

PHASE III COMMERCIALIZATION

The Next Steps to Utilizing Your SBIR|STTR Contract to its Fullest Potential

WHAT IS ARMY SBIR|STTR?

Where big ideas come to life. The Army Small Business Innovation Research (SBIR) and the Small Business Technology Transfer (STTR) Programs align innovative small businesses with critical U.S. Army priorities to turnover game-changing solutions to our most critical customer — the Soldier.

SBIR is a competitive, three-phased program

PHASE I

Starts with a short white paper to determine the scientific, technical, and commercial merit and feasibility.

PHASE II

The major R&D effort, funding the prototyping and demonstration of the most promising Phase I projects.

PHASE III

Work that derives from, extends, or completes an effort made under prior SBIR|STTR funding agreements, but is funded by sources other than the SBIR Program.

PHASE III BENEFITS

- ▶ Where appropriate, uses Specifically Negotiated License Rights to find common ground on license modifications.
- ▶ Ability to reach back to Previously Developed Technologies (new Army Tech Marketplace web portal coming soon).
- ▶ Allows user searches on all Army SBIR|STTR awards and successes.
- ▶ Provides opportunity for "Ahead-of-Its-Time Tech" (i.e., Army program was canceled or delayed, and now it is ready to move forward).
- ▶ Enables "Alternatives Uses" (i.e., technology may/may not have previously gone to Phase III; now is taking a different path).
- ▶ Can reduce time to award by using non-competitive procedures, eliminating the need for a Broad Agency Announcement (BAA), competition and selection, and does not require a Justification and Approval.



WHAT IS TECHNOLOGY TRANSITION?

A technology transition occurs when products developed under an S&T project are incorporated into current or planned program(s) of record, transferred to industry/other government agencies, or inform CONOPS/requirements and the outcomes are codified.

Phase III SBIR|STTR Awards are a Powerful Tool to Several Types of Technology Transition

WHAT IS A PHASE III?

- ▶ Phase III awards are commercial applications of SBIR|STTR program-funded R/R&D that are funded by non-federal sources of capital, or where products, services, or further research intended for use by the federal government are funded by non-SBIR|STTR sources of federal funding. Phase III work may be for products, production, services, R/R&D, or any such combination.
- ▶ There is no limit on the number, duration, type, or dollar value of Phase III awards made to a business concern. There is also no limit on time that may elapse between Phase I or Phase II and Phase III award, or between a Phase III award and any other subsequent Phase III award.
- ▶ The small business size limit does not apply to Phase III awards; Phase III awards can be made to a large business as long as the contractor was a small business when awarding the initial Phase I or Phase II.
- ▶ Typically, small businesses submit Phase III proposals in response to a Request for Proposal. A synopsis of the contract award is not required, in accordance with federal acquisition regulation.
- ▶ The competition for SBIR|STTR Phase I and Phase II awards satisfies any competition requirement of the Competition in Contracting Act.
- ▶ Types of Technology Transition
 - Fielding a new capability
 - Insertion of the technology into a Department of Defense program
 - Follow-on technology maturation program
 - Software implemented in existing system
 - Transitioned to other government agency

- Transitioned to industry (defense or commercial)

WHY IS A PHASE III CONTRACT IMPORTANT?

- ▶ Once a Phase I or Phase II SBIR|STTR contract has been completed, the requirement for competition has been satisfied, as stated in Congressional language. As such, the justification and authorization required to award a sole-source contract makes it quite simple for the Army to buy under a Phase III.
- ▶ There is no limit on the number, duration, type, or dollar value of Phase III awards, providing significant flexibility and opportunity.
- ▶ Allows flexibility in “bridging the gap” between prototype development and Operational Test & Evaluation (OT&E).
- ▶ Can be funded by any type of agency funds (except SBIR|STTR Program funds), including procurement, Operations and Maintenance (O&M), construction, or research.
- ▶ Can be any type of contract, including a subcontract.
- ▶ Does not require advanced publication or notice.

HOW CAN I PARTICIPATE?

- ▶ Contract file documentation that demonstrates that the Phase III award derives from, extends, or logically concludes efforts made under prior SBIR|STTR Funding Agreements and is authorized pursuant to 15 U.S.C. 638(r)(4).
- ▶ Copies of all previous Phase I, II, and/or III awarded contracts from which this Proposed Phase III will derive from, extend, or complete (all awards that were included in the signed scope determination must be provided). A statement to describe the work and lineage to be performed on the Phase III contract derives from, extends or completes prior SBIR|STTR effort(s).

- ▶ A statement of work, or acquisition plan revision, that adds this SBIR|STTR Phase III to the current program document and, once approved, authorizes the actual Phase III procurement.

Once a PM's or contracting officer's representative's dialogue with contracting officers on the Phase III package is successfully concluded with SBC concurrence, the PM or contracting officer's representative completes a procurement request — like any other contract — and submits it to the contracting officer for contracting.

Assisted Acquisition Services is an office within GSA's Federal Acquisition Service (FAS) that provides full life cycle support in awarding and administering contracts on behalf of federal agencies. They offer a variety of services to include:

- ▶ Custom acquisition, project, and financial management services
- ▶ Fee for service: focus on the contracting, the customer focuses on their core mission
 - Fee varies based on spend and level of effort required
- ▶ For further information, visit: <https://aas.gsa.gov/sbir/>



HOW CAN I LEARN MORE?

Email the Army Applied SBIR mailbox:

usarmy.pentagon.hqda-asa-alt.mbx.army-applied-sbir-program@army.mil

To learn more about Phase III SBIR|STTR awards, visit <https://www.armysbir.army.mil/phases/phase-iii>



FREQUENTLY ASKED QUESTIONS

Q. Can a SBIR|STTR Phase III contract be awarded to a company which has either outgrown the small business size standard or which has been acquired by a large business?

A. Yes, per the SBA policy directives, a Phase III contract may be awarded to a firm that has outgrown the small business size standard, or to a novated awardee, or to a successor in interest, such as an acquiring company.

Q. If a company receives a Phase III contract based on work done in a Phase I SBIR|STTR before they have been awarded the Phase II, is that company disqualified for applying for the Phase II award?

A. No, while a federal agency may enter into a Phase III SBIR agreement at any time with a Phase I awardee, no follow-on prohibition precludes the Phase III recipient from then submitting a proposal for the Phase II. The effort proposed must meet the intent of a Phase II and cannot duplicate the effort being performed under the Phase III.

Q. How do companies go about extending their data rights from Phase I to Phase II to Phase III?

A. The small business is primarily responsible for ensuring that its data rights are correctly reported and maintained. SBIR|STTR contractors should always ensure that any data or software delivered is correctly marked, IAW DFARS 252.227-7018, and maintain records sufficient to justify the validity of any restrictive markings on data, computer software, or computer software documentation delivered under the contract. Small businesses should assert data rights from previous SBIR|STTR efforts when proposing follow-on efforts. This incorporates such data rights into the new award, which will extend the data rights for five years under the new contract.

SBIR Data Rights Tutorial: <https://www.sbir.gov/tutorials/data-rights/tutorial-4>

Q. Must the Army SBIR|STTR Program Office approve a Phase III contract?

A. No. The Army SBIR|STTR Program Office does not approve Phase III contracts, though the program office should be informed of the procurement and may provide support. The contract must be correctly reported as Phase III in FPDS-NG, under the "Competition Information" category.

Q. Must an RFP or BAA be issued for a Phase III effort?

A. No, a Phase III contract could result from an unsolicited proposal, simplified acquisition announcement, an ordering process allowed under Indefinite Delivery/Indefinite Quantity (ID/IQ) contracts, multiple award contracts, or a non-competitive award. No J&A is required if the award is based on any competitive announcement (RFP, BAA, etc.). In all cases (competitive and non-competitive), the contract award must include the SBIR|STTR data rights clause.

Q. Can a Phase III contract be initiated before the Phase II effort is complete?

A. Yes, the SBA policy directive indicates that a federal agency may enter into a third-phase agreement at any time with a Phase I or Phase II awardee.

Q. What funding should be used for Phase III contracts?

A. Phase III monies can come from the government — except SBIR|STTR funds — and/or the private sector.

Q. What are some best practices that SBIR|STTR awardees can implement in order to obtain a Phase III contract?

A. There are several steps SBIR|STTR awardees can implement in order to obtain a Phase III contract, including:

a. Locate a buyer for your SBIR|STTR-derived services and products. This responsibility rests primarily with the SBIR|STTR firm. Do your best to identify potential buyers to aid in establishing the ceiling value.

b. Provide a clear description of how your proposed Phase III work derives from, extends or completes prior SBIR|STTR-funded work. When possible, provide a picture or some sort of illustration that the contracting organization can understand. The technical breadth and complexity of SBIR|STTR efforts often make it difficult for non-technical contracting personnel to see the path from Phase I/II work to the Phase III work.

c. Show how your Phase III work supports the SBIR|STTR program's commercialization objectives, including sales in the private sector when possible.

Q. How do I identify the correct Procurement Office for a SBIR|STTR Phase III requirement?

A. Because SBIR|STTR Phase III contracts are funded by sources other than SBIR|STTR funding, the Requirements Office (PEO/PM) shall utilize its supporting Army Contracting Command (ACC)/Mission and Installation Contracting Command (MICC) for support. If you have any questions regarding which ACC/MICC office supports your PEO/PM, please reach out to ACC via <https://acc.army.mil/visitors/>.

General Services Administration has the ability to award SBIR|STTR Phase III contracts for the Army. If your Requirements Office is interested in participating or partnering with GSA, please visit <https://aas.gsa.gov/sbir/> or email gsasbir-sttr@gsa.gov.

