



DEPARTMENT OF THE NAVY OFFICE OF SMALL BUSINESS PROGRAMS EXECUTIVE SUMMARY



"SMALL BUSINESS -



THE FIRST OPTION"



[HTTP://SMALLBUSINESS.NAVY.MIL](http://smallbusiness.navy.mil)



DEPARTMENT OFFICE OF SMALL B

FOREWORD FROM SECRETARY OF THE NAVY

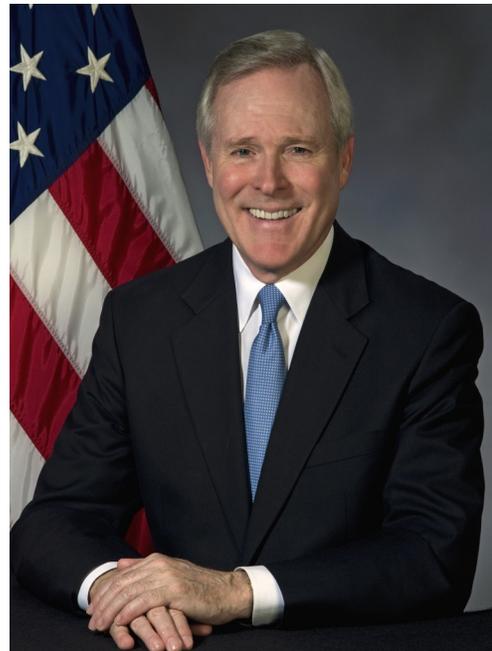
Small Business impacts every aspect of delivering this Department's mission. Whether it is implementing a RFID tagging system for contract files that ensures accountability and internal controls on a Marine Corps base, analyzing available Naval aircraft flight and aircrew data to identify predictive indicators which can prevent mishaps, or manufacturing weapons systems components to improve response for the Navy, Small Business remains an integral teammate in the warfighter's mission.

Since my first days as Secretary, I have focused on maintaining and enhancing the global presence uniquely provided by the Navy and Marine Corps by prioritizing four key factors: people, platform, power and partnerships. Small Business is, and always will be, a key partner for this Department and I am proud of our efforts to ensure that it remains a vital element in the acquisition strategies of the Navy and Marine Corps. Assistant Secretary of the Navy, the Honorable Sean J. Stackley, is a prime example of this commitment, with his establishment of unprecedented nation-wide roundtables where he learns first-hand from Small Business owners how to improve competitive opportunities. I am exultant with this effort and will continue to strive to improve Small Business opportunities based off of these conversations.

I take great pride in leading the service men and women of this Department, including those in Small Business, who contribute to the successful execution of our mission. The dedication of our Department's employees is unparalleled as best exemplified through one Contracting Officer's experience as a survivor of this past September's tragic Navy Yard shooting. Hospitalized after suffering a heart attack, this employee temporarily released herself in order to complete a Small Business award prior to the expiration of funds thus ensuring the firm could begin its contract performance on time. Her dedication is an example of our entire acquisition workforce that has directly contributed to success in our socioeconomic areas, such as our Service-connected Disabled Veterans, which received over \$1.35B this past year. I am grateful to all of our Navy and Marine Corps teams in driving the success of Small Business performance in this Department.

A handwritten signature in black ink, reading "Ray Mabus".

Ray Mabus
Secretary of the Navy



HON Raymond E. Mabus
Secretary of the Navy





DIRECTOR'S UPDATE

Fiscal Year 2013 was extremely challenging for not only Small Business, but for the Department as a whole. Sequestration, government employee furloughs, budget cuts and delays were unprecedented and while achieving Small Business percentage performance on par with previous years, resulted in a \$1.6B decline of Small Business awards from FY12.

Small businesses from the service sector as well as the ship repair/maintenance and construction were the most deeply impacted by this fiscal crisis. Restrictions on conference and outreach participation resulted in the canceling of the Navy Blue Coast event, but in return received a firm commitment from the Secretary for conducting the Navy Opportunity Forum as well as the Gold Coast Small Business Procurement event; providing small businesses with critical networking and industry engagement to support their competitive efforts.

Despite these obstacles, the Department succeeded in awarding over \$11.8B or 15.11% (22.65% of the Small Business Accessible Market) to small businesses thanks to the dedicative efforts of our Program Managers, Small Business Professionals, Contracting Officers and Commands demonstrating unsurpassed commitment to Small Business engagement. I am especially proud of the 2013 recipients of the SECNAV Acquisition Excellence Awards for Small Business: Marine Corps Systems Command for the Secretary's Cup; NAVAIR Small Business Team Award for breaking up a 25 year sole-source large business award for Range Technical Support Services; Mr. Robert L. Smith of the Office of Naval Research for the Oreta B. Stinson Advocacy Award; and the Naval Warfare Center's Aircraft Division, Lakehurst for the Sarkis Tatigian Award Field Activity Small Business Performance Award. As you peruse this summary's pages, numbers and stories, I hope the agility, flexibility, innovation and affordability Small Business provides the Department is clearly demonstrated along with our commitment to achieving the highest level of competitive opportunities for Small Business.



Seán F. Crean
RADM,SC,USN (ret)
Director, DoN OSBP


Seán F. Crean
Director



DEPARTMENT OFFICE OF SMALL B

HEADQUARTERS MARINE CORPS, I&L



The Deputy Commandant, Installations and Logistics (I&L) issued Marine Administrative Message (MARADMIN 108/13) in March 2013, requiring support for the Marine Corps Small Business Program. As a result, HQ Marine Corps, I&L achieved 28% of its total spend of \$310.5M to Small Business in FY13. Lowry Holding Company, Inc., a Small Business, was successful in implementing a RFID tagging system for the contract files at Blount Island Command. This RFID tagging system ensures accountability and internal controls within the organization and has resulted in innovative asset tracking and exceptional delivery service. The amount obligated in FY13 to Small Business was \$1,287,465.

MARINE CORPS SYSTEMS COMMAND



The Marine Corps Systems Command (MCSC) was recognized for the FY13 Secretary of the Navy Excellence Award and for “Exceptional Support of Veteran Small Businesses” by the National Veteran Small Business Coalition (NVSBC) for its VOSB and SDVOSB achievement for the past two Fiscal Years. During FY13, the ACSS Contracting Office competed a total of 36 of the Command's knowledge based services requirements with thirty-four (34) of those requirements being set aside for small businesses. The average number of proposals received increased by 58% from FY12 and also rose significantly under the CEOss business model. Ultimately, the Small Business achievement of MCSC resulted in \$708M or 31.9% of the Small Business Accessible Market being awarded to small businesses.

OF THE NAVY BUSINESS PROGRAMS



MILITARY SEALIFT COMMAND



MSC operates approximately 110 ships daily around the globe. The majority of MSC contracting dollars are spent in two areas: Deep Sea Freight Transportation and Ship Repair. Strategic priorities are focused on providing ships ready for tasking, developing, enhancing and enabling the workforce, focusing on

the customers and managing organization change. Small businesses are vital to MSC and offer maritime solutions for its global fleet. Each year, MSC awards approximately \$700 million in contracts to companies that are registered as small businesses. In FY13, MSC awarded \$704 million to small businesses. That equates to approximately 41.4% of total contract award spending. 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 its procurements to assure small businesses had access to current and future contracting opportunities.

NAVAL AIR SYSTEMS COMMAND



In FY13, NAVAIR achieved \$1.5B or 15.62% of the Small Business Accessible Market and met or surpassed goals for Small Disadvantaged Businesses and Service-Disabled Veteran-Owned Small Businesses. The Flight Visualization and Data Analysis (FVDA) component of the Military Flight Operations Quality Assurance (MFOQA) was developed by Veteran-Owned Small Business, BGI-LLC. MFOQA will collect and analyze available post-flight Naval aircraft

flight data and Naval aircrew data using off-aircraft analysis software. The FVDA enables users to replay and visualize their flights over terrain features and maps, and also includes recreated cockpit displays. In addition, the FVDA has the capability to display the data in tabular and strip chart formats, and has a query capability so users can create their own events of interest. MFOQA will affect four areas of Naval Aviation: Maintenance, Operations, Safety and Training.



DEPARTMENT OFFICE OF SMALL B

NAVAL FACILITIES ENGINEERING COMMAND



NAVFAC



In FY13, NAVFAC achieved over \$3B in Small Business awards, an unprecedented 49% of its government contracts. 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 for the Department are prime examples of its Small Business Program success. These initiatives have not only resulted in the innovative abilities of Small Business in receiving over \$3M in Phase I, II, and III SBIR awards, but also represents NAVFAC's commitment to small businesses to meet its mission and support the command's requirements.



NAVAL SEA SYSTEMS COMMAND



In FY13, NAVSEA successfully awarded over \$2B in prime contracts to Small Business concerns. Over half of the dollars were awarded by divisions of the Surface and Undersea Warfare Center's field activities. Increased use of the SeaPort-e acquisition strategy provided many opportunities for Small Business concerns to participate in fields of engineering, technical and professional services to support NAVSEA's programs. Southeastern Computer Consultants, Inc., a small business, received over \$50M in prime contracts including

options, if exercised, for engineering and technical services support to the Dahlgren Division's Center for Combat Systems in gun weapons and gunfire control systems. Another small business is providing engineering and technical support in the fields of sensor architecture and sensor systems. This firm is also providing support to operational units involved in data collection and GPS applications.

OF THE NAVY BUSINESS PROGRAMS



NAVAL SUPPLY SYSTEMS COMMAND



At NAVSUP, the Navy's strategic sourcing program continues to have a positive impact for small businesses. In FY13, the Department achieved an average of \$1.6B or 25.74% of the Small Business Accessible Market. The DoN Global Business Solutions

(GBS) Multiple Award Contract vehicle continues to be a go-to source for non-personal contract labor support in 15 functional areas through the US. NAVSUP works towards the goal that strategic



sourcing opportunities will seek to grow small business market share. One example of the many excellent small businesses providing weapons systems support is WR Systems Maritime Technologies. WR Systems has been instrumental in improving the AN/WSN-7 IP-1747 system response for the navy as well as material availability of several other navigation systems. When timely delivery is critical, WR Systems ensures that schedules are met, even if that means hand-delivering material to the ship.



OFFICE OF NAVAL RESEARCH

ONR explores cutting edge Science and Technology by striving to transition it into acquisition programs. ONR maintains a strong emphasis on the need to pre-empt or defeat threats and forces

operating within complex physical, cyber and social terrains by focusing on areas that provide the biggest payoff for the Navy and Marine Corps. In FY13, ONR achieved \$463M or 39.65% of the Small Business Accessible Market. Contributing to this success, Aeroprobe Corporation developed

'FRICTIONCOAT', an additive Friction STIR Technology for Coating used on two ONR sponsored projects: 1) As one of over 70 small businesses that participated in

ONR's development of the Electromagnetic Railgun Program, Aeroprobe's Coating was used for Railgun Rails, which extended rail life by coating with metal matrix composites via additive

friction stir 2) The coating was also used for submarines; specifically Inconel 625 on steel for Submarine Shaft Journals; demonstrating deposition of metallurgically bonded Inconel 625

onto steel to increase shaft journal life.





DEPARTMENT OFFICE OF SMALL B

SPACE AND NAVAL WARFARE SYSTEMS COMMAND



The Space and Naval Warfare Systems Command (SPAWAR) delivers information dominance capabilities for the Navy, the DoD and other government agencies. Installation of the Consolidated Afloat Network and Enterprise Services took place aboard USS McCampbell. By year-end, installations were underway on two carriers, one amphibious assault ship and eight destroyers. The second Mobile User Objective System satellite, a next-generation narrowband satellite communications system designed to significantly improve beyond-line-of-sight communications, was launched July 19 from Cape Canaveral. The Next Generation Enterprise Network contract was also awarded, which represents the next phase of providing IT services to Sailors and Marines. SPAWAR awarded \$1.2B to small businesses, resulting in a Small Business Accessible Market achievement of 23.12%. Also, SPAWAR set-aside work previously performed by a large business resulting in a \$69M task order to Ausgar Technologies, Inc., a SDVOSB to provide support for the SPAWAR Chief Engineer.



STRATEGIC SYSTEMS PROGRAMS



Strategic Systems Programs (SSP) provides lifecycle support for the Strategic Weapons systems, including the submarine launched ballistic missile (TRIDENT II D5); encompassing concept, technology, design, production, operational support and retirement for the premier survivable leg of the nation's strategic nuclear deterrent. The mission of the SSP Office of Small Business Programs is to serve as an advocate for small businesses, providing guidance and technical assistance to advance their growth and development in becoming competitive contractors. In FY13, SSP exceeded its Small Business (SB) targets including Small Disadvantaged Business (SDB) and Service Disabled Veteran (SDV). SSP consecutively increased dollars awarded from FY10 to FY13, awarding the most dollars to Small Business for the past five (5) years in FY13. SSP provides small businesses the opportunity to partner with us in this mission.



MENTOR-PROTÉGÉ PROGRAM SPOTLIGHT

2013 NUNN-PERRY AWARD WINNER

Q.E.D SYSTEMS / AIT

The Nunn-Perry award was first developed by the DOD Office of Small Business Programs (OSBP) to recognize outstanding Mentor Protégé teams formed under the auspices of the Mentor Protégé Program (MPP). Since its inception, the MPP has successfully given newly established small businesses the opportunity to grow, learn and develop strong foundations in the government contracting realm. This year's Nunn-Perry Award winners have excelled in providing their protégés with high quality technical assistance through the effective utilization of HBCU/MIs, PTACs and SBDCs, a favorable return on investment with a positive impact upon the Mentor's Small Business subcontracting performance and a beneficial impact on the Protégé's development.



Q.E.D Systems, Inc. (QED) - the Mentor, and Advanced Integrated Technologies, LLC (AIT) – the Protégé, have enjoyed a very successful MPP relationship with over 56% employee growth and an annual increase of 149% in revenue. The technology transferred through this partnership has resulted in improvements to AIT's industrial support capabilities. AIT has become a more robust and flexible Small

Business with personnel skills and facilities to efficiently and effectively perform shipboard maintenance and modernization. Improvements in Protégé performance include production capabilities that support a full spectrum of repair, overhaul, alteration and maintenance for virtually every shipboard system in the U.S. Navy. The success of AIT as a Small Business, provides the Navy with greater competition for future ship repair and modernization service contracts. As a Small Business, AIT is now well positioned to respond quickly to customer requirements and provide its services in a cost-effective manner, thereby reducing costs to the Government. Additionally, through QED's Mentoring efforts, AIT is better able to provide high quality manufacturing and technical support in accordance with applicable Government specifications and requirements.



SMALL BUSINESS INNOVATION RESEARCH SMALL BUSINESS TECHNOLOGY TRANSFER

The Small Business Innovation Research (SBIR) and Small Business Technology Transition (STTR) Programs are the primary source of Federal Research & Development (R&D) funding for small technology firms. The FY13 Federal funding level was over \$2.3B. The DoN FY13 SBIR/STTR budget of \$272M was focused on high-priority defense and security needs identified by the Navy's Sea, Air and Space commands, Marine Corps and Office of Naval Research. Naval SBIR/STTR Programs own a "best-in-class" reputation for addressing the technical needs of specific Naval programs, earned by transitioning SBIR and STTR technologies into Programs of Record with investment of \$725M in non-SBIR/STTR follow on funds in FY12 alone. In FY13, the Department of the Navy invested an additional \$412M of non-SBIR mission funds in SBIR/STTR projects through 146 Phase III contracts to 102 small firms, providing strong proof of Naval customer belief in the practicality of our developed technologies.

An example of FY13's success is SDVOB, Pathfinder, Inc. and its Marine Common Aircrew Trainer - Prototype (MCAT-P). MCAT-P is a projection-based prototype simulator system for aerial gunnery, crew coordination and external load operations. The high fidelity cabin, use of the trainees' own equipment and a superb audio-visual system makes the training experience as close to reality as possible. The system has a 360-degree high fidelity view projected on curved screens, providing an immersive view similar to actual flight and eliminating the need for a motion base. It interfaces with the USMC Tactical Environment network for representing semi-automated forces and to interoperate with other aircrew trainers. The MCAT-P trains UH-1Y, MV-22B and CH-53E aircrews in day, night and Night Vision Glass (NVG) operations. The Marine Corps Aircrew/Crew Chief Trainer Prototype demonstrated a full-flight virtual training environment for gunnery and external load handling thereby saving the Navy considerable expense vs. live operations. MCAT-P1 trains CH-53E Enlisted Aircrew and the second prototype (MCAT-P2) began training CH-53E, MV-22B and UH-1Y enlisted aircrews in 2013. The MCAT-P has Phase III revenues of \$23.7M.





HOW SBIR IS ENHANCING FIRE SCOUT

NORTHROP GRUMMAN

Northrop Grumman—Prime Contractor, Systems Integrator, Vehicle Management System and Flight Test Lead

NAV  AIR

PMA—266

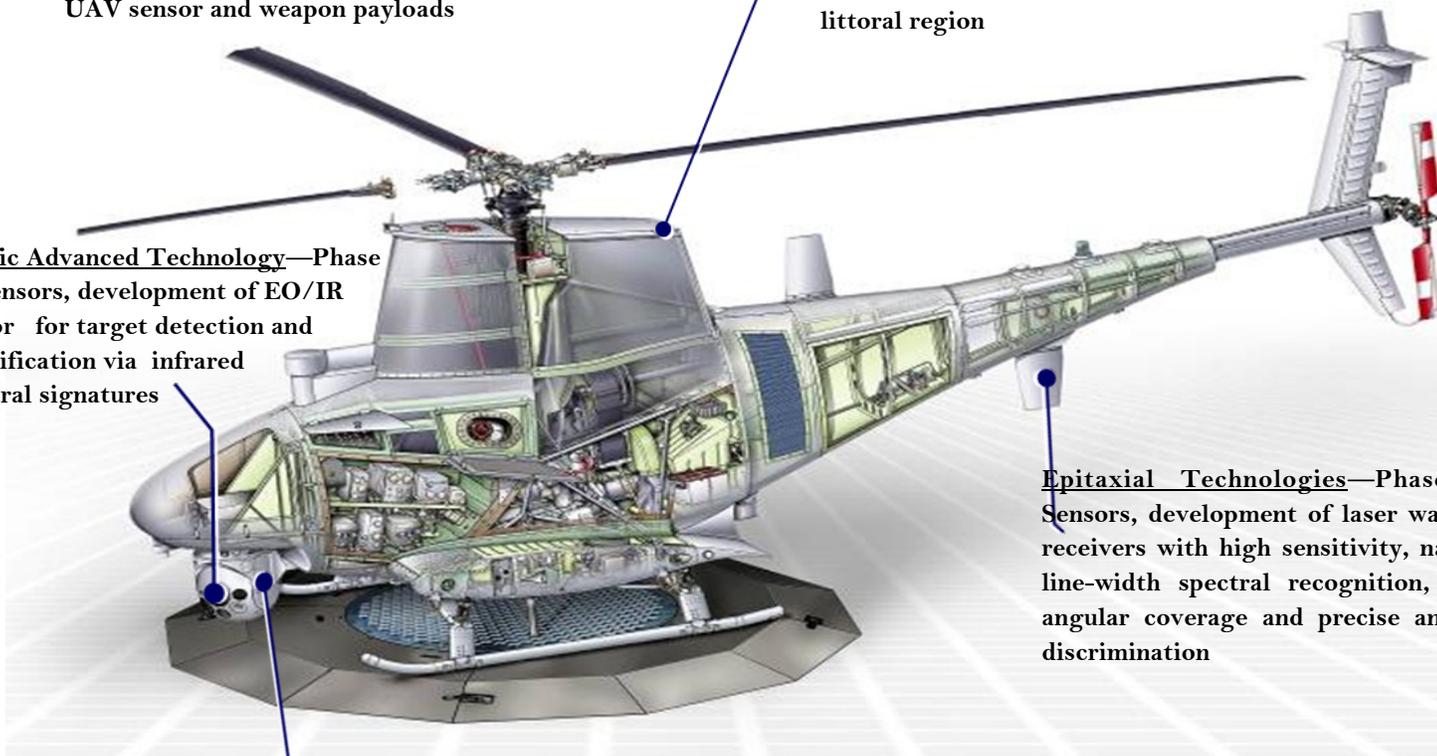
Torch Technologies—Phase I, Modeling & Simulation, innovative SE approach to accelerate development and integration of UAV sensor and weapon payloads

Daniel H. Wagner, Associates—Phase I, Mission Planning, development of Multi-Vehicle Mission Planner to optimally allocate and deploy Unmanned Vehicle assets within the maritime littoral region

Pacific Advanced Technology—Phase II, Sensors, development of EO/IR sensor for target detection and identification via infrared spectral signatures

Epitaxial Technologies—Phase II, Sensors, development of laser warning receivers with high sensitivity, narrow line-width spectral recognition, wide angular coverage and precise angular discrimination

Arete Associates—Phase II, Sensors, development of magnetic anomaly detection system that will enable ASW platforms to search, localize, detect and track submerged targets more effectively





DEPARTMENT OFFICE OF SMALL B

DEFENSE INDUSTRIAL BASE ENGAGEMENT

The Department of the Navy strives to participate in as many Small Business events as possible in an effort to ensure open communications between the industrial base and the Department's buying commands that they seek to do business. This past year's Small Business Defense Industrial Base engagement opportunities, however, were met with unprecedented challenges due to sequestration, budget delays and new restrictions on conference participation. These challenges resulted in many changes to the Department's anticipated outreach calendar, including the cancelation of the annual Blue Coast Small Business Procurement Event. In response to these challenges, the office of the Secretary of the Navy provided a firm commitment to the Navy Gold Coast as well as the Navy Opportunity Forum.



The Navy Gold Coast provides the Department with an open-forum opportunity to educate, guide, communicate with and assist small businesses in working with the government. Small businesses who attend and/or exhibit at the 2013 Navy Gold Coast had the opportunity to hear from prominent guest speakers such as the Honorable Frank Kendall, Undersecretary

of Defense for Acquisition, Technology and Logistics and RADM Matthew L. Klunder, Chief of Naval Research. The Navy Opportunity Forum is a unique annual marketplace for hundreds of individuals from large Defense contractors as well as from the DoN to directly engage with 175 SBIR/STTR-funded firms to discuss the Department's capability needs and affordable solutions to bring new technologies to the warfighter.

The Honorable Sean J. Stackley, Assistant Secretary of the Navy for Research, Development and Acquisition has been a key influencer in sustaining the Department's Small Business outreach despite the aforementioned challenges. This past year, he initiated a series of nation-wide Small Business roundtables to listen to Small Business owners and learn more about practices, policies and executions that inhibit Small Business competition. These conversations revealed that Small Business was impacted by contract tripwire policy, best-value versus low price technically acceptable (LPTA) contracts, timeliness of awards, communications with program managers, training of Small Business professionals in market analysis and SBIR Phase III transitions. Due to these conversations, the Navy has been able to implement new policies for the coming year that will promote new opportunities and competition for Small Business.





2013 SMALL BUSINESS ROUNDTABLES



Honorable Sean J. Stackley, ASN/RDA conducted Small Business Roundtables in Washington, D.C. and Patuxen River, MD in 2013 in an effort to increase conversation with Small Business owners.

2013 ★
NAVY
OPPORTUNITY
FORUM

The Navy Opportunity Forum is designed to facilitate interaction between Small Business and members of the acquisition community, lead system integrators and first and second tier suppliers. RADM Matthew L. Klunder was a prominent speaker.



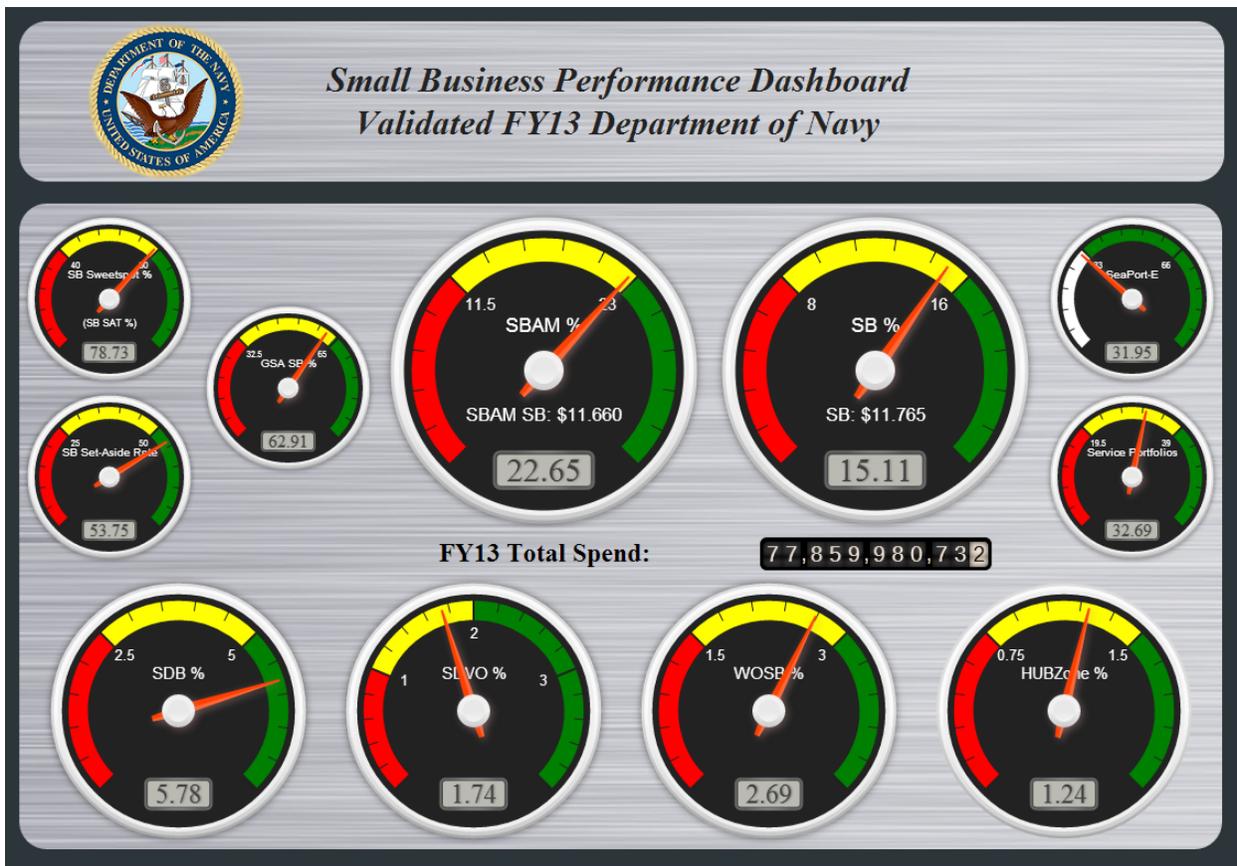
(U.S. Navy photos by John F. Williams/Released)



DEPARTMENT OFFICE OF SMALL B

IMPROVING SMALL BUSINESS PERFORMANCE

In FY13, DoN OSBP combined the Small Business Performance Dashboard and “sweetspot” Dashboard into a single Executive Performance Dashboard to track the Navy Commands’ small business progress. The newly designed dashboard gives an at-a-glance overview of a command’s performance and serves as a measuring tool for each command’s progress towards achieving its SB targets in support of the Senior Executive Service (SES) and General Officers/Flag Officers (GOFO) performance objectives.



During FY13, the Department awarded over \$77.8B in total procurements with \$11.8B or 15.11% being awarded to SB. DoN exceeded its Small Disadvantaged Business target by achieving \$4.5B or 5.78% and came very close to achieving Women-Owned Small Business (2.69%) and HUBZone (1.24%) which had targets of 3% and 1.5% respectively. As part of a five-year plan to achieve 3% Service Disabled Veteran Owned Small Business attainment, the Department was on track with 1.74% and sustained the dollar value of \$1.4B. Additionally, two (2) of the ten (10) Major Head Contracting Activities (HCA) exceeded all five (5) of their SB targets and one (1) exceeded four (4) of its SB targets.



SMALL BUSINESS ACCESSIBLE MARKET

The Department of the Navy has a significant amount of spend each fiscal year obligated to programs that, at the prime contracting level, are awarded principally to Other Than Small Businesses (OTSB). These are areas where the small business industry has little or no industry to support the requirements such as, but not limited to manufacturing of major shipbuilding, nuclear reactors, missile systems, winged aircraft, weapon systems, and some R&D. As a result of these spends not being accessible to Small Business, the DoN developed the Small Business Accessible Market (SBAM) as a way to gauge how Navy performs in markets and industries where Small Business has an opportunity to compete for awards. Currently, the DoN defines the SBAM as spends for Product Service Codes (PSC) where Small Business achieved greater than 1% market share across the federal government. In FY13 the Navy achieved a SBAM performance of 22.65%. Focusing on the SBAM will enable small businesses to market to those buying commands that offer the greatest competitive opportunity for achieving success with the Navy and Marine Corps.

The Small Business “sweetspot” provides HCAs with a tool they can use to analyze their small business performance on contracts within the Simplified Acquisition Threshold (SAT), **\$3,000-150,000K**. The SAT is the basic business or “sweetspot” for Small Business, as contracts within the SAT are reserved for Small Business. The Navy achieved 78.73% of its 80% “sweetspot” target. The total spend in the "Sweetspot" in FY13 was \$1,112,256,112 with \$875,678,271 of that going to Small Business.



OUR MISSION IS TO HELP THEM...



COMPLETE THEIRS SAFELY