



ACQUISITION AND  
TECHNOLOGY

## THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3010

13 SEP 1999

Mr. Tim Nunnally-Olsen  
Executive Secretary/Administrative Officer  
Council of Defense & Space Industry Associations  
2111 Wilson Boulevard, Suite 400  
Arlington, Virginia 22201

Dear Mr. Nunnally-Olsen:

The authority to use "transactions other than contracts" when acquiring prototypes provides the Department of Defense (DoD) unprecedented freedom to create business arrangements necessary to attract traditionally non-defense commercial companies and to develop beneficial and innovative business strategies when contracting with companies who normally do business with the Department. I am pleased with the creativity the Department has demonstrated using other transactions and want to provide some guidance on their use, based on the wisdom we have accumulated with our use so far. If we continue to use the new authority in ways that demonstrate use of good business judgment that result in benefits to the Department, I plan to seek legislation that would permit limited use of other transactions on follow-on production.

I seek your comments and recommendations on the guidance I am considering issuing in the form of a DoD Directive on the use of "Other Transactions" for Prototype Projects. The Directive would require use of the policy contained in a Guide on "Other Transactions" for Prototype Projects. Referencing the Guide in the Directive rather than incorporating it, would retain the flexibility to modify the guide to accommodate changing circumstances without modifying the Directive itself.

I would appreciate your Association's review of the enclosed draft Guide and request you provide any comments or recommendations you may wish to offer. Comments should be submitted to Mrs. Eleanor R. Spector, Director, Defense Procurement, OUSD(A&T)DDP, 3060 Defense Pentagon, Room 3E144, Washington, DC 20301-3060, or e-mail to her at [spectoer@acq.osd.mil](mailto:spectoer@acq.osd.mil) by October 15, 1999.

Sincerely,



J. S. Gansler

Enclosure:  
As stated

