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FY 2005 RDT&E,N BUDGET ITEM JUSTIFICATION SHEET
Exhibit R-2

DATE: Feb 2004

BA: 07 PROGRAM ELEMENT: 0203761N
PROGRAM ELEMENT TITLE: Rapid Technology Transition (RTT)

COST: (Dollars in Thousands)

Project Number & Title	FY 2003 Actual	FY 2004 Estimate	FY 2005 Estimate	FY 2006 Estimate	FY 2007 Estimate	FY 2008 Estimate	FY 2009 Estimate
R4021 Rapid Technology Transition (RTT)	0	9,889	14,630	14,661	14,659	14,677	14,694
Totals	0	9,889	14,630	14,661	14,659	14,677	14,694

A. MISSION DESCRIPTION AND BUDGET ITEM JUSTIFICATION: The mission of the Rapid Technology Transition (RTT) program is to increase the rate at which new, innovative, and potentially disruptive technology is inserted into Department of Navy (DoN) acquisition programs and the hands of the warfighter. A key aspect of the RTT program is its charter to transition technology from any source, including those not traditionally associated with defense technology. An effective and robust integration of commercial and military technologies can reduce costs and improve Naval capabilities, but only if technology transition can keep pace with fast moving changes in technologies and operational needs. The RTT program is structured to bring transition deals to closure quickly, and to provide execution year funding for a rapid start, bridging the gap until the program of record can fund the completion of the technology insertion.

Rapid transition opportunities occur when a sufficiently mature technology is identified that can meet a particular need on a timetable which matches that of an acquisition program, and is supported by a business case which justifies the associated cost and schedule risk. The combination of circumstances which create such opportunities can appear, and disappear, well inside the Program Objectives Memorandum (POM) cycle. The RTT program is designed to be pro-active in identifying opportunities and to work with resource sponsors, fleet and force users, and program managers in constructing viable technology transition deals one at a time.

To ensure the widest possible awareness of emergent commercial technology opportunities, RTT will interact with the venture capital community and industry. The RTT program will coordinate closely with Program Executive Offices (PEOs) and Program Managers (PMs) to maintain awareness of insertion opportunities. Utilizing existing authorities, RTT will apply execution year funds where necessary to "jump-start" transitions so they can be inserted and validated by Sea Trial experiments leading directly to deployment and/or demonstrations of high risk/high payoff technologies.

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PROGRAM CHANGE SUMMARY:

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
FY 2004-2005 President's Budget Submission	0	14,662	14,683
Cong. Rescissions/Adjustments/Undist.Reductions	0	-111	0
Congressional Actions	0	-4,662	0
Inflation Savings	0	0	-47
Technical Adjustments	0	0	-6
FY 2005 President's Budget Submission	0	9,889	14,630

PROGRAM CHANGE SUMMARY EXPLANATION:

Technical: Not applicable.

Schedule: Not applicable.

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COST: (Dollars in Thousands)

Project & Title	FY 2003 Actual	FY 2004 Estimate	FY 2005 Estimate	FY 2006 Estimate	FY 2007 Estimate	FY 2008 Estimate	FY 2009 Estimate
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B. ACCOMPLISHMENTS/PLANNED PROGRAM:

	FY 2003	FY 2004	FY 2005
RTT	0	9,889	14,630

FY 2003 Accomplishments: Not Applicable

FY 2004 Plans:

This project will be managed by the Commercial Technology Transition Office (CTTO) within the Office of Naval Research. Initial program efforts will include:

- Develop and execute a process and a supporting data base for matching technology insertion opportunities with high priority needs. This process will include interfaces with the technology, acquisition, resource sponsor and user communities, and with industry.
- Broker high payoff technology transition deals with programs of record, using RTT as the source of bridge funding for a rapid start. Opportunities under evaluation in FY 2004 include: Advanced Hawkeye Alternate Transmitter; Ship Service Fuel Cell; Aircraft Weapon Inventory Management System; Battle Force E-mail for P-3C; Commercial Bandwidth Optimization for Surface Ships; Secure High Frequency (HF) Internet capability for E-2C; Fiber Optic Splicing for F/A-18; Metal Matrix Composite Shaft Seals for DDG-51; On-Board Vehicle Power for USMC HMMWVs; Commercial Precision Landing for E-2C; Automated E-2C Air Tasking Order capability for Joint targeting.

Engage the venture capital (VC) community to identify innovative technology sources that might not otherwise be visible to DoD. Venture Capitalists (VCs) invest in small, agile, technology companies whose products often have dual use potential. The RTT will follow up on leads from VCs, and work directly with VC-backed portfolio companies and Naval programs of record to develop technology transition deals for product variants that will meet defense system needs. Engaging the VC community will increase DoN awareness, leverage commercial investments, and reduce time to market for technologies to meet current naval needs. Evaluate various rapid technology transition strategies and business models via role-playing "war games" and other means. The RTT will support senior acquisition decision makers by conducting assessments and creating roadmaps of alternate transition paths. Benefits include evaluating various business models with

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minimum expenditure of resources, and applying Lessons Learned to business approaches.

FY 2005 Plans:

- Continue RTT initiatives. Execute the process developed in FY 04 to broker a new set of technology transition deals enabled by FY 2005 RTT bridge funding, using the insight into acquisition and warfighter needs gained through development of the FY 2004 transitions to increase the innovation and impact of the FY 2005 transition deal set. The goal is to complete 5-8 new technology transition deals. Projects are expected to be similar in nature to the deals closed in FY 2004, with substantial improvements in performance, readiness, and/or total ownership costs in response to needs identified by programs of record.
- Complete FY 2004 transitions. Complete transitions initiated in FY 2004 such as: Battle Force E-mail for P-3C, Commercial Bandwidth Optimization for Surface Ships and Automated E-2C Air Tasking Order for Joint targeting. Monitor technical and programmatic progress towards acquisition of all transitions initiated in FY 2004.
- Continue RTT venture initiatives. Expand activities to follow up on VC leads generated through the Naval Research Advisory Committee (NRAC) panel on Venture Capital. Utilize leading commercial (non-defense industry) trends identified by the NRAC VC panel to guide development of FY 2005 RTT transition deals.

C. OTHER PROGRAM FUNDING SUMMARY:

RELATED RDT&E: All technology investments in DoN.

NON-NAVY RELATED RDT&E: All technology investments outside DoN.

D. ACQUISITION STRATEGY:

Utilize existing authorities on a case-specific basis to exploit rapid technology transition opportunities.