



SBIR Phase III Survey

In January of 2015 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. When asked what specific issues they have encountered when dealing with contracting officers, **32%** of respondents said that the Phase III preference for SBIR companies is completely ignored by the agency. **27%** of respondents said that a contracting officer they had dealt with didn't know the SBIR phase III program even existed. Compounding the problem, **24%** of respondents stated that a contracting officer erroneously believed that they could not award a sole source contract to an SBIR company, instead that they have to go to a new public solicitation (in direct contradiction to the law). Only **13%** of respondents state they have never once experienced any negative issues or obstacles 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:

- "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"
- "Approval had to go to Undersecretary of Agriculture. No one at contracting officer level was willing to approve"

2015 SBTC Phase III Survey Responses

Q1: What percent of your total revenue is SBIR?		
Answer Options	Response Percent	Response Count
1-25%	27.0%	53
26-50%	27.0%	53
51-75%	19.4%	38
76-100%	25.5%	50
I have applied but not yet received any SBIR awards	0.5%	1
I have not applied for any SBIR awards	0.5%	1
<i>answered question</i>		196
<i>skipped question</i>		3

Q11: Has your company experienced any of the following issues when pursuing Phase III funding (check all that apply):		
Answer Options	Response Percent	Response Count
Contracting officer has never heard of the SBIR Phase III program	26.7%	43
Phase III preference for SBIR companies is ignored by agency/contracting officer	32.3%	52
Contracting officer erroneously believes that only the agency that awarded the Phase I/II grant can procure a Phase III	15.5%	25
Contracting officer decides to make solicitation public rather than do a Phase III despite clear need to express preference	24.2%	39
Contracting officer believes Phase III cannot be done once solicitation is public	10.6%	17
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	8.1%	13
Contracting officer thinks SBIR awards must go through agency SBIR office	18.6%	30
Contracting officer believes FAR guidance suggests they need only give preference to disadvantaged small businesses and veteran-owned small businesses, not SBIR grantees	6.2%	10
Contracting officer believes solicitation must be a small business set aside to award a Phase III	11.2%	18
Contracting officer claims there is no agency directive to issue Phase III awards despite the fact other agencies have issued directives to their staff	19.9%	32
Contracting officer refuses to recognize SBIR data rights	19.3%	31
I have not pursued any Phase III funding	31.1%	50
I have not experienced any issues in securing Phase III funding	13.0%	21
Other	17.4%	28
Other (please specify)		54
<i>answered question</i>		161
<i>skipped question</i>		38

Q12: How many Phase II awards have you received in the last five (5) years?

Answer Options	Response Percent	Response Count
0-5	69.3%	122
6-20	26.7%	47
More than 20	4.0%	7
<i>answered question</i>		176
<i>skipped question</i>		23

Q13: How has your SBIR funding changed in the past five (5) years?

Answer Options	Response Percent	Response Count
Increased	36.8%	64
Decreased	39.1%	68
Remained the same	24.1%	42
<i>answered question</i>		174
<i>skipped question</i>		25

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	7.0%	12
Department of Commerce (incl NIST and NOAA)	4.1%	7
Department of Defense	72.7%	125
Department of Education	1.2%	2
Department of Energy	26.2%	45
Department of Health and Human Services	20.9%	36
Department of Homeland Security (incl NIH)	12.8%	22
Department of Transportation	5.8%	10
Environmental Protection Agency	4.1%	7
National Aeronautics and Space Administration	30.8%	53
National Science Foundation	18.6%	32
<i>answered question</i>		172
<i>skipped question</i>		27