



SBIR Phase III Survey Preliminary Results

In December of 2014 the Small Business Technology Council sent a survey to all known recipients of an SBIR award. The purpose of this survey was to identify what issues or obstacles SBIR companies face when pursuing Phase III follow-on contracts or funding with a contracting officer or PEO at an agency.

We discovered an overwhelming amount of respondents have stated that contracting officers simply do not understand the law, or what their agency's obligations are. **37%** of respondents said that the Phase III preference for SBIR companies is completely ignored by the agency. **29%** of respondents said that a contracting officer they had dealt with didn't know the SBIR phase III program even existed. Only **9%** of respondents state they have never experienced any issues when pursuing and securing Phase III funding.

These responses are completely in line with the feedback we have gotten with our membership, who have been telling us for years how difficult it is to get a Phase III/follow-on contract, in spite of a clear Congressional mandate requiring agencies to increase Phase III commercialization returns. The law is unambiguous in this regard, and the only conclusion that can be drawn from analyzing this survey is that there needs to be a comprehensive training of contracting officers and PEOs, so that they can better understand the Phase III program, and what their obligations are under the law.

Here is a sampling of quotes from SBIR companies about their experiences with the Phase III program:

- "Approval had to go to Undersecretary of Agriculture. No one at contracting officer level was willing to approve"
- "Army just ignores the [SBIR Phase III] program in our experience"
- "Agency requested competition between large prime and small business for award of contract for Phase III"
- "Not many contracting officers have had direct experience with Phase III awards"
- "It is made clear to us that if we insist on data rights, we won't get a contract"
- "We typically have to educate KOs and TPOCs about the Phase III mechanism ourselves"
- "Contracting officers rarely know about Phase III, Prime contractor offices almost never"
- "Large Prime Contractors do not understand SBIR Phase III Program"
- "SBIR Phase III is so poorly understood by contract officers and there seems to be no enforcement of SBIR directives, I deeply regret even asking for SBIR data rights on my recent contract. I cost my company about \$6M and I seem to have no recourse"

**2014 SBIR Commercialization Survey
Small Business Technology Council (SBTC)**

Q1 - Have you attempted to commercialize SBIR technology in the past?		
Answer Options	Response Percent	Response Count
Yes - attempted and succeeded	82.8%	24
Yes - attempted but did NOT succeed	13.8%	4
No - never attempted	3.4%	1
<i>answered question</i>		29
<i>skipped question</i>		106

Q2 - Have you been awarded funds under the DOD's Rapid Innovation Fund (RIF) program?		
Answer Options	Response Percent	Response Count
Yes	23.7%	31
No	76.3%	100
<i>answered question</i>		131
<i>skipped question</i>		4

Q3 - How has the RIF program helped your company grow?		
Answer Options	Response Percent	Response Count
Significantly	41.4%	12
Moderately	24.1%	7
Just a little	20.7%	6
Not at all	13.8%	4
<i>answered question</i>		29
<i>skipped question</i>		106

Q4 - Could you have advanced your technology without the funding you received from RIF?		
Answer Options	Response Percent	Response Count
Yes	21.4%	6
No	78.6%	22
<i>answered question</i>		28
<i>skipped question</i>		107

Q5 - Have you attempted to commercialize SBIR technology in the past?		
Answer Options	Response Percent	Response Count
Yes - attempted and succeeded	82.8%	24
Yes - attempted but did NOT succeed	13.8%	4
No - never attempted	3.4%	1
<i>answered question</i>		29
<i>skipped question</i>		106

Q6 - Have you found it difficult getting follow-on contracts from DOD?		
Answer Options	Response Percent	Response Count
Yes	89.3%	25
No	10.7%	3
<i>answered question</i>		28
<i>skipped question</i>		107

Q7 - Did your RIF application and/or transition experience help you understand how to collaborate more productively with PEOs and Acquisition Program Offices throughout the technology transition path?		
Answer Options	Response Percent	Response Count
Yes	86.4%	19
No	13.6%	3
<i>answered question</i>		22
<i>skipped question</i>		113

Q8 - Did your RIF application and/or transition experience help you better understand technological risk in a DOD acquisition context, and work to identify and mitigate risk in your own project?		
Answer Options	Response Percent	Response Count
Yes	95.7%	22
No	4.3%	1
<i>answered question</i>		23
<i>skipped question</i>		112

Q9 - Did your RIF application and/or transition experience help improve your capabilities as a DoD vendor?		
Answer Options	Response Percent	Response Count
Yes	91.3%	21
No	8.7%	2
<i>answered question</i>		23
<i>skipped question</i>		112

Q10 - Please briefly share with us any thoughts or general experiences your company has had with the RIF program.	
See Appendix I for narrative answers	
Answer Options	Response Count
	19
<i>answered question</i>	19
<i>skipped question</i>	116

Q11 - Has your company experienced any of the following issues when pursuing Phase III funding (check all that apply):		
See Appendix II for narrative answers		
Answer Options	Response Percent	Response Count
Contracting officer has never heard of the SBIR Phase III program	29.4%	32
Phase III preference for SBIR companies is ignored by agency/ contracting officer	36.7%	40
Contracting officer erroneously believes that only the agency that awarded the Phase I/II grant can procure a Phase III	18.3%	20
Contracting officer decides to make solicitation public rather than do a Phase III despite clear need to express preference	26.6%	29
Contracting officer believes Phase III cannot be done once solicitation is public	10.1%	11
Contracting officer cancels solicitation after protest that they did not give preference to SBIR grantees and does not award contract to grantee but instead finds existing contracting vehicle to funnel award to another company without justification	7.3%	8
Contracting officer thinks SBIR awards must go through agency SBIR office	18.3%	20
Contracting officer believes FAR guidance suggests they need only give preference to disadvantaged small businesses and veteran-owned small businesses, not SBIR grantees	4.6%	5
Contracting officer believes solicitation must be a small business set aside to award a Phase III	11.0%	12
Contracting officer claims there is no agency directive to issue Phase III awards despite the fact other agencies have issued directives to their staff	22.9%	25
Contracting officer refuses to recognize SBIR data rights	21.1%	23
I have not pursued any Phase III funding	27.5%	30
I have not experienced any issues in securing Phase III funding	9.2%	10
Other	19.3%	21
Other (please specify)		43
<i>answered question</i>		109
<i>skipped question</i>		26

Q12 - How many Phase II awards have you received in the last five (5) years?		
Answer Options	Response Percent	Response Count
0-5	66.9%	81
6-20	27.3%	33
More than 20	5.8%	7
<i>answered question</i>		121
<i>skipped question</i>		14

Q13 - How has your SBIR funding changed in the past five (5) years?		
Answer Options	Response Percent	Response Count
Increased	37.0%	44
Decreased	41.2%	49
Remained the same	21.8%	26
<i>answered question</i>		119
<i>skipped question</i>		16

Q14 - Which Agencies have you won an SBIR award or have received SBIR funding from in the last five (5) years? (check all that apply)		
Answer Options	Response Percent	Response Count
Department of Agriculture	5.9%	7
Department of Commerce (incl NIST and NOAA)	5.1%	6
Department of Defense	73.7%	87
Department of Education	0.0%	0
Department of Energy	28.0%	33
Department of Health and Human Services	22.9%	27
Department of Homeland Security (incl NIH)	16.9%	20
Department of Transportation	6.8%	8
Environmental Protection Agency	4.2%	5
National Aeronautics and Space Administration	33.1%	39
National Science Foundation	18.6%	22
<i>answered question</i>		118
<i>skipped question</i>		17

Q15 - Please briefly share with us any thoughts or general experiences your company has had with the Phase III program.	
See Appendix III for narrative answers	
Answer Options	Response Count
	94
<i>answered question</i>	94
<i>skipped question</i>	41

Q16 - How many total full-time personnel are currently employed by your business?		
Answer Options	Response Percent	Response Count
0	2.6%	3
1 - 5	23.7%	27
6 - 20	36.0%	41
21 - 100	28.1%	32
101 - 499	9.6%	11
500 or more	0.0%	0
<i>answered question</i>		114
<i>skipped question</i>		21

Q17 - Which of the following best describes the structure of your business?		
Answer Options	Response Percent	Response Count
C-Corp	38.4%	43
S-Corp	33.0%	37
Sole Proprietorship	2.7%	3
Partnership	3.6%	4
LLC	22.3%	25
<i>answered question</i>		112
<i>skipped question</i>		23

Q18 - Which of the following best describes the industry or sector in which your business operates? (Based on NAICS codes)		
Answer Options	Response Percent	Response Count
Agriculture, Forestry, Fishing and Hunting	0.0%	0
Mining	0.0%	0
Utilities	0.9%	1
Construction	0.0%	0
Manufacturing	19.3%	22
Wholesale Trade	0.0%	0
Retail Trade	0.9%	1
Transportation and Warehousing	0.0%	0
Information (IT)	6.1%	7
Finance	0.0%	0
Insurance	0.0%	0
Real Estate, Rental and Leasing	0.0%	0
Professional	6.1%	7
Scientific and Technical Services	57.0%	65
Management of Companies and Enterprises	0.0%	0
Administrative and Support	0.0%	0
Waste Management and Remediation Services	0.0%	0
Educational Services	0.0%	0
Health Care and Social Assistance	8.8%	10
Arts, Entertainment, and Recreation	0.0%	0
Accommodation and Food Services	0.0%	0
Other Services (except Public Administration)	0.9%	1
Public Administration	0.0%	0
<i>answered question</i>		114
<i>skipped question</i>		21

Q19 - What were your gross sales or revenues for your most recent fiscal year?		
Answer Options	Response Percent	Response Count
Less than \$100,000	6.2%	7
\$100,000 to less than \$250,000	6.2%	7
\$250,000 to less than \$500,000	8.0%	9
\$500,000 to less than \$1,000,000	12.4%	14
\$1,000,000 to less than \$5,000,000	38.9%	44
\$5,000,000 to less than \$25,000,000	23.0%	26
\$25,000,000 to less than \$75,000,000	3.5%	4
\$75,000,000 to less than \$150,000,000	0.9%	1
\$150,000,000 or more	0.0%	0
N/A	0.9%	1
<i>answered question</i>		113
<i>skipped question</i>		22

Q20 - In what region is your business located?		
Answer Options	Response Percent	Response Count
New England (Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut)	16.7%	19
Mid-Atlantic (New York, Pennsylvania, New Jersey, Delaware, Maryland, District of Columbia, Virginia, West Virginia)	26.3%	30
Great Lakes (Wisconsin, Michigan, Illinois, Indiana, Ohio, Minnesota)	8.8%	10
Farm Belt (Missouri, North Dakota, South Dakota, Nebraska, Kansas, Iowa)	3.5%	4
South (Mississippi, Alabama, Arkansas, Louisiana, Florida, South Carolina, Georgia, North Carolina, Kentucky, Tennessee, Oklahoma, Texas)	19.3%	22
Mountain (Idaho, Montana, Wyoming, Nevada, Utah, Colorado, Arizona, New Mexico)	9.6%	11
Pacific (Alaska, Washington, Oregon, California, Hawaii)	15.8%	18
<i>answered question</i>		114
<i>skipped question</i>		21