



Selling Unmanned Systems Products and Services to the Government

By: Kevin D. Pomfret

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The government's role with respect to the non-military use of unmanned systems (air, ground and maritime) primarily has been that of a regulator. However, the use of unmanned aircraft systems by federal, state and local governments for purposes such as search and rescue, mapping and inspections after Hurricanes Harvey and Irma highlights that civilian government agencies can become a major customer for companies that offer unmanned systems products and services. In fact, some believe that the government's role as a customer will have a significant impact on the near-term success of the unmanned systems industry in the U.S.

Over the past several years, unmanned aircraft systems, commonly referred to as drones, have been used after catastrophic events. However, the potential applications of drones in connection with post-catastrophic response became clearer after Hurricanes Harvey and Irma. For example, as of September 15, 2017, the Federal Aviation Administration (FAA) had granted 132 requests for airspace operations by drones in connection with Hurricane Irma recovery efforts. Many of these were for government-related operations, including inspections and aerial surveying of geographic points of infrastructure, such as power plants, by the Federal Emergency Management Agency (FEMA). At the state level, Ohio and Minnesota started using drones to inspect bridges, and many other states are exploring the use of unmanned systems for governmental purposes.

Experts believe that, over time, unmanned systems will be used to augment many services currently performed by government in a manner that will be safer, more efficient and less expensive. For example, government agencies currently operate automobiles and trucks to inspect private and public lands and monitor lakes, rivers and other waterways. Unmanned systems can be used to perform each of those functions. As a result, government agencies will consider procuring not only unmanned products and services for drone-based data collection, but also those from both autonomous ground and maritime vehicles.

There is no doubt that selling to federal and state government agencies is very different from selling to commercial entities. And that certainly has served as a barrier to entry for many commercial businesses

that prefer to "play it safe" in a familiar marketplace. At the federal level, businesses must comply with the complex Federal Acquisition Regulations (FAR) when selling products and services to civilian agencies, and the Defense Federal Acquisition Regulations (DFARS) when selling to defense agencies. Working through this labyrinth of federal regulations is not easy, and each state also has its own comparable set of procurement regulations which must be followed. But the payoff for businesses that choose to understand and overcome or mitigate the risks of the federal and state government marketplace could lead to significant rewards. After all, the federal government has been called the world's largest customer—and what business wouldn't want a shot at a share of that multi-billion dollar market?

The challenge of selling to the government will be even greater for those offering unmanned systems products and services. The technologies are so disruptive that the products and services often do not fit easily into current government procurement regulations and processes. In addition, unmanned systems raise several unique legal issues for government customers that businesses will need to address. For example, many federal agencies will have strict policies on how data collected from drones can be used and/or stored. These requirements do not currently apply to other types of remote sensing data. Other unique legal issues that unmanned systems companies should be prepared to address for government customers include: data rights and governance, cybersecurity and data protection/privacy, liability, insurance requirements and export controls.

As is the case when entering any new market, there are many questions that should be asked before considering selling to federal and state government agencies. Some questions will be easy to answer, while others may prove to be more difficult. But if you are in the unmanned systems industry, you owe it to yourself to get the answers you need in order to make the appropriate decision regarding whether this market is right for your business.

Williams Mullen is hosting a seminar on "Selling Unmanned Systems Products and Services to Federal, State and Local Government Agencies" from 8:00 - 11:00 a.m. on November 15, 2017 at the Tower Club in Tysons, VA to help explain how businesses can better sell unmanned products and services to these entities. The event is free and open to CEOs, CFOs, COOs and in-house counsel. For more information, and to register, please click [here](#).

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- Kevin D. Pomfret ? 703.760.5204 ? kpomfret@williamsmullen.com

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