

# Network Centric Operations Industry Consortium

## Statement of Business Principles

### Introduction

Currently NCOIC's sole source of revenue is member dues. The Executive Council created a Budget Review Team to investigate new business models that would ensure NCOIC's viability on a long term basis. The Executive Council determined that the first step in this process is to have in-place Business Principles before any decision can be made on a new business model, or accepting any new forms of revenue. This document defines the Business Principles under which the NCOIC could accept new forms of revenue, including for example: donations, grants, subsidies, fees for services, licensing of intellectual property, sales of NCOIC deliverables, and charges for training, certification, and attendance at NCOIC events.

The overarching intent of creating a set of principles under which NCOIC could seek new forms of revenue is:

- ✓ Advance the state of Network-Centric Operations (NCO) for all
- ✓ Improve NCOIC's budget by providing additional resources to perform and deliver on the Executive Council's approved action plan
- ✓ Not result in any discriminatory position regarding any member (in particular intellectual property generated through contracts, if any, should be accessible to all)
- ✓ Not incur any risks or liabilities to members, unless explicitly and formally agreed to by individual members

These principles follow a standard format for defining principles. In addition to a definition statement, each principle should have an associated rationale and implications statements, both to promote understanding and acceptance of the principles themselves, and to support the use of the principles in explaining and justifying why specific decisions are made.

<b>Name</b>	Should both represent the essence of the rule, as well as be easy to remember.
<b>Statement</b>	Should succinctly and unambiguously communicate the fundamental rule.
<b>Rationale</b>	Should highlight the value to the enterprise and, therefore, provide a basis for justifying architecture activities.
<b>Implications</b>	Should provide an outline of the key tasks, resources, responsibilities, commitments and potential costs and risks to the enterprise of following the principle. Should also provide valuable inputs to future transition initiative and planning activities.

## Statement of Business Principles for NCOIC

<b>Name</b>	<b>Primacy of Principles</b>
<b>Statement</b>	Principles apply throughout the enterprise and override all other considerations when decisions are made.
<b>Rationale</b>	The only way a recognized, consistent, and measurable level of operations can be provided is if all parts of the enterprise abide by the principles when making decisions.
<b>Implications</b>	Without this principle, short-term consideration, supposedly convenient exceptions, and inconsistencies would rapidly undermine the management of projects and ultimately the credibility of the Consortium. <ul style="list-style-type: none"> <li>• Proposed initiatives will not be agreed to or permitted to begin until they are examined for compliance with the principles.</li> <li>• A conflict with a principle will be resolved by changing the conflicting initiative, which could delay or prevent the initiative.</li> </ul>

<b>Name</b>	<b>Compliance with Law</b>
<b>Statement</b>	Consortium engagements and management processes comply with all relevant laws, policies, and regulations.
<b>Rationale</b>	Consortium policy is to abide by international and national (of members' countries) laws, policies, and regulations. This will not preclude business process improvements that lead to changes in policies and regulations.
<b>Implications</b>	<ul style="list-style-type: none"> <li>• As a global entity, the consortium must be mindful to comply with international and national (of members' countries) laws, regulations, and external policies regarding business operations, export, and information protection.</li> <li>• NCOIC must ensure that accepting any revenue opportunity (a) would not violate, or potentially lead to a violation, any ITAR, export control or other regulation, (b) would not result in any adverse consequence or would not limit the rights or privileges of any NCOIC member, wherever located, and, to the extent necessary, ensure that all necessary and appropriate steps have been put in place to avoid any such consequence.</li> <li>• As an entity incorporated in the United States, the consortium must review each revenue opportunity to determine that accepting it would not endanger NCOIC's tax-exempt status, or its favorable status under the National Cooperative Research and Production Act</li> </ul>

<b>Name</b>	<b>Pro-competitive Behavior</b>
<b>Statement</b>	Engagements selected by the Consortium must advance the state of NCO for all
<b>Rationale</b>	Selection and operation of engagements shall be done on the basis of advancing the

	state of Network Centricity for industry and governments and international agencies (such as NATO and EDA), as a whole
<b>Implications</b>	<ul style="list-style-type: none"> <li>Proposed engagements shall undergo a pro-competitiveness review prior to being accepted</li> <li>Final results of contracts shall be made available to all constituencies on a reasonable and non-discriminatory basis</li> </ul>

<b>Name</b>	<b>Maintain Consortium Values</b>
<b>Statement</b>	Project selection and operation is subordinate to NCOIC governance processes.
<b>Rationale</b>	Government and Industry value NCOIC's role as an open and vendor/company-neutral entity - this is one of the reasons government agencies engage with NCOIC. Selection and operation of engagements must do nothing that diminishes this value.
<b>Implications</b>	<ul style="list-style-type: none"> <li>Contract deliverables will (if appropriate) still undergo appropriate NCOIC consensus approval prior to being published.. (Support for such approval may form part of the contracted service.)</li> </ul>

<b>Name</b>	<b>Alignment with Strategy and Technical Development Efforts</b>
<b>Statement</b>	Development engagements must fit with NCOIC strategy and with either established or otherwise anticipated technical efforts
<b>Rationale</b>	The NCOIC does not seek to become a general contracting service; it will seek and accept development engagements only in areas that are consistent with the NCOIC Strategy Implementation Plan (NISP) and Long-term Strategy addendum.
<b>Implications</b>	<ul style="list-style-type: none"> <li>Proposed contracts shall be reviewed by the EOC and Technical Council (or delegated group) for fit with the strategy and established or anticipated technical efforts</li> <li>The engagement opportunity is something NCOIC would have considered undertaking anyway as part of established or anticipated technical efforts</li> </ul>

<b>Name</b>	<b>No Competition with Industry</b>
<b>Statement</b>	Engagements selected by the Consortium should not conflict with industry commercial opportunities
<b>Rationale</b>	Related to the principle of Pro-competitive Behavior, the NCOIC will seek and accept contracts only where the NCOIC is uniquely positioned to undertake the task, and not where a single company or multi-company partnership could do similar work.
<b>Implications</b>	<ul style="list-style-type: none"> <li>Proposed contracts shall be evaluated to ensure correct NCOIC role</li> <li>EOC will notify all members of contracts under review.</li> </ul>

<b>Name</b>	<b>Selection on Merit</b>
<b>Statement</b>	The consortium will evaluate potential engagements using objective criteria and not consensus processes
<b>Rationale</b>	To avoid any appearance of Trust or OCI issues, selection should be done based on a

	single set of criteria established by these principles, the business case, and other evaluation criteria as agreed to by the relevant Councils, and not by a consensus of the members. (NOTE This may be implication of Pro-competitive principle).
<b>Implications</b>	<ul style="list-style-type: none"> <li>● Development of evaluation and governance criteria in advance</li> <li>● No approval of individual contracts by Councils</li> <li>● EC may audit to ensure process was followed</li> </ul>

<b>Name</b>	<b>Sustainability</b>
<b>Statement</b>	Consortium engagements will build the basis for sustainability
<b>Rationale</b>	The NCOIC recognizes that deliverables that form part of government procurement and national security policies will require ongoing support and maintenance. Contracts and IP rights shall be structured such that the NCOIC can provide such ongoing support, including potential licensing of results.
<b>Implications</b>	<ul style="list-style-type: none"> <li>● Inclusion of support in business case</li> <li>● Business case shows sustained need and value</li> <li>● Requirement for sufficient IP rights to sustain necessary ongoing activity</li> </ul>

<b>Name</b>	<b>Cost Recovery</b>
<b>Statement</b>	Engagements must be undertaken on a sound financial basis
<b>Rationale</b>	The NCOIC seeks to operate on a basis or recovering all costs associated with the operation and delivery of a contract, including development, administrative, management, and ongoing support costs. It does not seek to make a profit on such contracts. Conversely, NCOIC is not in a position to fund any portion of a contract using member dues without approval.
<b>Implications</b>	<ul style="list-style-type: none"> <li>● Proposed contracts will include a business case demonstrating cost recovery</li> <li>● Business case and proposal shall include all costs associated with development, administrative, management, and ongoing support</li> </ul>

<b>Name</b>	<b>Contract Vehicle Neutral</b>
<b>Statement</b>	The consortium will make business arrangements that are appropriate for each engagement
<b>Rationale</b>	NCOIC recognizes that different customers and circumstances will require a variety of contract arrangements. The NCOIC will seek to work with a customers preferred contract vehicle so long as it does not impose undue administrative burdens or conflict with NCOIC's Bylaws, Charters and Procedures IPR or Anti-Trust Policies.
<b>Implications</b>	<ul style="list-style-type: none"> <li>● No a priori decision on business model</li> <li>● OK to establish business model guidelines and templates</li> </ul>

END