities directly relevant to mission effectiveness of military personnel and their supporting platforms, systems, components, and/or materials. Currently, the authority is being utilized to support the modernization of the AOC and T&G portfolios; this Agreement, FA8730-19-9-0005, would allow for Pivotal services and subscriptions to continue to be used in support Detachment 12's internal AOC and T&G portfolio.

This is in accordance with the Deputy Secretary of Defense's Memorandum "Accelerating Enterprise Cloud Adoption" dated 13 September 2017 and the OTP Statement of Work. Non-traditional and commercial organizations have expressed concern with cost accounting standards, intellectual property rules, and audit requirements of Government contracting and therefore refrain from participating in traditional federal procurement opportunities. The Air Force is not able to tap into the research and development these entities are conducting and, in some cases, is not able to obtain the technologies they are producing. Successful application of OTP authority for the subject acquisitions provides a means of rapidly providing access to these technologies and therefore provides a significant enhancement for the warfighter.

This Production OTP with Pivotal Software, Inc., to be awarded by AFLCMC/HBBK shall be limited to a total value of \$150M. In accordance with the Under Secretary of Defense's Memorandum "Authority for Use of Other Transactions for Prototype Projects Under 10 United States Code, Section 2371b," dated November 20, 2018, OTs are measured based on the value of each transaction, rather than the total value of all OTs that might be executed in a prototype project or for follow-on production. Thus, a prototype project may consist of multiple transactions to the same or different parties, each of which shall be considered separately when considering dollar thresholds. Furthermore, the Production OTP must have at least one nontraditional defense contractor participating to a significant extent or, for projects where non-traditional defense contractors are not participating to a significant extent, at least one third of the total cost of the project will be required to be paid out of the funds provided by parties to the project other than the Federal Government.

I authorize execution of Production OTPs to Pivotal for Air Force usage under 10 U.S.C. 2371b.

A handwritten signature in blue ink, appearing to read "W. B. Roper, Jr.", is positioned above the printed name and title.

William B. Roper, Jr.  
Assistant Secretary of the Air Force  
(Acquisition, Technology & Logistics)