

## U.S. Army Research, Development and Engineering



### What is Phase III?

- A. **General.** SBIR Phase III refers to work that derives from, extends, or logically concludes effort(s) performed under prior SBIR funding agreements, **but is funded by sources other than the SBIR Program.** Phase III work is typically oriented towards commercialization of SBIR research or technology. A Federal agency may enter into a Phase III SBIR agreement at any time with a Phase II awardee. Similarly, a Federal agency may enter into a Phase III SBIR agreement at any time with a Phase I awardee.
- B. **Competition.** SBIR Phase III awards may be made without further competition. The competition for SBIR Phase I and Phase II awards satisfies any competition requirement when processing Phase III awards. Therefore, an agency is not required to conduct another competition in order to satisfy any statutory provisions for competition. Contract file documentation should demonstrate that the proposed Phase III award is derived from, extends or logically concludes efforts performed under prior SBIR funding agreements and is authorized under 10 U.S.C. 2304(b)(2) or 41 U.S.C. 253(b)(2). A separate J&A document is not required, pursuant to 10 U.S.C. 2304(b)(3) or 41 U.S.C. 253(b)(3).
- C. **Phase III Limitations.** There is no limit on the number, duration, type, or dollar value of Phase III awards made to a business concern. There is no limit on the time that may elapse between a Phase I or Phase II award and Phase III award or between a Phase III award and any subsequent Phase III award. Also, **the small business size limits for Phase I and Phase II awards do not apply to Phase III awards.**
- D. **Data Rights.** A Phase III award is, by its nature, an SBIR award, has SBIR status, and must be accorded SBIR data rights. If an SBIR awardee wins a competition for work that derives from, extends, or logically concludes that firm's work under a prior SBIR funding agreement, then the funding agreement for the new competed work must have all SBIR Phase III status and data rights.
- E. **Property.** SBIR legislation directs that an agency allow an SBIR awardee participating in the third phase of the SBIR Program continued use, as a directed bailment, of any property transferred by the agency to the Phase II awardee. A federally funded Phase III award (normally a government contract) would include appropriate property clauses. However, a non-federally funded Phase III agreement would not address government property. A separate bailment agreement would need to be made between the Government and the contractor. A suggested Bailment agreement format is provided.



- F. Preference for follow-on Awards to SBIR Contractor and SBA Notification Requirement.** The SBIR Program Policy Directive points out that Congress intends that agencies that pursue R/R&D or production developed under the SBIR Program, give preference, including sole source awards, to the awardee that developed the technology. Agencies that intend to pursue R/R&D, production, services, or any combination thereof of a technology developed by an SBIR awardee of that agency, with an entity other than that SBIR awardee, must notify SBA in writing prior to such an award. This notice requirement also applies to technologies of SBIR awardees with SBIR funding from two or more agencies where one of the agencies determines to pursue the technology with an entity other than that awardee. This notification must include, at a minimum: (a) the reasons why the follow-on funding agreement with the SBC is not practicable, (b) the identity of the entity with which the agency intends to make an award to perform research, development or production; and (c) a description of the type of funding agreement under which the research, development, or production will be obtained. SBA may appeal the decision to the head of the contracting activity. If SBA decides to appeal the decision, it must file a notice of intent to appeal with the contracting officer no later than 5 business days after receiving the agency's notice of intent to make award. **Upon receipt of the SBA's notice of intent to appeal, the contracting officer shall suspend further action on the acquisition until the head of the contracting activity issues a written decision on the appeal.** However, the contracting officer may proceed with award if he or she determines in writing that the award must be made to protect the public interest.
- G. Indefinite Delivery/Indefinite Quantity (ID/IQ) Contracts in Phase III.** In order to facilitate the rapid transition of SBIR technologies from Phase II to Phase III, the Navy has pioneered the use of the ID/IQ type contract for Phase III efforts. See also FAR subpart 16.5. This approach allows multiple sponsors to contract with SBIR companies for Phase III follow-on efforts in an efficient and expedited manner through the use of individual task or delivery orders. This approach eliminates the necessity of writing multiple contracts with the same contractor for a particular technology. The basic ID/IQ contract can be written for a maximum 10 year term. See DFARS 217.204(e)(i). This contracting approach can save a significant amount of procurement administrative lead time over the life of the contract

For more information on the Army SBIR Program visit <https://www.armysbir.army.mil/>

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### Army Small Business Innovation Research (SBIR) Program

**Federal Program Overview** - SBIR is a congressionally mandated program across the Federal Government.

- The objectives are to increase small business participation in federally funded R&D and to transition Federal R&D into Government Programs and Industry Initiatives.
- The Department of Defense (DoD) has the largest SBIR budget (~\$1B); the Army SBIR FY15 budget was approximately \$151M (74 Phase I awards and 67 Phase II awards (est.)).

**Three-Phase Program Structure** - Topics are advertised in a Broad Agency Announcement (BAA) three times a year and, by law, proposals submitted must be responsive to the topic requirements; SBIR does not accept unsolicited proposals.

- Phase I is the feasibility study that determines the scientific, technical, and commercial merit and feasibility of a selected concept within a six-month, \$100,000 effort. The Phase I contract also includes an option, for up to \$50,000, which may be exercised by the Army to fund interim Phase II activities if the project is selected to receive a Phase II award.
- Phase II represents a major R&D effort, culminating in a well-defined deliverable prototype, is two years and \$1M ceiling, and is intended to result in a dual-use prototype product or service meeting the requirements of the original BAA topic and which can be made commercially viable.
- Phase III is the goal of every SBIR effort, and represents the commercialization phase of the program. In Phase III, the successful company markets the products or services developed in Phase II, either to the government or in the commercial sector. No SBIR funds can be used in Phase III.

**In order to participate in SBIR:**

- Companies must be a U.S. for-profit small business of 500 or fewer employees.
- All work must be performed in the United States; including subcontractors.
- In Phase I, a minimum of 2/3 of the effort must be performed by the proposing small business; a minimum of 1/2 of the effort in Phase II.
- The Principal Investigator on the project must spend more than 1/2 of the time employed by the small business.

**Proposal and Award Process** – Each year the Army participating organizations develop topics addressing their current missions and priorities. Current and past topics may be found on the DoD SBIR/STTR Interactive Topic Information System (SITIS) website (<http://www.dodsbir.net/Topics/Default.asp>).

- Proposals are evaluated using the following criteria which are published in the Broad Agency Announcement (BAA):
  - Technical feasibility
  - Strength of the personnel & facilities
  - Transition potential
- The Army conducts a rigorous two-tier evaluation of proposals received in response to a BAA topic and selects proposals that best satisfy Army needs. The Army SBIR process is very competitive with 10% of the Phase I proposals submitted being selected and 50% of those being selected for Phase II.

**Transition** - The intention of SBIR is that each company receiving an investment of SBIR funds during Phase I and II should be prepared to compete in the commercial marketplace in Phase III. The Army has recently established formal Transition assistance programs - Technical Assistance, Phase II Enhancement, and the Commercialization Readiness Program (CRP).

For more information on the Army SBIR Program visit <https://www.armysbir.army.mil/>



## Other Non-SBIR Technology Funding Resources

### **Rapid Equipping Force (REF):**

The Rapid Equipping Forces (REF) harnesses current and emerging technologies to provide immediate solutions to urgent challenges of the U.S. Army forces deployed globally.

**Website:** <http://www.ref.army.mil/>

### **Rapid Innovation Fund (RIF):**

The Rapid Innovation Fund (RIF) provides a collaborative vehicle for small businesses to provide the department with innovative technologies that can be rapidly inserted into acquisition programs that meet specific defense needs. RIF is administered by the Office of the Secretary of Defense (OSD) Assistant Secretary of Defense for Research & Engineering (ASD R&E) and Office of Small Business Programs (OSBD).

**Website:** <http://www.defenseinnovationmarketplace.mil/rif.html>

### **Army Manufacturing Technology (ManTech):**

The Army Manufacturing Technology (ManTech) Program's mission is to provide affordable and timely manufacturing solutions that address the highest priority needs of the Army. The Army ManTech Program supports transition of manufacturing technologies and affordable technical capabilities to the Warfighter. The program accomplishes this through the demonstration of effective, efficient and adaptable processes and encourages strong internal and external partnerships.

**Website:** <http://www.armymantech.com/>

### **FedBizOpps:**

Federal Business Opportunities commonly known as Fed Biz Ops or FBO is a free web-based portal which allows vendors to review Federal Procurement Opportunities over \$25,000. Using keyword BAA (Broad Agency Announcement) will bring up a large number of announcements from across the government that should help focus company searches.

**Website:** <https://www.fbo.gov/>





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*'I have a technology that I think would help our Soldiers.'*

### If I want to contract with the DOD, where do I start?

1. Who do I speak with within the Army?
  - a. Download the Mission Objectives and Points of Contact document at <https://www.armysbir.army.mil/sbir/Default.aspx> . The areas of concentration within the Army are listed; the point of contact listed is the contractual Point of Contact or SBIR Program Coordinator for each command.
  - b. The Technical Assistance Advocate (TAA) for each Army command is listed at <https://www.armysbir.army.mil/sbir/TechnicalAssistance.aspx> . The TAA is technical and assists with transitions of SBIR small business solutions for the benefit of the warfighter (both DOD and commercial).
  - c. To find out which command has done work similar to your area of expertise, search on your keyword through completed SBIR topics at <http://www.zyn.com/sbir/sbres/sbcss.htm> . Topics, points of contact, phone numbers, and email addresses are listed. You can also check <https://www.sbir.gov/sbirsearch/topic/past>.
2. Do you know anything about the Army SBIR Program?
  - a. Topics come out three times a year defining gaps that the Army is looking to fill with the creativity from US small businesses. Each command is allocated a certain number of topics in their areas of expertise.
  - b. Each topic normally receives two SBIR Phase I awards worth \$100K (6 mo). Each topic normally receives one Phase II award worth \$1M (2 yrs).
  - c. Advantages: Funding comes from SBIR PMO, separate from command. SBIR provides 5 years of data rights protection to the small business. These rights are additive to each subsequent contract based on the SBIR technology (see <https://portal.armysbir.army.mil/SmallBusinessPortal/Portal/IntellectualProperty.aspx>).
  - d. See <https://www.armysbir.army.mil/> or <https://sbir.defensebusiness.org/> for details.
  - e. See <http://www.zyn.com/sbir/> or <https://www.armysbir.army.mil/RelatedLinks/Default.aspx> for links to all SBIR programs.

- f. The Small Business Technology Transfer (STTR) program (<https://www.sbir.gov/about/about-sttr> and <https://www.armysbir.army.mil/sttr/>) is similar to the SBIR program but requires the involvement of a research institution like a university or government lab.
- 3. Do you see any open SBIR Topic for which you have an innovative solution?
  - a. Go to <https://www.armysbir.army.mil/> or <https://sbir.defensebusiness.org/> to see active Army SBIR Topics.
  - b. Go to <http://www.zyn.com/sbir/sbres/sbccs.htm> or <https://www.sbir.gov/sbirsearch/topic/current> or <https://sbirsource.com/grantiq#/topics> to search for topics from ALL agencies that support the SBIR program.
  - c. If you do not see an open topic that suits your technology, you can suggest one to Army SBIR on <https://www.armysbir.army.mil/>.
- 4. Do you know anything about Broad Agency Announcements (BAAs)?
  - a. There is a rolling BAA for each command, normally spanning a two year window. Commands list their general areas of interest for innovative solutions to fill Army gaps.
  - b. The BAA process starts with a five page white paper, proceeding to a request to submit a proposal, followed by contract negotiation and award.
  - c. There is no Data Rights protection for the small business; rights must be negotiated.
  - d. Funds for BAAs come from within the command and must be acquired by the Point of Contact. Awards can be as high as the \$3-6 M range.
  - e. To find out if there are any open BAAs for which you could provide an innovative solution,
    - i. Do an internet search on BAA and the command of interest; for example: <http://www3.natick.army.mil/NSRDEC-Broad-Agency-Announcement.aspx>.
    - ii. Go to <https://www.fbo.gov/> and use the search word BAA.
- 5. Do you know anything about Rapid Innovation Fund Broad Agency Announcements (RIF BAAs)?
  - a. Awards go to later Technology Readiness Level projects to fill gaps listed as Topics. Topics come out once per year.
  - b. Awards are up to \$3M each.
  - c. For details on the program, go to <http://www.defenseinnovationmarketplace.mil/RIF.html>.
- 6. If you have an innovative technology that requires manufacturing technology funding to accelerate a solution into the hands of the warfighter, do you know about the ManTech program?
  - a. Awards go to promising technologies that need funding support to accelerate their manufacture for the benefit of the warfighter.
  - b. Awards are up to \$3M each.
  - c. For details on the program, go to <https://www.dodmantech.com/>.
- 7. If you are a small business or consultant who would like to do business with a small business that has won and SBIR contract, go to <https://www.sbir.gov/sbirsearch/award/all> to search for

