DEPARTMENT OF THE NAVY
OFFICE OF SMALL BUSINESS PROGRAMS
EXECUTIVE SUMMARY

“SMALL BUSINESS - THE FIRST OPTION”

HTTP://SMALLBUSINESS.NAVY.MIL
I am pleased to release the Department of the Navy (DON) Office of Small Business Programs (OSBP) FY16 Executive Summary highlighting how small businesses are contributing to mission success. In FY16, DON OSBP established a Strategic Plan aimed at creating a culture of small business inclusiveness across the DON. This Strategic Plan is a roadmap that codifies our values, defines our mission, and gives direction to our efforts.

Small business inclusion is, and will continue to be, an integral part of the acquisition process. Our Strategic Plan ensures a successful mission for the DON OSBP and will help create a culture that weaves small business into the fabric of the DON across the requirements definition phase and the acquisition lifecycle. Our motto, “Small Business – The First Option” is not just a slogan, it is the essence of everything we do as acquisition professionals by “tapping into” the advantage, innovation, agility, responsiveness and competition that small businesses bring to the fight.

The Small Business Professional (SBP) is the primary catalyst for building a culture of inclusiveness for Small Business. However, with only 76 full-time and 79 part-time SBPs in the Navy and Marine Corps, we cannot do it alone. The DON OSBP’s Rotational Excellence Program provides opportunities for military and civilian government employees in an effort to develop Small Business Advocates. Rotational assignments offer the participant an opportunity to gain a broader perspective of the DON’s Small Business Program, insight into Small Business’s contributions to the defense industrial base and the Navy and Marine Corp’s mission, the workings of the legislative process, and enhanced communication skills. Contact the DON OSBP at small_business@navy.mil or (202) 685-6485, or your Command’s OSBP Associate Director, for more information on the Rotational Excellence Program.

I want to hear your thoughts on how we can make foster a DON-wide culture that meets the challenges of tomorrow by leveraging small business as a strategic advantage. Contact me at Emily.Harman@navy.mil. Please stay in touch by connecting with us via twitter @DON_OSBP and Facebook https://www.facebook.com/NAVYOSBP.

Emily Harman
Director, DON OSBP
The DON’s Small Business Enterprise consists of all personnel who work with or are affected by small business and small business programs. It is as diverse as the DON itself, touching all aspects of the Navy and Marine Corps and every demographic.

Department of the Navy Small Business Enterprise Strategic Framework

VISION
To influence change and create a culture of small business inclusiveness across the Department of the Navy

MISSION
The DON Small Business Enterprise fosters acquisition opportunities where small businesses can best support Sailors, Marines, and their families through policy, advocacy, counseling & training

Motto
“Small Business – The First Option”

Strategy
Foster a DON-wide culture that meets the challenges of tomorrow by leveraging Small Business as a strategic advantage

Focus Areas
Professional Workforce Development | Build Partnerships in the Acquisition Process | Optimize Communications

Values
Leadership | Integrity | Advocacy
Professionalism | Customer Focus | Innovation

FY16
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HEADQUARTERS, MARINE CORPS, I&L

The Installations and Logistics (I&L) Team leads innovation and modernization efforts that focus on logistics and infrastructure development. In that regard the Deputy Commandant, I&L acts on behalf of the Commandant of the Marine Corps for specific issues of logistics policy and management, and coordinates logistics moves with other agencies.

Headquarters, Marine Corps, I & L is a “Command Champion” for Service-Disabled Veteran-Owned Small Business (SDVOSB) and recognizes the significant role small businesses play in support of the Marine Air Ground Task Force. As a result of our collaboration with small business, the National Veteran Small Business Coalition recognized I&L for "Exceptional Support of SDVOSBs for FY10 through FY15. In FY16, I&L awarded over $88M to SDVOSB, 7.9% of total contract award spending. Marine Corps Logistics Command awarded a task order to Carl Amber Brian Isaiah and Associates (CABIA), an SDVOSB, to provide management, supervision, personnel, material handling equipment, Transport vehicles, and services to support the overall reset and reconstitution effort ensuring sustained and uninterrupted operations.

Other noteworthy FY16 awards to SDVOSB include:

- Marine Corps Installations East (MCAS-Cherry Point)
  - Depot level aircraft maintenance services: $4.3M
- Marine Corps Installations West (Camp Pendleton)
  - Portable restrooms: $1.8M
- Marine Corps Installations Pacific (MCB Hawaii)
  - Technical and advisory support services: $1.6M
- Marine Corps Installations Command National Capital Region (MCINCR)
  - Training Support Services to the Chemical Biological Incident Response Force: $3.7M
- Marine Corps Recruit Depot Parris Island
  - Bullet Resisting Panels to protect recruiters: $9.3M
- Marine Forces Reserve (MARFORRES)
  - IT Support: $148K

CABIA worker inspecting MRAP All-Terrain Vehicles. Photo taken by Carlos Guerra, Marine Corps Logistics Base Barstow.
The Marine Corps Systems Command (MARCORSYSCOM) serves as the DON’s systems command for Marine Corps ground weapon and information technology system programs in order to equip and sustain Marine forces with full-spectrum, current and future expeditionary and crisis-response capabilities.

The National Veteran Small Business Coalition has consistently recognized MARCORSYSCOM and its affiliated Program Executive Officers as “Champions of Veteran Enterprises” and for “Exceptional Support of Veteran Small Businesses” for our high level of support for Veteran Owned Small Business and Service Disabled Veteran Owned Small Business (SDVOSB) during FY12 through FY15. MARCORSYSCOM will be recognized again for our FY16 obligations totaling $101M to SDVOSBs, which resulted in a small business achievement of 7.65%.

In FY16, MARCORSYSCOM included small businesses in many initiatives to include:

- The equipment exchange authority which allows the Government to trade non-excess property for other property within the same federal supply group and;
- The Infantry Equipping Challenge (IEC) which resulted in small business capabilities and technology solutions being evaluated by the Command and affiliated PEO for potential incorporation into programs of record. The IEC will continue into FY17.
- SeaPort-e Concept of Operations requires major buying Commands within the Department of Navy obtain a small business performance target of 33% for FY16. MARCORSYSCOM exceeded the goal, achieving 78.48% of all SeaPort-e solicitations being set-aside for small businesses.
- MARCORSYSCOM also awarded 50 Small Business Innovation Research Phase I-III and Rapid Innovation Fund contracts in FY16, obligating $17.4 M to small businesses in support of our research and development requirements for innovative technology solutions.

Ground Renewable Expeditionary Energy System (GREENS) is a stable, mature, silent way to generate power. The GREENS system makes no noise, produces no fumes, and operates silently. UEC Electronics' (small business) solution delivers power 24 hours per day. An intelligent power controller manages energy collected from the sun, stores that energy on high density batteries, and provides power as needed – even after dusk. It is effectively a generator that does not use any fuel to be used in any climb and place.

GREENS is a MARCORSYSCOM program of record under the Program Manager for Combat Support Systems (CSS) (PMM-115).
NAVAL FACILITIES ENGINEERING COMMAND

Naval Facilities Engineering Command (NAVFAC) plans, builds and maintains sustainable facilities, delivers environmental, utilities and other base services to installations, and acquires and manages Navy expeditionary combat force systems and equipment. In FY16, NAVFAC awarded $3.74B to small businesses representing over 47% of total contract obligations. This success reflects NAVFAC’s strong culture of seeking maximum practicable opportunities for small businesses and the success of small businesses participating in government contracts.

NAVFAC’s renewable energy initiatives are prime examples of its small business program success. NAVFAC’s Engineering and Expeditionary Warfare Center (EXWC) is currently involved in a research and development endeavor with the objective of accelerating the evolution of wave energy conversion technologies. The Navy is working with a small business firm on a test project in Hawaii which consists of two buoys anchored a half-mile to a mile offshore. The Navy hopes the technology can someday be used to produce clean, renewable power for offshore fueling stations for the fleet and provide electricity to coastal communities in fuel-starved places around the world. The dedicated NAVFAC small business professionals collaborate with contracting, requirements and industry representatives during early acquisition planning to identify and leverage the extensive capabilities of our nation’s small business enterprises.

NAVFAC OSBP-Gateway to Opportunities!

Fred Olsen "Lifesaver" Wave Energy Buoy / Energy Converter located at the Wave Energy Test Site, Marine Corps Base Hawaii, Kaneohe Bay, Oahu.
Strategic Systems Programs (SSP) is the Nation’s premier provider of cost effective, safe, secure, and reliable sea-based nuclear strategic deterrent systems and related technologies. SSP is the Navy's Program Manager and Weapons System Integrator, providing cradle-to-grave life cycle design, production, deployment, and support for Submarine Launched Ballistic Missiles (SLBM) and associated systems that make up the Strategic Weapons System (SWS) installed on U.S. and UK ballistic missile submarines (SSBNs). SSP is working to enhance their fiscal 2017 and thereafter Long-Range Acquisition Forecast (LRAF) of requirements in order to provide industry with early notification of our requirements for planning and preparation. For example, the Navy is building the missile compartment in a series of four-tube quad packs that will be used not only on the OHIO Replacement, but also aboard the UK DREADNOUGHT Class SSBN through the 1963 Polaris Sales Agreement. This will be the first time that the UK is purchasing a deterrent system that has not already been first deployed or tested by the U.S. Navy.

To mitigate risk to its ally, SSP will test and proof the system at SWS Ashore in Cape Canaveral, Florida. SWS Ashore will validate designs, interfaces, performance, and procedures before SSBNs are built in the UK or the U.S., rather than doing this after the system is built as was done in the past. This will allow the Navy to detect and correct any problems in procedures early, helping both UK DREADNOUGHT Class and OHIO Replacement enter the fleet faster, more effectively, and more efficiently. The Navy's desire to improve early notification and planning has provided opportunities for central Florida small businesses help carry out the Navy's commitment to the warfighter. As SSP develops their LRAF, opportunities such as SWS Ashore will expand SSP’s reach into the small business industrial base assuring small businesses have access to current and future SSP contracting opportunities.
The Naval Supply Systems Command (NAVSUP) enterprise oversees a diverse portfolio including supply chain management for material support to Navy, Marine Corps, Joint, and coalition partners, supply operations, conventional ordnance, contracting, resale, fuel, transportation, security assistance, and quality of life issues for our naval forces including food service, postal services, Navy Exchanges, and movement of household goods.

Among our small business success stories for FY16, NAVSUP Weapon Systems Support (WSS) placed a long-term contract with a Historically Underutilized Business Zone (HUBZone) Small Business (SB) for combat rubber raiding craft. The contract has a total value of $26.5 M with the first order issued in April.

NAVSUP also executes a Small Business Innovative Research (SBIR) program with active projects in the areas of textiles, food service management, fuels maintenance management, and supply chain management. Underway in the area of textiles are efforts to improve cold/wet weather gear, enhanced flame retardant fibers, adoption of wearable and 3D printing technologies, and modernization of garment quality assurance standards with the aim of improving comfort, safety and performance of the garments our sailors wear. In the area of food service process, we seek to utilize technology as an enabler for automation, improving the availability of nutritional information to support healthy lifestyle choices, and supporting our culinary specialists with advanced meal preparation tools.

NAVSUP also seeks to enable Fuels Maintenance and Operations Managers to utilize technology to reduce the required overhead for performing predictive maintenance management of assets that store issue fuel products. In addition we have ongoing supply chain improvement efforts targeted on processes automation and data-driven decision-making through use of business analytics.

NAVSUP is a small business advocate committed to maximizing procurement opportunities for small businesses and minority-serving educational institutions in support of SECNAV goals to identify and develop small businesses that can support the NAVSUP mission and the Navy-Marine Corps force for tomorrow.
As the nation’s premier maritime transportation organization, Military Sealift Command (MSC) provides on-time logistics, strategic sealift, as well as specialized missions anywhere in the world, under any condition, 24/7, 365 days a year – operating approximately 120 ships daily around the globe. In FY16, MSC awarded $772M to small businesses, representing over 45% of contract obligations. MSC proudly exceeded our overall small business goal over the past 5 years and exceeded our FY16 goal of 40%, by more than 5%. We depend on our small business partners for essential and assured, vital support to MSC, in providing ship repair work, multitudes of parts for our ships, short and long term charter vessel requirements, and the support services we require for our more than 5,000 civil service mariners. One such success was the award of a $71M, 5 year time charter vessel requirement to Sealift, Inc., of Oyster Bay, New York, a small business, as the lowest price and technically acceptable offer, under an unrestricted procurement.

MSC recognizes that small businesses tend to attract talent who invent new products or implement new innovative solutions for existing ideas which is critical in our ability to support the joint warfighter. By developing policies and promoting enhanced awareness of MSC’s mission and requirements, MSC expanded its reach into the small business industrial base and screened each and every procurement to assure small businesses had access to current and future contracting opportunities. With an astounding FY16 set-aside rate of 62.53% of our contract actions, MSC continues to foster and promote an atmosphere where small business is always considered as our first option for each and every acquisition opportunity.

Fast combat support ship USNS Rainier (T-AOE 7) conducts a vertical replenishment with the Nimitz-class aircraft carrier USS John C. Stennis (CVN 74) during Rim of the Pacific 2016. MSC partners with small businesses to provide replacement parts and repair services required as needed to maintain and operate our ships throughout the globe.
Naval Air Systems Command’s (NAVAIR) mission is to provide full life-cycle support of naval aviation aircraft, weapons and systems operated by Sailors and Marines. This support includes research, design, development and systems engineering; acquisition; test and evaluation; training facilities and equipment; repair and modification; and in-service engineering and logistics support.

NAVAIR’s affiliated Program Executive Offices (PEOs) are: Air ASW, Assault and Special Mission Programs, PEO(A); Joint Strike Fighter, PEO(JSF), which alternates service lead with the U.S. Air Force; Tactical Aircraft Programs, PEO(T); and Unmanned Aviation and Strike Weapons, PEO(U&W).

NAVAIR’s small business obligations totaled over $1.69B dollars in FY16, 8.36% of total contract obligations.

Following are contract examples from NAVAIR Program Management Competency AIR-1.0 and NAVAIR’s affiliated PEOs awarded to small businesses in order to provide critical support to the Warfighter.

**Program Management Competency AIR-1.0**

**Wire Braiding Machine (WBM)**

PMA 260 awarded a $328K contract to Stolberger, Inc. for 14 production WBMs with an option for seven additional units and associated spare parts. The WBM is an electromechanical maypole braider, capable of braiding wire harnesses with metal or cloth material to provide electromagnetic interference (EMI) shielding or greater durability. The WBM provides USN CVNs and USMC MALS with same capability currently at shore site intermediate maintenance levels.

**PEO (JSF)**

**F-35 Joint Program Office Security Services**

PEO (JSF) awarded a $70M, full and open contract via SEAPORT-e to System High, a small business, to perform security services in support of the Joint Strike Fighter.
**PEO(A)**
**MH-60R**

The Navy has a requirement to deliver enhanced on-board training as an adjunct to the trainer-based schoolhouse training provided to MH-60R aircrews. Fulfilling this need through the implementation of enhanced MH-60R Embedded Anti-Submarine Warfare (ASW) Simulation capabilities will enable the MH-60R crewmen to maintain their proficiency during the extended time periods between ASW training and access to the available schoolhouse trainers. This set of proposed products provides all data required to integrate the new capability into the MH-60R platform with exception to the modifications required for the Mission Computer software to exercise the new Technology Insert Acoustic Processor (TIAP) capabilities.

PMA-299 initiated an effort with Lockheed Martin (LM) to implement these Mission Computer modifications with CornerTurn, a small business located in Corona, CA. CornerTurn will coordinate with LM under a Rapid Innovation Fund (RIF) effort to ensure the development efforts result in products providing a single integrated MH-60R capability, under a future system configuration update.

**H-1 0 Level Adapter Sets**

PMA 276 awarded a $3.66M contract to Greene Machine & Manufacturing, Inc., a Small Disadvantaged and Women-Owned Small Business, to manufacture and deliver up to 30 Tailboom Handling Adapter Sets and 110 Combining Gearbox Handling Adapters in support of the AH-1Z and UH-1Z helicopters. These items of Peculiar Support Equipment will be used to meet rigorous site activation schedules for Organizational Level Fleet activities.
NAVAL AIR SYSTEMS COMMAND

PEO (T)
Metamaterial Enhancement of E-2D
Advanced Hawkeye Sensor System,
Related SBIR Topic #: N121-044

The E-2D is the Navy's latest all-weather, carrier-based Airborne Early Warning (AEW) aircraft, providing AEW, Naval Integrated Fire Control (NIFC) support and airborne Battle Management (BM) functions for the Carrier Strike Group and Joint Force Commander. PMA 231 awarded a $2.2M contract to SensorMetrix, a small business, via the DON Rapid Innovation Fund. SensorMetrix is developing and demonstrating methods to confirm and provide diagnostic guidance through pattern measurement.

PEO(U&W)
Manned and Unmanned Multi-Vehicle/Weapon Moving Target Engagement, Related SBIR Topic #: N96-278

PMA 281 awarded a $2.96M contract via the DON Rapid Innovation Fund to Progeny Systems, Inc., a small business, for production of a revolutionary Multi-Asset Mission Planning and Execution Monitoring (MAPEM) System for use by Airwing Planners, Maritime Operations Center Planners, Composite Warfare Commander Planners and watch standers to participate in time-sensitive strike planning and execution monitoring. This unique planning service and visualization tool will allow combat aircrew to visualize time-critical attack plans and track plan status vs. execution.

NAVAIR's commitment to small business provides creative solutions, services and products to the Warfighter. NAVAIR aims to increase speed to the Fleet; deliver integrated and interoperable warfighting capability; and, improve affordability, through its small business advocacy. Achieving these priorities requires the entrepreneurial skills of small and large businesses. NAVAIR strives to ensure that the talents of small business are nurtured and sustained in defense of freedom.
Space and Naval Warfare Systems command (SPAWAR) is the Navy acquisition command that develops, delivers and sustains advanced information warfare capabilities for our warfighters. SPAWAR, in concert with its two system centers (SSCs) and in partnership with three program executive offices (PEOs), provides the hardware and software needed to execute Navy missions. SPAWAR develops the infrastructure and tactical / business applications that enable afloat platforms and shore installations to operate effectively and efficiently. These systems must meet performance requirements such as capacity, security and reliability, but also must be affordable and delivered on schedule to the fleet.

In FY16 SSC Pacific, a division of SPAWAR converted the acquisition strategies of five re-competed efforts from unrestricted competitions to small business set-asides. Through market research, which encompassed industry days, sources sought and requests for information, SSC Pacific awarded or is in the process of awarding more than an estimated $225M in contracts to small business. In FY16, SSC Pacific’s total obligated small business eligible dollars exceeded $1.2B and of these eligible dollars more than 42%, or $505M, went to small businesses, as prime contractors.

In FY16, SSC Atlantic, a division of SPAWAR obligated approximately $640 million (or 35%) to small business concerns out of $1.8B eligible. SSC Atlantic also successfully executed an 8(a) "incubator" contract, awarding over $10M (base and option periods) in FY16 through competitive 8(a) task order competitions. The idea behind the incubator was to solicit and award those 8(a) companies that were in the developmental phase of the 8(a) program to build experience and performance.

PEO Enterprise Information Systems (EIS), a SPAWAR Program Executive Office, created the Innovation Cell, in an effort to work with industry and increase the speed to market. The Innovation Cell process was designed to lead the Navy’s charge into the commercially available enterprise IT solutions arena by aligning requirements and delivering technical insight. Starting in March 2015, the Innovation Cell issued Enterprise Challenges to find solutions for Enhanced Virtual Desktop (EVD) and Campus Network Architecture (CNA). Within seven months of the release of the next generation EVD and modernized CNA system Enterprise Challenges, the Innovation Cell collaborated with the PEO EIS Naval Enterprise Networks Program Office to conduct market surveys, craft requirements for a next generation EVD and modernized CNA system, validate requirements and analyze various proposed solutions. In FY 16, Awards for the EVD and CNA Enterprise challenges were issued. To date, PEO EIS has issued five Enterprise Challenges and two resulted in contracts.
SPAWAR partnered with PEO C4I to implement program of record across command, control, communications, computers, and intelligence, surveillance and reconnaissance capabilities ashore and afloat. PEO C4I’s core mission is to deliver C4ISR and integrated information warfare capabilities to warfighters over the Future Year Defense Plan and beyond. Implementation of these capabilities by the Navy will enable the Chief of Naval Operations’s vision for maintaining maritime superiority through exploitation of new opportunities in distributed command and control, networking, and use of vast stores of collected data — information and intelligence that too often lies at rest, undiscovered, unavailable and untapped.

CANES, formally called the Consolidated Afloat Networks and Enterprise Services, is one such system. As the Navy’s next-generation tactical afloat network, CANES features a common computing environment with continual hardware and software upgrades. It provides a reliable, secure baseline system that will plug into global communication and information systems and reduces total lifecycle costs.

As of November 2016, there have been 45 successful CANES installations, including aboard 38 surface and carrier ships, five submarines and two training sites. In the meantime, 21 additional installations are in progress with another 14 installations in the pre-production phase. CANES will be deployed to 178 ships, submarines and training sites by 2022.

SPAWAR is a dynamic small business advocate that provides training, advice and guidance to ensure quality solutions for Navy and Marine Corps acquisitions and maximizes contracting opportunities to small businesses.
The Office of Naval Research (ONR) was established in 1946 by public law, with a mission to “plan, foster and encourage scientific research in recognition of its paramount importance as related to the maintenance of future naval power, and the preservation of national security.” ONR supports scientific efforts around the world, from basic and conceptual research to applied research and even quick-turnaround technologies requested by Sailors and Marines.

ONR provides technological advantage to the Navy and Marine Corps through investments in Science and Technology (S&T). ONR’s mission is to explore the cutting edge of S&T and strives to transition that S&T into acquisition programs, further amplifying ONR’s role in protecting our nation’s personnel and interests. ONR’s workforce of highly talented military leadership, program management staff and cadre of scientists and researchers provide technical advice to the Chief of Naval Operations and the Secretary of the Navy.

ONR celebrated 70 years of innovation in 2016. For seven decades, ONR through its commands, including ONR Global and the Naval Research Laboratory in Washington, D.C. has been leading the discovery, development and delivery of technology innovations for the Navy and Marine Corps.
ONR’s investments enabled many firsts, including the launch of the first U.S. intelligence satellite; the validation of the GPS concept and the launch of the first GPS satellite; the first global atmospheric prediction model; overseas contingency operation support through various quick-response programs; the Electromagnetic Railgun; energy advancements and more.

ONR invests in research focus areas, including: Assure Access to Maritime Battlespace; Autonomy & Unmanned Systems; Expeditionary & Irregular Warfare; Information Dominance; Platform Design & Survivability; Power & Energy; Power Projection & Integrated Defense; Total Ownership Cost; & Warfighter Performance. In addition, ONR manages the DON’s STEM (Science, Technology, Engineering and Mathematics) Office both to foster student interest in the sciences and to build a robust future S&T workforce. Also, the Command oversees all DON activities at Historically Black Colleges and Universities/Minority Institutions, manages the DON Small Business Innovation Research/Small Business Technology Transfer (SBIR/STTR) Program, Navy Manufacturing Technology Program, Navy Technology Transfer Program as well as a myriad of other Naval Programs, e.g., Human Research Protection Program and Submarine Security Program.

During the course of FY16, ONR executed several S&T projects in partnership with the small business community. The Command awarded approximately $548M or 39.84% of its $1.37B procurement dollars to small business and small businesses within other socio-economic categories. Projects included the development of ‘Fiber Optic Measurement and Shape Sensor’; a fiber optic based Coordinate Measurement Machine, allowing 3D measurements in confined spaces, applicable to shipbuilding and aircraft manufacturing. The Navy ManTech Electro Optics Center of Excellence which is managed by ONR, worked with a small business to continue the technology maturation and application. The picture on the left shows a unique and innovative use for high specialized fiber in making measurement.
In addition, the Naval Research Laboratory, ONR’s sub-activity, collaborated with a small business to provide software development for world-wide monitoring and control of the Remote Timing Distribution System. The DON depends on precision time for the navigation of ships and locating signal emitters. Both location (latitude, longitude, altitude) and time play a critical role in defense and battle. The most precise methods of vehicle positioning and navigation rely on accurate time, and many aspects of communications (synchronization, encryption) rely on precise time. Precise time synchronization is needed primarily to efficiently determine the start of a code sequence in secure communications, to perform navigation, and to locate the position of signal emitters by means of time difference of arrival:

Finally, ONR in partnership with a small business, developed a Semantic In-Transit Visibility (ITV) Mobile application. In Agile Bloodhound 2016, Humanitarian Assistance and Disaster Relief exercise, Marines used ITV to provide in-transit visibility of critical supplies. Through the Telemetry mobile application and leveraging asset proximity beacons, the team tracked assets while in transit, found packages that had been misplaced, managed manifest items, and integrated with rapid requests submitted through other logistics applications. ITV is transitioning to the Marine Corps Systems Command for fielding to the Operating Forces.

As an advocate for small business, ONR continues to provide the DON with innovative technological solutions by ensuring small businesses have the opportunity to participate in ONR’s acquisition program both as prime Contractors and as well as Subcontractors to the maximum extent practicable.
NAVSEA and its Program Executive Offices (PEOs) design and build surface ships, submarines and major weapons systems for the Navy. NAVSEA’s affiliated PEOs are: PEO Aircraft Carriers, PEO Integrated Warfare System, PEO Littoral Combat Ships, PEO Ship and PEO Submarine. In FY 16, NAVSEA awarded approximately $2.5B in prime contracts to small business concerns. More than half of these prime contract awards were made by NAVSEA’s ten Warfare Center Divisions. NAVSEA’s continued use of SeaPort-e and SBIR contracting vehicles has allowed for increased prime contracting opportunities for small business.

Examples include:

- An award by NAVSEA to Marine Hydraulics Inc. (MHI), a small business located in Portsmouth, VA, for USS Arlington (LPD-24) fiscal 2016 Phase Maintenance Availability (PMA)
- This PMA includes the planning and execution of depot-level maintenance, alterations, and modifications that will update and improve the ship’s military and technical capabilities.
- Dakota Creek Industries Inc. (DCI) of Anacortes, WA, a small business, successfully built and delivered the Auxiliary General Purpose Oceanographic Research Vessel AGOR 28, a new “Ocean Class” research vessel that will advance Scripps’ pursuits of the planet’s most vital environmental and scientific challenges.
NAVSEA developed its Small Business Strategy to include a key component - the involvement of the Deputy Program Managers (DPMs) as Small Business Advocates. This engagement requires closely working with the NAVSEA OSBP by developing acquisition strategies to promote small business participation within program requirements.

PEO for Littoral Combat Ships (PEO LCS) instilled a small business contracting mindset as part of its culture. The mission of PEO LCS is to develop and acquire the tools necessary for the Fleet to have flexible and adaptable littoral mission capabilities in mine countermeasures, anti-submarine warfare, and surface warfare employed by LCS. A large portion of the small business impact is stemming from the development and transition of unmanned systems; a prime example being the development of the Coastal Battlefield Reconnaissance and Analysis (COBRA) system, a multispectral imaging payload integrated into unmanned air vehicles to locate mines and obstacles in amphibious landing areas.

The technology in the COBRA system began as a SBIR project, and transitioned into acquisition for development after a successful demonstration. The system is now postured for delivery to the Fleet with an initial operational capability on the LCS in 2017. As this capability delivers to the Fleet, small businesses are developing promising technology for the next generation of capability, such as unmanned multirotor technology to provide an aerial relay system to increase communication ranges of unmanned surface vehicles. With the help from small business innovation, the PEO LCS is delivering collaborative unmanned systems in the littoral environment.
Another shining example of PEO collaboration with small business is PEO Submarines which focuses on the design, construction, delivery, and conversion of submarines and advanced undersea and anti-submarine systems. In FY16, PEO Submarine awarded over $172M in prime contracts to small business concerns, an increase of 47% over the prior fiscal year. Two examples of small businesses contributing to the PEO Submarine mission are:

- A small business was awarded a contract to help optimize competing resources within existing equipment space, allowing an early start on ballistic missile submarine conversions and reduced production timeline to help modernize the ballistic missile submarine program. This small business experience in this niche space allowed a rapid innovative approach to solve a complicated problem saving the Navy time and money in the process.

- A small business developed the MK54 MOD 1 Lightweight Torpedo Sonar Section and test equipment transition from the development phase to the Low Rate Initial Production. This company was the first small business prime to build a significant portion of a U.S. Navy Torpedo.

NAVSEA is committed to supporting small business through command engagements such as our second Small Business Industry Day held on 18 August 2016. Representatives from more than 150 small businesses were in attendance to meet with program offices and to listen to presentations by NAVSEA, SECNAV OSBP and ASN (RDA) leadership. The event was extremely successful and provided small businesses with information on prime and sub-contracting opportunities for various NAVSEA programs.
The Mentor-Protégé Program is a pilot program established in 1991 to create a platform that provides small businesses (protégés) the opportunity to receive business development knowledge and training as well as needed soft and hard technology that will help them effectively compete in today’s market environment. Protégés receive this assistance from large businesses (mentors) that seek small business teammates offering niche services or products that can assist them in providing quality deliverables to their government, warfighter and commercial customers.

The DON OSBP recognizes the array of challenges that small businesses face in this global economy such as financing, stringent rules and regulations, saturated industrial markets and competition for opportunities against larger more robust companies, which is why it is a proud supporter of this program. The MP Program presents a rare opportunity to small businesses that would otherwise not have access to vital information and specialized technology that could enhance the quality and capabilities. The companies that receive this support become more marketable and therefore cause the industrial base to become more competitive, ultimately driving down costs for goods and services.
The DON has four active Mentor-Protégé Agreements that are greatly contributing to the mission and vision of their respective endorsing Naval commands and are providing valuable products and services that are aiding our DON Warfighter. Showcased below are the DON's Mentor-Protégé teams, program activities, developed products, services, capabilities and contributions to the DON.
Q.E.D Systems, Inc. & Mills Marine & Ship Repair, LLC

Mentor: Q.E.D. Systems, Inc.  **Received 4 DoD Nunn-Perry Awards**
Protégé: Mills Marine & Ship Repair, LLC
Location: Suffolk, VA
DON Command: Naval Surface Warfare Center - Philadelphia Division
Program of Record: Machinery Alteration Program (MACHALT)

QED and MMSR have developed specific program milestones to support the enhancement of MMSR’s marine manufacturing program. The milestones are as follows: Boat Davit Modification/Hardware Manufacture, Hardware Kitting and Rotatable Pool.

MMSR has experience in advanced capabilities in marine material installations and has completed the installation of Passive Countermeasures System (PCMS) tiles and other insulation projects on board USS WINSTON S CHURCHILL (DDG 81)

MMSR has received Mid-Atlantic Regional Maintenance Center approval in three welding procedures and one brazing procedure with guidance from QED to support both near term needs and longer term needs for welder qualification.

Northrop Grumman & Qual-Pro Corporation

Qual-Pro has a custom configured 60,000 sq. ft. factory with all the capabilities to manufacture of the top tier Electronic Manufacturing Services (EMS) companies but with emphasis on protecting the warfighter.

Mentor - Northrop Grumman Mission Systems Sector (MS)
Protégé - Qual-Pro Corporation
Protégé Location: Gardena, CA
DON Command: NAVAIR
Program of Record: APR-39 is a multi-service Radar Signal Detection Set

Qual-Pro supports Northrop Grumman Aerospace Systems (NGAS) Division to provide the following on the APR-39 initiative:

- Circuit Card Assembly complex designs
- Counterfeit parts prevention
- Root cause failure analysis
- Lead-Free Control

Qual-Pro, a Northrop Grumman top-tier supplier award winner, supports Northrop Grumman Information System (NGIS) Division by providing manufacturing and engineering solutions such as:

- Through-hole
- Surface Mount Technology (SMT)
- As-built graphics
- Printed circuit board assembly work
- Box Build assembly
- In-circuit and functional testing solutions
- Solder Paste Volume Measurement
SMALL BUSINESS INNOVATION RESEARCH
SMALL BUSINESS TECHNOLOGY TRANSFER

The federal SBIR and STTR Programs are primary seed funding sources with over $2B in FY16 supporting innovative technology research and development work of the nation’s small businesses. The DON FY16 SBIR/STTR budget of $385M focused on high-priority research needs identified by the Navy’s Sea, Air, and Space commands, the Marine Corps, the Office of Naval Research, and smaller Navy organizations. DON SBIR/STTR’s “best in class” reputation is staked on its proven ability to meet priority naval needs by transitioning SBIR/STTR technologies into Programs of Record. Non-SBIR/STTR mission funding invested in SBIR/STTR projects is a key success metric: 118 such investments were made in FY16 through Phase III awards worth an aggregate $386M with more Phase IIIIs continuing to accrue.

SBIR/STTR INNOVATION PILOTS

To improve its value to the Fleet and Force, the DON SBIR/STTR program uses pilot programs to test new collaborations. The Operations and Support (O&S) pilot delivers innovative technologies to the Navy's Fleet Readiness Command with great cost efficiencies. This pilot, originating with cold spray deposition for eroded helicopter blades at NAVAIR’s Cherry Point NC depot, has expanded to the west coast North Island CA depot. Discussions are underway to identify support efforts at the onset of F-35 depot maintenance while also striving to target other opportunities to drive down the cost of support to fleet operations.

A second pilot, focused on improving universities’ ability to support the Naval pipeline of technological innovation, is breaking new ground through collaborations with a new generation of “Applied Innovation Institutes” in the California university system.

A third pilot, led by NAVSEA, features aggressive outreach through entrepreneur networks to mobilize an underserved population of women scientists and engineers. This pilot includes regional workshops to connect women in business directly to Naval technology needs expressed in DoD SBIR/STTR Broad Agency Announcements.

A fourth pilot, led by NAVAIR, explores SBIR/STTR commercialization potential in closely linking new Phase I awardees to selected large defense contractors, and the acquisition offices that authored topics behind the Phase I awards.
The Naval mission is to maintain, train and equip combat-ready forces capable of winning wars, deterring aggression and maintaining freedom of the seas.

Continuous SBIR/STTR investment in innovation by America’s unmatched small business talent helps ensure this Navy and Marine Corps capability. Naval commitment to improving “the business of science”, through the SBIR/STTR program, results not only in decisive breakthrough technologies, but in powerful national economic impact.

The SBIR/STTR Phase II is typically a demonstration phase in which prototypes are built and tested. Data derived from a study conducted in 2016 by TechLink, a DoD-funded technology transfer center at Montana State University-Bozeman
DEFENSE INDUSTRIAL BASE ENGAGEMENT

The DON OSBP hosts two major small business outreach events each year: the Navy Gold Coast Small Business Procurement Event on the West Coast and the Small Business Forum at the Sea Air Space Exposition on the East Coast. Both of these events held record attendance this year and also included exclusive Roundtables where Small Business representatives had the opportunity to discuss important procurement and policy issues with Senior Government Executives. The DON participates in a variety of Small Business outreach events throughout the year to enhance communication between the industrial base and the Department’s buying commands. Below are some examples of events that our Small Business offices have attended or hosted this year.
The Honorable Janine A. Davidson, Under Secretary of the Navy and Ms. Emily Harman, Director, DON OSBP met with the NDIA SD Chapter STEM Committee and their Robotic Demonstration at the 2016 Navy Gold Coast.

Mr. Carlton Hagans, Program Manager for DON OSBP, experiments with technology from the Robotic Demonstration at Navy Gold Coast.

Ms. Allison Stiller, Principal Deputy Civilian ASN (RD&A), delivers the keynote address at the Navy Small Business Forum at the Sea-Air-Space Exposition.

Photo by Lisa Nipp, Seapower Magazine
OSBP Secretary's Cup recognizing a DON Echelon II or III HCA command which exemplifies the highest examples of small business acquisition excellence

*Naval Supply Systems Command*

OSBP Sarkis Tatigian Award recognizing a DON Echelon IV or V field contracting activity which exemplifies the highest examples of small business acquisition excellence

*- Fleet Logistics Center Norfolk, NAVSUP*

OSBP Oreta B. Stinson Small Business Advocate Award recognizing an individual, non-Small Business Professional who exemplifies the highest examples of small business mission excellence and whose achievement embodies the essence of the DON Small Business mission

- *Ms. Holli Galletti, DPM, H-60 Program - Mr. Evan Littig, NAVSEA*

Small Business Team Award recognizes the Government employed members of an acquisition team whose outstanding achievement, through enhanced competition among small businesses, resulted in better product or services being delivered, supported, and employed to and by the customer

- *Multiple Award—Multiple Order Contracts Acquisition Team, NAVSEA*
The DON’s Space and Naval Warfare Systems Command (SPAWAR) OSBP was awarded the Verdure Award. The Verdure Award, a subordinate award under the DoD Small Business Vanguard Awards Program, recognizes the team that has demonstrated fresh approaches to balancing the development of efficient buying methods and the utilization of small business. The SPAWAR OSBP team was recognized at the Vanguard Awards ceremony in Atlanta on May 12, 2016.

The SPAWAR team created a market research template for the acquisition of services. The team also updated SPAWAR’s Small Business Instruction to establish responsibilities and procedures for implementing OSBP objectives. As a result of the team’s outreach efforts, SPAWAR exceeded its small business and socioeconomic goals in FY15.

The team developed a long-range forecast of procurement opportunities by meeting regularly with Program Executive Offices (PEOs) and Competencies to update procurement-forecast information. The team also developed a Contracts Data Requirements List (CDRL) to track small business utilization under large prime contracts. SPAWAR’s OSBP team includes Ms. Faye Esaias, Ms. Angela King, Mr. Mark McLain and Ms. Mary Lake.

Pictured Left to Right: Frank Kendall, Under Secretary of Defense for Acquisition, Technology and Logistics; Faye Esaias, AD Small Business SPAWAR; Kenyata Wesley, Acting DoD OSBP Director; Alice Williams, Acting Deputy Director, DoD OSBP
DON Awarded:

- $13.34B or 17.38% in prime contracts to Small Businesses in FY16, highest since FY12 of $13.36B
- $76.74B in prime contracts overall.
- $9.74B or 75% of prime contracts to Small Businesses were Small Business Set-Asides.

DON Exceeded:

- Small Business goal of 16% for the 3rd year in a row.
- Small Disadvantaged Business (SDB) goals
- Women-Owned Business (WOSB) goals
Small Business Performance Trends

- Due to new strategies and policies implemented by DON Head Contracting Activities (HCAs) in FY13, DON saw increases in:
  - Prime Awards to Small Businesses from $11.76B to $13.44B (FY16)
  - Overall Small Business Performance ranged from 15.11% to 18.76% with FY15 being the highest year.
Small Business receiving over $1M in prime contract awards continues to increase as shown above.
Portfolio Groups are the grouping of Product and Services Codes (PCS) into sub-groups called “Portfolios” which are further grouped into Portfolio Groups.

- Top DON Small Business PSC of FY16 was Z2JZ: Repair or Alteration of Miscellaneous Buildings having $322M in prime Small Business awards.

Footnote:
- PCS - Z2JZ: Repair or Alteration of Miscellaneous Buildings
  - Portfolio – Building and Plant Maintenance
  - Portfolio Group – Facilities Related Services
OUR MISSION IS TO HELP THEM...

COMPLETE THEIRS SAFELY