



THE GOOD, THE BAD, AND NOT SO UGLY JOINT VENTURES*

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*Presentation limited to JVs that Provide Government Services

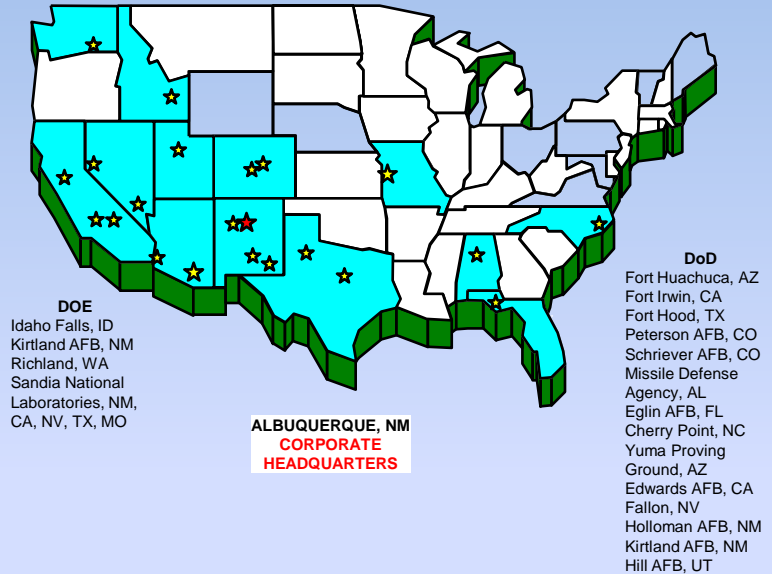
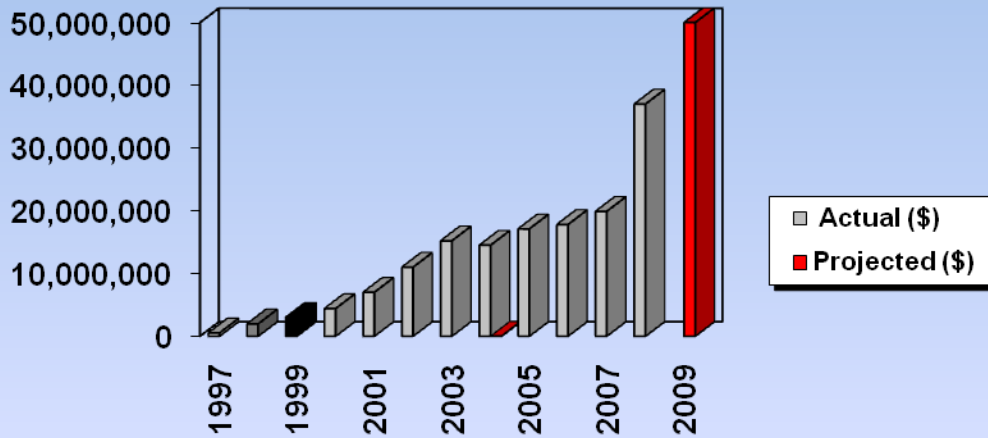


AGENDA

- **Introduction to WESTECH and Sandia Staffing Alliance (SSA)**
- **Why Form a Joint Venture (JV)**
- **Types of JVs**
- **Mechanics of Forming a JV**
- **Costs Associated with Forming a JV**
- **Pros and Cons of JVs**
- **Size Calculations (both revenues and number of employees)**
- **DCAA Audits of JV and/or Managing Members**
- **Summary**



INTRODUCTION - WESTECH HISTORY



STAFFING

Skills/Disciplines	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Facility Management & Logistics Support	3	18	31	34	36	45	55	95	110	120
Information Technology	3	28	46	53	55	55	58	38	25	50
Engineering	6	15	25	38	38	43	48	40	42	460
Test and Evaluation	34	35	34	46	49	52	52	52	104	104
Security Program Support	3	13	14	14	20	22	25	25	25	25
TOTAL	49	109	150	185	198	217	238	250	306	759



WESTECH – “Customer Service Leader”



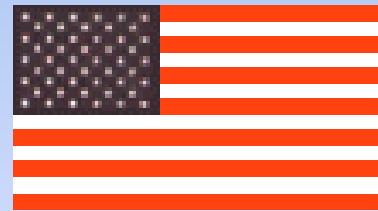
SERVICES AND CUSTOMERS

SERVICE AREAS



- Satellite Operations & Space Support
- Test and Evaluation
- Engineering, Professional, Technical, and Administrative Support
- Security Program Management
- Facility Operations & Maintenance
- Logistics Support

CUSTOMERS



- US Army
- US Air Force
- US Navy
- US DOE
- Prime Contractors
 - ARINC
 - Booz Allen Hamilton
 - ITT/CAS
 - NEWTEC, LLC
 - Northrop Grumman
 - RAM, Inc.
 - SAIC
 - Sandia National Labs
 - TRAX International, Inc.



WHY FORM A JV?

Answer: Business Decision

Examples: Pursue an 8(a) Opportunity

**Multiple Companies Join Forces to Strengthen
Qualifications**

Pricing Structure

Benefits Structure



TYPES OF JOINT VENTURES

- **Small Business Administration's 8(a) Joint Venture**
 - Approved SBA Mentor-Protégé Relationship
 - Approved JV by SBA
- **Small Business Administration's Small Business Joint Venture**
 - Each Member of the JV *MUST* meet the NAICS Code Size Limit
- **All Other JVs (e.g., Members are large businesses or a combination of large and small businesses)**

JVs can be either Populated or Unpopulated



MECHANICS OF FORMING A JOINT VENTURE

Need to: Consult Your Contracts Attorney,
Corporate Attorney, Human Resources Attorney,
Tax Attorney, and CPA Accounting Firm

Suggestions: Determine How Many Managing Members
Determine Type of JV
Determine Work Share and Profit Share (8a
JVs are SBA approved)
Establish a Draft Operating Agreement (e.g.,
management, voting, capital needs/funding,
fiscal matter, dispute resolution, dissolution)
Apply for LLC with State
Establish a Bank Account



COSTS ASSOCIATED WITH FORMING A JV

- **Legal Fees (e.g., Contracts, Corporate, State Tax Advise)**
- **CPA Fees**
- **State LLC Fees**
- **Bank Account Set-Up Fees**
- **You and Your Staff's Time**

BOTTOM LINE: The Costs are Not Significant in terms of Your Operational Expenses



PROS AND CONS OF JVs

- Pros:**
- Cost Competitive**
 - One Contract Focus for the JV Company**
 - Use Past Performance of the “Parent” Companies**
- Cons:**
- Limited Ability to Grow the “Parent” Companies**
 - Cannot use JV Past Performance by “Parent” Companies (CPAR of JV belongs only to JV)**



SIZE CALCULATIONS

AFFILIATION: 13 CFR121.103

REVENUE CALCULATIONS: 13 CFR 121.104

EMPLOYEE CALCULATIONS: 13 CFR 121.106

CONSULT YOUR CONTRACTS ATTORNEY



DCAA AUDITS

Populated JV: If no members own 50%, then JV is audited by DCAA.

Unpopulated JV: If a member owns 50% or more, then the member company is audited by DCAA.



SUMMARY

A JV is a Separate Company:

- Provide Customer with Single Focus
- Provide Single Financial Responsibility
- Provide Single and perhaps Separate Benefits Package
- Provide Single G&A (for populated JV) that is not spread across other contracts
- Utilize Managing Members' Past Performance for Proposal Purposes

Our Experience:

- Easy to Form
- Easy to Manage
- High Customer Focus => High Customer Satisfaction
- Financial Independence