HEAD OF CONTRACTING ACTIVITY (HCA)

& PROGRAM EXECUTIVE OFFICE (PEO)

SMALL BUSINESS STRATEGY

FY19 & FY20

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NAVSEA NAVAL SEA SYSTEMS COMMAND

EXPAND THE ADVANTAGE

Introduction

Assistant Secretary of the Navy, Research Development and Acquisition (ASN (RDA)) challenged Head of the Contracting Activities (HCAs) and Program Executive Offices (PEOs) to tap into small business in a "Big Way" by formulating a Small Business Strategy. The intent of the strategy is to promote small business participation as a first option and to create a culture of small business inclusiveness throughout the NAVSEA Enterprise. ASN (RDA) assigned all Deputy Program Managers (DPMs) as "Small Business Advocates" and provided a strategic framework to create opportunities for small businesses to be competitive and to create a healthy and diverse small business industrial base. Additionally, ASN (RDA) issued a memorandum addressing Small Business Utilization for a Strategic Advantage and encouraged leveraging the agile, time-saving authorities resident in the Small Business Innovative Research (SBIR) and Small Business Technology Transfer (STTR) Program tools to include direct Phase III award process. NAVSEA embraced the aforementioned guidance in the development of our Small Business Strategy, and is committed to making "Small Business – The First Option" to expand the advantage and maximize agility, innovation, and responsiveness that small businesses bring to the warfighter.

Mission: ***Maximize Small Business opportunities available in NAVSEA and PEOs to support our mission of designing, delivering, and maintaining the United States Navy's ships and systems on time and on cost.***

Vision: ***Increase Small Business inclusion in our efforts to maximize the small business industrial base.***

Direction

Small business concerns are essential in performing a vital role in our Nation's economy and contribute efficiencies, critical technology innovations and enhancements by strengthening the competitive industrial base for the warfighter. NAVSEA recognizes the many benefits small businesses provide and is committed to creating small business opportunities throughout our Enterprise. Our small business strategy ensures activities and programs under our responsibility consider small businesses as a first option and viable partner in our efforts to maximize opportunity and offer innovative, flexible, agile and affordable options in achieving NAVSEA's mission.

A key component of NAVSEA's Small Business Strategy is the involvement of our PEO DPMs, who are assigned as "Small Business Advocates". As Small Business Advocates, our DPMs identify opportunities within their programs for small business participation. This entails early engagement and a collaborative working relationship with the NAVSEA Small Business Program Office, SEA 00K. Our Small Business Strategy was developed conjointly across the NAVSEA Enterprise, focused around four critical goals for small business success - Plan, Communicate, Act and Track. We will execute to these goals to implement effective acquisition strategies to promote small business participation.

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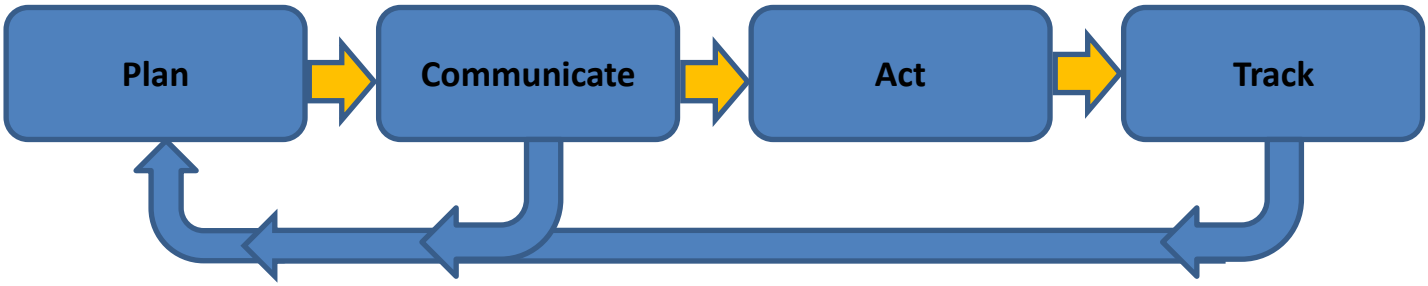
NAVSEA Small Business Strategy Goals



Plan – Strengthen Small Business Acquisition Planning

○ Pending ◐ In Progress ● Continual or Complete

- ◐ Nominate small business liaisons from PEOs, Directorates and Field Activities to participate in the NAVSEA Small Business Integrated Project Team (IPT). The Small Business IPT will be chartered to work closely with the NAVSEA Small Business Program Office to assist in developing acquisition planning strategies, incorporate small business best practices and promote small business integrated strategies across the Enterprise.
- ○ Expand specialized small business training to the acquisition workforce semi-annually in areas such as market research and small business subcontracting strategies. Specialized training will correct deficiencies identified during procurement performance and surveillance reviews, based on organizational need and targeted audience.
- ● Promote continued professional development of the acquisition workforce by requiring all Program Managers to complete Defense Acquisition University (DAU) course CLM 059 "Small Business for Program Managers".
- ● Team with Program Managers and DPMs to identify small business opportunities within the PEOs, Directorates and Field Activities and to assist in the development of execution plans annually. This will be accomplished through Small Business Professionals (SBPs) participating early in the acquisition cycle and through attendance at annual PEO and Directorate Service Requirements Review Board (SRRB) meetings.
- ● Collaborate with PEOs, Directorates and Field Activities to increase awareness among program and requirement officials to ensure procurement milestones are accurate and up to date to support quarterly postings of the NAVSEA Long Range Acquisition Forecast (LRAF).
- ◐ Increase the visibility of the NAVSEA Small Business Program Office across NAVSEA through periodic engagement meetings with the PEOs and Directorates to strengthen partnerships, participate as an active member in acquisition Advance Planning Conferences (APCs) and promote small business as the first option in acquisition strategies.

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Communicate – Improve Small Business Communication

○ Pending ◐ In Progress ● Continual or Complete

- ○ Establish a NAVSEA 00K Small Business Communication Plan to include a social media strategy to advance NAVSEA's engagement with industry partners.
- ◐ Promote High Velocity Learning (HVL) by sharing small business best practices and lessons learned across our PEOs, Directorates and Field Activities by leveraging the NAVSEA iNFUSION platform. Develop an iNFUSION space dedicated to small business matters, serve as a small business knowledge sharing portal to reduce barriers to information sharing and allow collaboration across the NAVSEA Enterprise.
- ● Organize and host Small Business Industry Day opportunity forums annually. The forums' goals are to improve NAVSEA's outreach to industry on acquisition opportunities and facilitate market research feedback from small businesses.
- ○ Implement "First Friday" small business outreach events for targeted engagement with small businesses categorized under a socio-economic subcategory program. The First Friday concept allows small businesses to network, learn about doing business with NAVSEA and hear from PEOs and Directorates on upcoming small business acquisition and subcontracting opportunities.
- ○ Promote awareness of small business-related Department of Defense (DoD) and DON memorandums and directives by teaming with NAVSEA Public Affairs Office, NAVSEA Contracts Policy Office and NAVSEA Program Management Competency Office to disseminate and share the Department's small business priorities and strategic direction with the NAVSEA acquisition community.

Act – Implement Small Business Strategies

○ Pending ◐ In Progress ● Continual or Complete

- ○ Update the NAVSEA Small Business Program instruction 4380.5 to provide program policies and guidance to enable enforcement of the NAVSEA small business programs.
- ○ Provide training and guidance to the acquisition community on best practices used when considering including Small Business Participation as a factor or subfactor in source selection. Development of an effective subcontracting strategy is a team effort to be addressed early in the acquisition planning process.
- ◐ Leverage the capabilities of iNFUSION to develop an internal NAVSEA market research search tool to increase the level of transparency on results from sources sought and market research.
- ○ Engage with the PEOs and Directorates on fast lane initiatives and accelerated acquisition strategies to be used with our small business partners to encourage agility and speed in the acquisition process.
- ◐ Strive to achieve DON small business and socio-economic targets through involvement of the SBPs early in the acquisition cycle and through targeted outreach events.
- ● Coordinate with the Department of Navy Office of Small Business Programs (OSBP) on small business initiatives and help promote a DON-wide culture that leverages small businesses as a strategic advantage.

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- ◐ Work with the acquisition community, through specialized training, educate the workforce on the Small Business Innovation Research (SBIR)/Small Business Technology Transfer (STTR) program and address barriers that prevent transition into Phase III programs of record.

Track – Track Progress of Small Business Contracting

○ Pending ◐ In Progress ● Continual or Complete

- ◐ Provide integrated management and oversight of SBIR/STTR projects, document and track SBIR/STTR improvements to meet warfighter needs.
- ● Document and report major small business awards, SBIR/STTR technologies bringing innovation to the warfighter and outreach initiatives as part of the quarterly PEO program briefs to ASN (RDA).
- ○ Conduct quarterly analysis of small business performance and provide quarterly reports on small business progress to command leadership.
- ◐ Capture and share good news stories of small business utilization as primes or subcontractors assisting NAVSEA to meet mission, reduce cost, or bring innovation to the warfighter.
- ○ Provide monthly small business acquisition report developed by the SBPs, to PEOs, Directorates and Field Activities to gauge small business performance and address areas for improvement.

Measuring for Success

Results: Small Business Opportunities throughout our Enterprise

The NAVSEA Small Business Strategy will be utilized to increase small business opportunities throughout our Enterprise. Our strategy will be updated annually to provide status on achievement of our goals and reviewed bi-annually to assess its impact on small business base viability. Primary measure will be actual small business contracting achievements against forecast opportunities. The effect will be a close correlation between planned opportunities and achievements.

All NAVSEA Directorates, PEOs and field activity civilian and military personnel responsible for acquisition planning, establishing technical requirements for contracting, and contract execution will support this strategy. For specific questions regarding implementation of our Small Business Strategy or Small Business Programs, please contact the NAVSEA Small Business Program Office at nssc-navsea-sbid.fct@navy.mil

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Signature Page

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Appendix A – NAVSEA HQ Addendum

Date: 17 August 2018

Part I – Executive Summary

The NAVSEA mission "to design, build, deliver, and maintain ships and systems on-time and on-cost for the United States Navy" underpins our priorities and aligns our mission objectives directly with the Navy's Design for Maintaining Maritime Superiority. Everything we do aligns to the Design and its four Lines of Effort that focus on warfighting, speed of learning, strengthening our Navy team, and building partnerships. These core principles form the foundation of our Small Business Strategy

Small businesses have contributed efficiencies, economies, critical technology, innovations and agility by strengthening our industrial base. We will employ our best efforts to attain command targets consistent with cost, schedule, and performance to achieve mission our objectives.

Part II – Portfolio Overview

NAVSEA is comprised of command staff, headquarters directorates, affiliated Program Executive Offices and numerous field activities. Together, we engineer, build, buy and maintain ships, submarines and combat systems that meet the Fleet's current and future operational requirements. Due to the complexity and wide variety of major acquisition programs at NAVSEA HQ, limited prime contracting opportunities are available for SBs. Accordingly, NAVSEA HQ thoroughly reviews their requirements early in the acquisition strategy development phase and incorporates to the maximum extent possible, opportunities suitable for small business concerns into their acquisition programs.

Part III – Small Business Strategy Implementation

A. Specific efforts to increase Small Business participation in each socio-economic category utilizing Small Business Innovation Research (SBIR), Small Business Technology Transfer (STTR) and Mentor Protégé (MP) Program

    - Promote training of Deputy Program Managers (DPMs), who are designated as Small Business Advocates, to identify mutually beneficial opportunities within the SBIR, STTR and MP programs.

B. Specific actions to identify new requirements suitable for small business participation as prime contractors.

    - Early participation of Small Business Professionals (SBPs) in all acquisition processes to include acquisition pre-planning conferences and meetings.

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- Focused collaboration with program offices and requirement holders to identify opportunities for small businesses in all phases of the acquisition life cycle.
- Greater communication with industry small business partners to evaluate their capabilities and identify break-out opportunities, as applicable.

C. Explain your process for reviewing historically unrestricted procurements to determine if there are opportunities for small business participation as prime contractors.

- NAVSEA senior leadership, SBPs and contracts personnel participate in annual Service Requirements Review Board (SRRB) meetings presented by the PEOs and NAVSEA Directorates to identify, plan, revise, prioritize and validate contractual services. SRRB meetings provide a mechanism to review historically unrestricted procurements for the opportunity of separating acquisitions for small business opportunities instead of a single solicitation offering limited competition.

D. Efforts taken to streamline the acquisition process.

- In response to ASN RDA memorandum on Systems Commands Fast Lane Initiatives and to increase the rate at which Navy projects can be initiated, executed, and completed, NAVSEA has initiated a FAST-Lane Acquisition Steering Team (FAST) and Governance Organization board. This approach will leverage middle-tier and acquisition agility authorities that may be used with our small business partners to encourage agility and speed in the acquisition process.

E. Specific actions to increase Small Business subcontracting opportunities.

- Evaluate proposals for small business participation in competitive source selections.
- Incentivize small business subcontracting when appropriate.
- Promote attendance at internal training sessions for the PEOs, Directorates and SEA 02 on subcontracting considerations.
- Mandate percentages for small business subcontracting performance based on historical performances in selected acquisitions.

F. Efforts to communicate with industry.

Our intentional engagement with industry is a direct result of the National Defense Strategy which directs us to harness and protect the National Security Innovation and Industrial Base. We perform the following actions to facilitate increased awareness and engagement with industry.

- Host an annual NAVSEA Small Business Industry Day and participate in other industry day events sponsored by industry associations.
    - Personnel from the technical and contracting community, DPMs, and Command leadership actively participate during NAVSEA Small Business Industry Day event to include presenting Long Range Acquisition Forecast (LRAF), organizational overviews and one-on-one engagement with industry representatives.

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- Encourage NAVSEA's technical community to participate in industry specific outreach events prior to proposal solicitation in order to evaluate small business interest. Conduct site surveys of small business respondent's requirements for expanded market research and increase the level of transparency on decisions resulting from the market research process.

- Promote awareness of the NAVSEA sponsorship of HACKtheMACHINE, a unique hands-on experience for the Navy to present its digital challenges to the country's most talented and innovative software engineers, scientists and security researchers, to identify and connect with emerging technology in maritime security.

G. Efforts to publish and frequently update an accurate Long Range Acquisition Forecast.

- NAVSEA utilizes the E-Milestone software application to capture current Request for Proposal dates, as updated by the PEOs and Directorates, to produce an accurate Long Range Acquisition Forecast (LRAF). The LRAF is updated quarterly and posted on NAVSEA's external website. It lists proposed procurements for the next eight quarterly periods to provide insight to small businesses on upcoming opportunities.

H. Plans to award direct Phase III SBIR/STTR awards (if applicable)

- We will review SBIR/STTR Phase III technologies to expedite awards into programs of record, as appropriate.

I. Efforts to establish goals for applying SBIR/STTR technologies in programs of record (if applicable). N/A

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Appendix B – PEO Unmanned and Small Combatants Addendum

DEPARTMENT OF THE NAVY
PROGRAM EXECUTIVE OFFICER
UNMANNED AND SMALL COMBATANTS
1333 ISAAC HULL AVE, SE
WASHINGTON NAVY YARD, DC 20376-7003

IN REPLY REFER TO
4380
Ser USC/8168
17 Aug 18

From: Program Executive Officer, Unmanned and Small Combatants
To: Director, Navy Office of Small Business Programs
Director, NAVSEA Office of Small Business Programs

Subj: PROGRAM EXECUTIVE OFFICE, UNMANNED AND SMALL COMBATANTS FY19 and FY20 SMALL BUSINESS STRATEGY

Ref: (a) ASN(RDA) Memo, "Head of Contracting Activity and Program Executive Officer Small Business Strategy Document requirements," of 12 Jun 18
(b) ASN(RDA) Memo, "Tapping Into Small Business in a Big Way," of 12 Jan 15
(c) DASN(A&P) Memo, "The Ability to Award a Sole Source Contract through Various Socioeconomic Programs," of 10 May 17

Encl: (1) PEO USC FY19 –FY20 Small Business Strategy Addendum

1. Program Executive Office Unmanned and Small Combatants (PEO USC) FY19-FY20 Small Business (SB) Strategy is forwarded per reference (a).

2. In order to fulfill the PEO USC primary objective of delivering and sustaining operationally effective capabilities to the warfighter, I have instilled a SB contracting mindset as part of our PEO USC culture. SB participation will promote innovation and affordability in the acquisition of our products and services.

3. As directed in reference (b), Deputy Program Managers (DPMs) serve as the SB advocates within their respective portfolios. DPMs will serve as the technical points of contact for SB and will communicate requirements to SBs to enable these companies to either compete as a prime contractor or partner with other industry members. Under this strategy, I am directing the DPMs with the following responsibilities:

a. Communicate technology and program requirements to the PEO USC Director of Science and Technology (S&T) to foster a long range critical technology plan for Small Business Innovation Research/Small Business Technology Transfer (SBIR/STTR) investment decisions and other S&T planning.

b. Establish SB goals with large prime contractors to increase SB subcontracting, and hold prime contractors accountable in their subcontracting plans.

c. Foster additional SB participation by using contracting strategies including:

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Subj: PROGRAM EXECUTIVE OFFICE, UNMANNED AND SMALL COMBATANTS SMALL BUSINESS STRATEGY ~~2018~~ 2019-2020

(1) Multiple-award contract vehicles for task orders when it is known that at least two SBs can compete and provide a fair price with acceptable quality and delivery schedules
(2) Other Transaction Authority vehicles to promote innovation from small business and non-traditional industry partners
(3) Utilize sole-source contract vehicles for socioeconomic programs as outlined in reference (c) as well as phase III SBIR programs

d. Perform market research through the issuance of a sources sought notice to identify requirements that can be set aside for small business. This shall be entrance criteria for the second procurement advance planning conference.

e. Develop and implement SB plans and metrics that will be reviewed as part of program office tri-annual execution reviews.

5. My point of contact for this matter is Mr. Tim Gaffney (PEO USC Acquisition Director), timothy.gaffney@navy.mil, 202-781-5136.

J.P. NEAGLEY

Copy to:
PMS 406
PMS 420
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PMS 505
PMS 515
PMS 525
PEO USC Director, S&T
PEO USC Director, Acquisition

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PEO Unmanned and Small Combatants

August 17, 2018

Part I – Executive Summary

PEO USC has instilled a small business contracting mindset as part of its acquisition culture. Through market research and by exploiting contracting tools and sole source authorization, program offices are directed to accelerate acquisition and promote innovation from small business partners.

Part II – Portfolio Overview

The office of PEO Unmanned and Small Combatants (PEO USC) designs, develops, procures, maintains, and modernizes the Navy's expanding family of unmanned maritime systems, mine warfare systems, and small surface combatants.

Part III – Small Business Strategy Implementation

Deputy Program Managers (DPMs) serve as the small business advocates within their selective portfolios. DPMs will serve as the technical points of contact for small business and will communicate requirements to small businesses to enable these companies to either compete as a prime contractor or partner with other industry members.

The Director of Science and Technology for PEO USC coordinates all Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) investments and identifies transition opportunities with the program offices.

Specific actions taken to increase small business participation include:

A. Specific efforts to increase small business participation in each socio-economic category utilizing SBIR, STTR and Mentor Protégé Program (MPP)

   Response: The Director for Science and Technology (S&T) for PEO USC interfaces with industry, the science and technology community, and the program offices to identify SBIR and STTR investments and transition opportunities. The PEO USC S&T office participates in small business outreach events annually.

B. Specific actions to identify new requirements suitable for small business participation as prime contractors

   Response: As part of advance planning for procurements, program offices identify potential small business sources as part of market research while coordinating those findings with the NAVSEA Small Business Office. The completion of this research is entrance criteria for a follow-on advance planning conference to begin development of the solicitation package. As a result of this approach, the ship sustainment branch

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recently awarded a MAC contract to six small businesses, and MAC contracts to large businesses requiring 30% of the effort to be subcontracted to small business.

C. Explain your process for reviewing historically unrestricted procurements to determine if there are opportunities for small business participation as prime contractors.
Response: As part of advance planning for follow-on procurement competitions, program offices identify potential small business sources as part of market research while coordinating those findings with the NAVSEA Small Business Office. For service contracts, a percentage of the solicitation is set aside for small business. For supply and equipment contracts, MAC contract vehicles are used for small business to compete on individual delivery orders.

D. Efforts taken to streamline the acquisition process
Response: PEO USC is capitalizing on acceleration acquisition authorities provided by Congress to promote innovation and accelerate capability to the warfighter through rapid prototyping. The Director of Acquisition has been assigned as the Chief Acceleration Officer to establish accelerated acquisition strategies when possible. The PEO also capitalizes on multiple contracting tools available to shorten award timelines and provide flexibility, such as IDIQ contracts, OTAs, and MAC contracts.

E. Specific actions to increase Small Business subcontracting opportunities to include evaluating small business participation in competitive source selections and incentivizing small business subcontracting when appropriate.
Response: Small business subcontracting is established as an evaluation factor in procurements. Contractors are then rated in CPARS on execution of their subcontracting plans.

F. Efforts to communicate with industry
Response: The PEO USC S&T office participates in small business outreach events annually. Program offices also hold industry days as part of market research in acquisition planning and prior to announcing solicitations

G. Efforts to publish and frequently update an accurate Long Range Acquisition Forecast
Response: Program offices enter solicitation milestones in Seaport for the next two years by the end of the third quarter of the fiscal year. This enables the contracting directorate to perform workforce planning, and the small business office to announce the LRAF in the fourth quarter.

H. Plans to award direct Phase III SBIR/STTR awards (if applicable)
Response: Presently we do not have any Phase III contract awards in progress.

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I. Efforts to establish goals for applying SBIR/STTR technologies in programs of record (if applicable)

Response: Presently we do not have any specific utilization goals with respect to SBIR/STTR in our Program acquisition strategies

J. Projected FY19 – FY20 Small Business Acquisitions

Response: Small businesses can compete for multiple contracts, but small business set-aside contracts include:

FY19 FFG(X) program management support services
FY20 PEO USC program management support services
FY19-20 mini-MAC sustainment delivery orders

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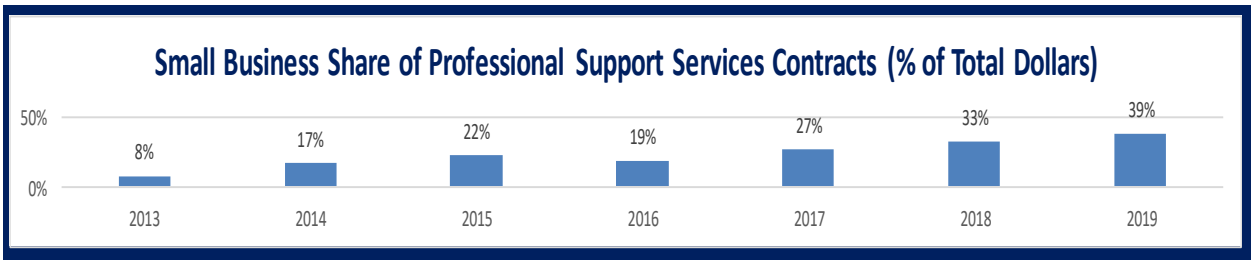
Appendix C – PEO Ships Small Business Addendum

Date: 17 September 2018

Part I – Executive Summary

As one of the largest acquisition organizations in the U.S. Navy, PEO Ships manages the design and construction of destroyers, amphibious ships, special mission and support ships as well as a wide range of boats and craft for U.S. governmental agencies and foreign military sales. As small businesses are recognized for their innovative and agile solutions to acquisition needs, PEO Ships has led the charge to enhance shipbuilding and professional support service contracting opportunities for this critical component of the defense industrial base.

For Fiscal Year 2018, small business contracts represented 38% of the total contracts administered by PEO Ships, of which, 29% were designated as non-service and 9% were designated as professional support service contracts. As illustrated below, opportunities for small businesses to compete for professional support service contracts have continued to increase since 2013, with 39% of total contracting dollars planned for small business set-asides in FY19. Similarly, small business set aside opportunities for non-service contracts are expected to increase by approximately 11% in FY19.



An increase in small business opportunities within PEO Ships is also evident in non-service contracts. Compared to support services contracts, the percentage of non-service small business prime contracts against is relatively small, as totals are dominated by shipbuilding contracts awarded to large businesses, such as HII Ingalls Shipbuilding, Lockheed Martin, General Dynamics National Steel and Shipbuilding Company (NASSCO), and General Dynamics Bath Iron Works. Additionally, since the number of shipbuilding contracts awarded varies from year to year, the percentage of small business non-service contracts tends to fluctuate. Therefore, for non-service contracts, the yearly amount awarded to small businesses is a better indicator of increased small business participation. As shown in the following chart, the total value of non-service contracts awarded to small business will more than triple between 2013 and 2019.

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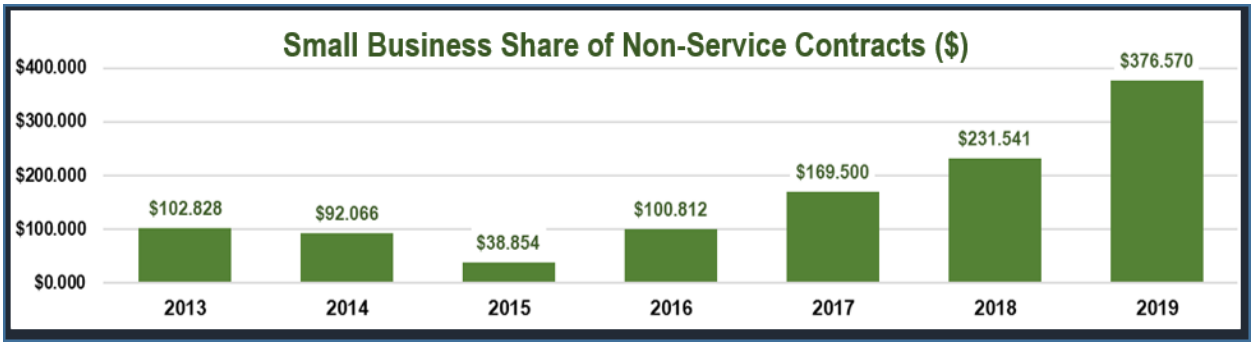

PEO Ships also heavily leverages the Office of Naval Research's Small Business Innovation Research (SBIR) Program to identify small business solutions to shipboard challenges. Illustrated below are those projects that have transitioned from the research phase and have been successfully integrated onboard U.S. Navy surface ships. In FY19, PEO Ships plans to continue to execute SBIR efforts with projects in a variety of research areas including power and energy, advanced materials, cyber security, training systems, and launch and recovery of boats, craft and unmanned vehicles from ships. The SBIR technologies resident on several of PEO Ships' platforms are highlighted in the following figures.

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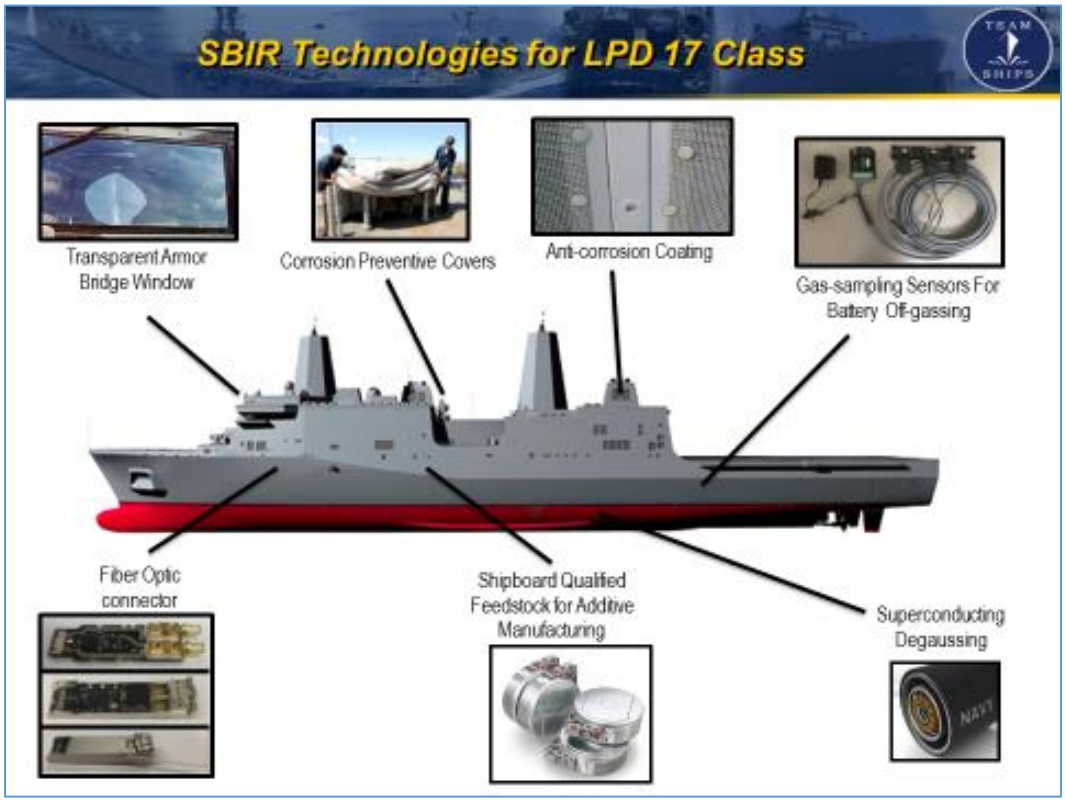

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PEO Ships is committed to driving affordability into shipbuilding programs while delivering critical warfighting capabilities to the fleet. Part of this effort will continue to be an unrelenting focus on expanding opportunities for small business partners across the portfolio.

Part II – Portfolio Overview

The mission of PEO Ships is to design and acquire the future Surface Fleet of the U.S. Navy, translating warfighting requirements into combat capability enabling our Nation and its allied partners the ability to project presence in peace, power in war, and assured access at all times.

PEO Ships consists of the following program offices:

<u>PMS 400D - DDG 51 Arleigh Burke Class Destroyer Program</u>

Manages the design and construction of DDG 51 Arleigh Burke class guided missile destroyers.

<u>PMS 500 - DDG 1000 Zumwalt Class Multi-Mission Destroyer Program</u>

Manages the design and construction of DDG 1000 Zumwalt class multi-mission destroyers.

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PMS 317 – LPD 17 San Antonio Class / LPD Flight II

Manages the acquisition, design and construction of LPD 17 San Antonio class ships which include Flight II ships.

PMS 377 – Amphibious Warfare Program (LHA/LCAC/SSC/LCU 1610/LCU 1700/AADS)

Manages the design and construction of LHA(R) America class amphibious assault ships, Ship to Shore Connectors and Landing Craft, Utility (LCU) 1700; provides in-service sustainment for Landing Craft Air Cushion, LCU, and the Amphibious Assault Direction System.

PMS 385 – Strategic and Theater Sealift Program Office

Manages the design and construction of the Expeditionary Fast Transport (EPF), Expeditionary Sea Base (ESB), and Common Hull Auxiliary Multi-Mission Platform (CHAMP).

PMS 325 – Support Ships, Boats and Craft Program Office

Manages the design and construction of auxiliary and special mission ships, boats, service craft and seaborne targets, and provides aid to allied partners through the procurement of boats, craft, equipment and provision of follow-on technical support services.

PMS 320 - Electric Ship Program Office

Develops and provides smaller, simpler, more affordable, and more capable ship's power systems for all Navy platforms by defining common open architectures, developing common components, and focusing Navy and industry investments.

Ships Acquisition Management Program Office

Manages activities associated with the acquisition of all elements of Government Furnished Equipment and Government Furnished Information.

Per ASN(RD&A) memo of 12 Jan 2015, PEO and SSP Deputy Program Managers from each of the aforementioned programs were formally appointed as the Small Business Advocates responsible for identifying opportunities within the programs for Small Business participation, serving as technical Point of Contact for Small Businesses interested in pursuing these opportunities, and for management of SBIR and STTR within their cognizance.

Additionally, PEO Ships works across governmental agencies (Department of Homeland Security, Department of Commerce) and with nearly 50 international partners to provide the program management and technical expertise required to support their critical acquisition needs.

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Part III – Small Business Strategy Implementation

A. Specific efforts to increase Small Business participation in each socio-economic category utilizing Small Business Innovation Research (SBIR), Small Business Technology Transfer (STTR) and Mentor Protégé Program (MPP)

The PEO Ships SBIR program regularly performs outreach events that include on-site presentations and one-on-one discussions with small business representatives to increase small business participation.

Additional efforts to increase small business participation for FY19 include:

PEO Ships SBIR FY18 portfolio presentation at the Navy SBIR Topic Workshop video conference. This workshop reached 18 states and provided onsite representation for one-on-one SBIR guidance to small businesses in four of those states.

Navy Forum for SBIR Transition that connects SBIR-funded technologies with warfighters. PEO Ships SBIR provided three representatives who participated in one-on-one meetings with government acquisition and technical personnel, large primes, and system integrators.

3rd Annual Department of the Navy SBIR/STTR Primes Summit to expand productive partnerships between prime contractors and small businesses, presented PEO Ships SBIR program objectives.

PEO Ships currently manages 68 SBIR projects with companies across 22 states in a variety of research areas including power & energy, advanced materials, cyber-security, training systems, and launch & recovery systems of boats, craft and unmanned vehicles from ships. Several current PEO Ships SBIR research projects are summarized below:

Corrosion Preventive Covers – SBIR firm Creare successfully developed corrosion prevention covers and later Creare licensed the "Envelop" protective cover technology to a large manufacturing firm, which formed a new venture, Shield Technologies Corporation. Over 33,000 Envelop Protective Covers have been delivered to U.S. and allied military customers.

Joining of Advanced Composite Structures – SBIR firm KAZAK developed advanced composite structures that required joining large composite panels in order to manufacture assemblies on the scale of the DDG 1000 deck house and the LPD 17 Composite enclosed mast.

Helo Hangar Door High Load Roller Bearing - SBIR firm HyTek developed both single and tandem roller bearings that have been tested on a DDGs and are now a permanent ship alt to replace the high failure roller bearings on the DDG 51 Helo Hanger Doors.

B. Specific actions to identify new requirements suitable for small business participation as prime contractors

Requests for Information (RFIs) are used to determine industrial base interest in acquisitions prior to issuing solicitations to inform industry of upcoming business opportunities, in particular for small businesses. In accordance with FAR 19.502(b), programs set aside acquisitions over $150,000 for small business if there is a reasonable expectation that offers will be obtained from at least two responsible small business concerns. As an example of where this strategy was applied within PEO Ships, PMS 317's acquisition team performed a review of the unrestricted SOW for an upcoming solicitation for

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Professional Support Services (PSS) to further determine tasking that may be set aside for small business. Efforts associated with Strategic Planning were identified as a strong candidate for inclusion in the already existing set aside, as many consultants offering Strategic Planning services are small business

Similarly, several PEO Ships programs' follow-on support services contracts will be small business set-asides in FY19-20. Contracts originally planned as an unrestricted solicitation, upon discussions with the NAVSEA Small Business office, have resulted in changing the strategy to move forward with a small business solicitation. Nine support services contract across PEO Ships utilized this approach, where the current contract was or will be awarded as a small business set aside following a prior contract that was awarded as an unrestricted procurement.

In addition to PSS contract small business set-aside efforts, technology development areas are also pursued for small business partnerships. As part of the general utilization of the Naval Power and Energy Systems (NPES) Technology Development Roadmap (TDR), the Electric Ships Office (PMS 320) releases an annual Broad Agency Announcement (BAA) for suitable technology developments in the area of shipboard power and propulsion systems, and this year an award was made to a small business to develop power conversion and energy storage technologies. This firm has also been an active partner in the SBIR portfolio and the technology they have developed is planned for demonstration as the primary source for the Solid State Laser Technology maturation program implementation on LPD 27. The BAA has been a source of many novel ideas from small businesses that are presently under review for funded efforts.

Furthermore, Other Direct Charges (ODCs) on service contracts were segregated and competed as a separate small business set aside award to procure materials and avoid pass through fees from a big business, multi-task award. As an example, Bowhead Operations & Maintenance Solutions, a small business 8(a) company (Alaska Native Corporation), was awarded a $20,000,000 firm-fixed-price, Indefinite-Delivery/Indefinite-Quantity (IDIQ) contract to provide the Navy and eligible foreign partner nations access to a broad range of services and materials associated with the acquisition, operation, and maintenance of small boat maritime assets on 07 August 2018. Past support was often accomplished by large prime contractors who would typically subcontract the procurement or labor related to boats and maritime assets to small business while charging a pass through fee. This contract combines purchases for the Navy (25 percent) and various foreign partner nations (75 percent) under the Foreign Military Sales program.

Lastly, schedule conflicts led one program office to find an alternative solution that resulted in a small business award. Due to workload and scheduling issues at the USCG Baltimore Yard, PMS 325 had to seek out an alternative plan to support execution of the Service Life Extension Program (SLEP) to minimize impacts to United States Naval Academy (USNA) training schedules. Four (4) small business vendors were contracted through NAVSUP to accomplish SLEP work packages at USNA while ensuring the YPs were available for training. The remaining SLEP work will also be executed by two (2) small business boat yards, both in Virginia. In 2017 these two yards were each awarded separate Firm-Fixed-Price (FFP) IDIQ Multiple Award Contracts (MACs) for YP 676 Class SLEPs. On 13 July 2018, one of these yards was awarded a task order to execute the dry docking availability for YP 694 which will be the first YP SLEP completed by a small business boat yard.

C. **Explain your process for reviewing historically unrestricted procurements to determine if there are opportunities for small business participation as prime contractors.**

The NAVSEA contracting process requires the Small Business Office to acknowledge and sign off on acquisition strategies, providing an additional level of review and scrutiny. The PEO Ships' process for reviewing historically unrestricted procurements to determine opportunities for small business participation as prime contractors encompasses the following actions:

PEO Ships programs make extensive use of Requests for Information (RFI) to determine if specific tasks within the unrestrictive procurement can be performed by small businesses to meet the requirements. This approach has been particularly successful as evidenced by the following:

The Towing, Salvage, and Rescue Ships (T-ATS) shipbuilding contract changed from 100% unrestricted to 100% small business, where a Small Business Set-Aside for up to 8 T-ATS ships was recently awarded to Gulf Island Shipyards, with a potential total value of $523 million, to include construction of the lead ship as well as options for the other seven ships planned for the class.

Awarded 20+ boat contracts in FY18 for the U.S. Navy to include 7m RIBS, Utility Dive Boats, Force Protection Mediums, Workboat Medium, Workboat large, Naval Special Warfare 11m RIBs, 8m RIBs, 40' Patrol Boats, 60' Dive Boat, Oil Spill Response (OSR) Utility Boats, OSR Boom Platforms, and OSR Rapid Response Skimmers.

Gravois Aluminum Boats, doing business as Metal Shark Boats of Jeanerette, LA was awarded a $1,590,974 Firm-Fixed Price for the construction and delivery of twenty-two HSMST craft. All options were exercised with the base award. Gravois Aluminum Boats/Metal Shark Boats is a small business boat builder.

The LCU 1700 program team employed exceptional innovation and perseverance to overcome traditional issues and challenges, and they created a unique opportunity for small business where none previously existed, ultimately awarding a critical Navy shipbuilding contract to a Historically Underutilized Business Zone (HUBZone) Small Business entity.

PEO Ships programs regularly conduct reviews of unrestricted Statements of Work (SOW) in order to identify efforts that can be performed and set aside for Small Business. Important considerations in this process include:

Industrial Base – Are there task areas in the subject unrestricted SOW that have an extensive base of Small Business firms that excel at that type of work?

Need for Integration – Are there task areas in the subject unrestricted SOW that do not necessarily need to be strongly integrated with the overall effort? If not, then that work is low risk to set aside if the industrial base exists.

Specific examples where the unrestricted SOW review process yielded an increase in small business participation:

In developing requirements for the DDG 51 Professional Support Services (PSS) contract, it was determined that Program and Acquisition Management, Financial Management and Integrated Performance efforts, currently being performed under the previous DDG 51 support services contracts,

would be set aside for a Small Business Competitive Award. In 2016, the DDG 51 PSS contract was awarded as a Small Business set-aside with four option years.

In the case of PMS 385's support services contract, the current contract was awarded as a small business set aside following a prior unrestricted procurement. The requirement to obtain Small Business Office concurrence of the acquisition strategy produced dialogue that directly resulted in a decision to change from an unrestricted strategy to a small business set aside approach.

Historically CSS was often provided by several large prime businesses specializing in auxiliary, special mission ships, service craft, targets, boats and FMS acquisitions for PMS 325. The program office worked with the NAVSEA Small Business Office and identified sections of the SOW to ensure small business involvement. The first contract awarded in September 2017 was an unrestricted contract that required the prime to have a 30% goal for small businesses. The second contract was specifically targeted as a SBSA to provide program office administrative, financial and strategic planning support services and was awarded in April 2018.

PMS377's historically unrestricted Professional Support Services contract was successfully split into three separate procurements - (2) SBSAs prime contracts and (1) unrestricted contract with a small business participation requirement of 20% aimed at maximizing small business opportunities. In July 2018, the first of the SBSAs for Production Support was awarded to a small business contractor and the second SBSA for Program Management, Administrative Support, and Business Financial Management Support services is planned for award this year. The unrestricted CSS procurement, with 20% small business participation, is in process.

PEO Ships programs will incorporate into their acquisition contracts the use of "Sources Sought" requests as a practice. The responses to the sources sought announcement are evaluated to determine the "rule of two". First consideration is given to socioeconomic Small Business concerns. If two of any specific category are not identified, conventional Small Business is considered. To further incite interest by Small Business, effort-specific industry days are held for many competitive procurements - these events are preceded by a Pre-Solicitation Announcement / Advanced Notice Announcement of the effort.

D. Efforts taken to streamline the acquisition process

PEO Ships programs follow the Acquisition Best Practices Guide, dated June 2016, and continuously monitor current processes for improvement opportunities and implement efficiencies where and when possible. When dealing with multiple award contracts, PEO Ships programs strive to streamline the acquisition process in accordance with FAR 16.505 to the maximum extent possible. In addition, draft RFPs for competitive efforts are routinely issued.

The competitive nature of the PEO Ships shipbuilding programs incentivizes each prime contractor to look beyond its own facilities and capabilities to find the most cost effective way of performing the contract. The contracts include clause FAR 52.219-8, "Utilization of Small Business Concerns," which requires each contractor to afford Small Business concerns the maximum practicable opportunity to participate in Federal contracts. Each shipbuilder submits a subcontracting plan that includes a description of the efforts the contractors will make to assure that small business, veteran-owned small business, service-disabled veteran-owned small business, Historically Underutilized Business Zones small

business, small disadvantaged business, and women-owned small business concerns have an equitable opportunity to compete for subcontracts in accordance with FAR 52.219-9.

PEO Ships shipbuilding program acquisition strategies take advantage of SBIR legislation that allows for the awarding of sole-source contracts with SBIR companies for the procurement of full production technologies. The requirement for competitive procurement is accomplished during the Feasibility Study phase of SBIR contracts.

PEO Ships programs and the NAVSEA contracts office provide potential bidders with simplified proposal requirement checklists and conduct post-award conferences to address questions regarding contract terms and conditions. This ensures small businesses can more easily navigate the complexity often associated with government contracts.

PEO Ships programs also work with the NAVSEA contracts office to provide performance-based, commercial-type payment clauses to accommodate restrained fiscal resources. Additionally, through increased use of IDIQ type contracts for standard boat and service craft, companies are able to plan workload over a longer period of time, creating the desired stability for their workload projections, as well as accelerating the acquisition of products.

Examples of the above efforts include:

The program office for Support Ships, Boats, and Craft (PMS 325), together with SEA02, instituted changes in contracting execution to better support and accelerate the acquisition of boats, combatant craft, and service craft procurements, and improve obligation rates. For contracts involving repetitive procurements and a sustainable funding profile over five (5) years, the office has transitioned to maximum use of IDIQ contracts, which has streamlined the annual contracting process and accelerated the overall acquisition and delivery of boats and craft. By extending over a five-year period, IDIQ contracts also mitigate small business challenges in maintaining adequate cash flow and stable workloads.

PMS 325 also acquired the data rights to Willard's 11m RIB for $100K under an existing contract in 2016. Obtaining the data rights enabled the government to maintain the 11m RIB hull configuration while redesigning the topside arrangement to enhance performance and improve safety features. Using this government design, a RFP with government specifications and drawings was released to industry resulting in an increase in small business responses and better competitive pricing compared to previous procurements.

For the DDG 51 Professional Support Services contract, the program was able to leverage the Management and Oversight Process for the Acquisition of Services (MOPAS) to develop its Acquisition Strategy/Plan for the PSS contract. For the PSS contract, the requirement was announced through the SeaPort Advanced Planning matrix, a summary of the basic strategy released to all SeaPort Partners, starting in FY15.

E. Specific actions to increase Small Business subcontracting opportunities to include evaluating small business participation in competitive source selections and incentivizing small business subcontracting when appropriate.

PEO Ships program offices evaluate and assess prime contractors' small business subcontracting performance through the Contractor Performance Assessment Reporting System (CPARS). A contractor's evaluation in CPARS has a specific category for small business; companies with a strong commitment to subcontracting to small businesses are rated accordingly, thus motivating large businesses to pursue small business utilization policies and procedures that reflect or even exceed Government objectives. Correspondingly, if a company does not meet their small business subcontracting goals, the assessment in CPARS is reflective of this performance.

Quarterly program reviews are also utilized by the programs to discuss the primes' outreach initiatives for identifying all potential small business resources to increase small business opportunities. "Industry Days" are utilized to provide awareness to small businesses of available opportunities to add value on large scale projects for major acquisitions, such as ship building detail design and construction (DD&C).

In future acquisition programs, PEO Ships is considering the use of financial capital expenditure (CAPEX) incentives to encourage investment in the facilities operated by small vendors/suppliers.

Additional actions to increase Small Business subcontracting opportunities include:

The PMS 385 DPM and Small Business Advocate created an Assistant Small Business Advocates for both the EPF and ESB programs. This is an informal approach that is akin to deputizing additional Program Office personnel as Small Business Advocates. The Assistant Small Business Advocates have access to Electronic Subcontracting Reporting System (e-SRS); evaluate ISRs in e-SRS; initiate historical data metrics; initiate CPARS assessment of the Small Business section; establish contact with the Prime Contractors Small Business Liaison Officers; and modify the quarterly Shipbuilding Production Progress Conferences (SPPCs) to include a slide on Small Business contracting.

In evaluating the strategic approach for a new PMS 325 program office CSS contract, the program worked with the NAVSEA Small Business Office to ensure tasks within the SOW include small business involvement. The first contract awarded in September 2017 was an unrestricted contract to provide Program Management, Engineering, Logistics Management & Integrated Support, and On-Site shipbuilder facilities. Although awarded to "big business" the contract required the prime to utilize and support small businesses and directed their subcontracting plan include a 30% goal for small business concerns.

General Dynamics, National Steel and Shipbuilding Co. (NASSCO) was awarded a contract for the detail design and construction of six (6) T-AO 205 John Lewis Class Fleet Replenishment Oilers. Small Business participation was evaluated during the source selection of this competitive procurement. NASSCO currently has placed purchase orders with 60 small business contractors in 21 states. As of 30 April 2018, NASSCO is reporting 21% actual to its SB goal of 23% versus 1.7% actual as of 12 months ago.

The Electric Ships Office utilizes as part of the solicitations, a section required in proposals to ensure small business participation. The Small Business Subcontract Management Approach requires Large Business concerns to describe the extent to which they have identified and committed to provide for participation of Small Business concerns, Small Disadvantaged Business concerns, Women-Owned Small Business concerns, HUBZone Small Business concerns and Service-Disabled Veteran-owned Small Business concerns as subcontractors in the performance of the requirements addressed within the solicitation.

F. Efforts to communicate with industry

Small businesses are offered multiple opportunities to network and familiarize working with PEO Ships. Leaders and other representatives from PEO Ships program offices participate at these events to promote awareness of business opportunities with the organization. A selection of these events are described below.

Sea, Air & Space: A small business training and panel discussion with the theme "Strengthening the DoN Industrial Base and Supply Chain Resiliency through Small Business Participation" was part of the agenda. Hosted by Emily Harman, Director, Navy Office of Small Business Programs, the panel consisted of Small Business Liaison Officers from NAVSEA's prime vendors with their respective Program Managers and Navy Small Business Professionals with their respective Navy Program Managers. The panel focused on promoting Small Business acquisition opportunities through partnering with Navy's large business partners.

Multi-Agency Craft Conference (MACC): An open forum for the exchange of operational and technical information on small boats and craft between Government agencies and the maritime community. Information on new technologies and new product offerings, as well as information on Army and Navy service craft, Navy and Coast Guard patrol boats, Navy and USMC expeditionary craft, and Naval Special Warfare craft are highlighted in chaired technical presentations, vendor and agency displays, and in-water demonstrations.

International Work Boat Show (IWBS): Held every year in New Orleans, and attracts 15,000 members of the commercial marine industry, who come together from around the world to network, educate, spot new industry trends, and uncover innovative products and solutions. Produced by the same team as Workboat Magazine and WorkBoat.com, the IWBS is a trade-only conference and expo for commercial vessel owners, operators and builders as well as the vendors and suppliers that serve them.

NAVSEA Small Business Industry Day (SBID): Provides a forum for interested small businesses to hear from senior Navy leadership and Program Executive Offices about NAVSEA programs. The intention of the forum was to facilitate an enhanced understanding of NAVSEA's programs and strategic direction to help small businesses prepare for prime and subcontracting opportunities. In addition, the SBID provides a panel of large-business guest speakers to communicate about subcontracting.

Mega Rust: Conducted annually to provide a consolidated focus on Navy corrosion issues. The conference provides an impartial forum for dialogue between government and commercial organizations, and providers of coatings and corrosion control products, processes, technologies and solutions. Participants include representatives from military, industry, and government organizations involved with research and development, design, engineering, construction, maintenance, modernization and operation of naval systems that are potentially affected by corrosion. The conference covers all segments of the naval services including sea, air, Marine Corps, vehicles, and facilities.

Naval Future Force Science and Technology (S&T) Expo: The Office of Naval Research's (ONR)-hosted event to showcase some of the Navy's and Marine Corp's latest technologies and bring together the brightest minds from around the world to share information; discuss research opportunities; and build partnerships between the Navy, Marine Corps, industry and academia. There will be one-on-one

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appointments, information kiosks with program officers, breakout and poster sessions, exhibits and seminars designed to help participants learn about ONR's mission and how to support it. The Expo will be co-sponsored by the American Society of Naval Engineers—the leading society for engineers, scientists and other professionals who design, develop, test and maintain naval and maritime ships, submarines and aircraft, and their associated systems and subsystems.

Forum for SBIR/STTR Transition: Venue for connecting 100+ Small Business with SBIR/STTR-funded technologies with warfighters, government acquisition and technical personnel, large primes, system integrators, and other potential partners/collaborators.

Fleet Maintenance & Modernization Symposium (FMSS): Includes prominent guest speakers, panelists and paper presentations from the Navy, Coast Guard, industry and academia; providing a unique opportunity to interact with senior military and civil service decision makers, ship and craft operators and maintainers, repair and maintenance personnel, designers, builders, planners, engineers, program managers, life cycle engineers, equipment suppliers and other technical experts.

ShipTech: The two-day event targets the domestic shipbuilding industry, its supplier base, U.S. Navy Program Offices, and Navy-sponsored shipbuilding research programs. ShipTech is a forum to exchange information on the manufacturing technology developments generated by Navy ManTech through its Centers of Excellence, as well as the related initiatives conducted by the National Shipbuilding Research Program, industry and academia. This event will identify technology needs and ongoing initiative in the U.S. shipbuilding and ship repair industry for future small business opportunities.

Technology Systems and Ships (TSS) (Formerly ASNE Day): Focuses on the latest efforts of the Navy, Coast Guard, marine Corps, and Army to design and procure the next generation of weapons, systems, and ships. Technical Papers presented regarding state-of-the-art technologies and exhibit halls available for networking to enable transition our current portfolio of SBIR technologies to Prime Contractors, Shipyards and other Agencies/SYSCOMS.

Surface Navy Association: Annual National Symposium, bringing together US Navy Fleet Forces experience and guidance with industry to provide for a superior US Naval Force of the future.

G. Efforts to publish and frequently update an accurate Long Range Acquisition Forecast

On a quarterly basis, contracting milestones for every RFP with an expected award value greater than $5M and scheduled for release within the next two years is entered into the e-Milestone system for eventual public release by the NAVSEA contracting authority (SEA 02)

PEO Ships acquisition opportunities are also promulgated via FEDBIZOPS and SBIR announcements.

PEO Ships programs also present acquisitions planned over the next 5 years based on the current Program of Record as reflected in the President's Budget at various public events including the MACC, IWBS, and Industry Days.

Prior to issuing solicitations, PEO Ships programs also issue Requests for Information (RFIs) to determine industrial base interest in upcoming acquisitions. This is done to inform industry of upcoming business opportunities and to seek out information that will help the acquisition process.

H. Plans to award direct Phase III SBIR/STTR awards (if applicable)

In FY19, PMS 377 will be awarding a Phase III contract to SBIR company Material Sciences Corporation (MSC) in Horsham, Pennsylvania for the replacement of damaged aluminum bow and stern ramps for existing LCACs in the Fleet with composite ramps. The IDIQ contract will also include building composite ramps for future new construction Ship-to-Shore Connectors (SSC/LCAC 100).

PMS 317 has directed Huntington Ingalls Industries (HII) to procure bulkhead shaft seals from SBIR company Mide Technologies in Medford, Massachusetts for all new construction LPD 17s. PMS 400D is doing the same for new construction DDG 51s.

I. Efforts to establish goals for applying SBIR/STTR technologies in programs of record (if applicable)

As part of its SBIR program strategy, PEO Ships senior leadership approves only those proposed SBIR topics that have a strong Program Office commitment to transition to Surface Ship Acquisition Programs.

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Appendix D – PEO Aircraft Carriers Small Business Strategy Addendum

Date: 20 August 2018

Part I – Executive Summary:

The Program Executive Officer for Aircraft Carriers (PEO Aircraft Carriers) is tasked with supporting the design, development, construction, modernization and life cycle management of Aircraft Carriers for the Navy. PEO Aircraft Carriers has dual responsibilities reporting to the Assistant Secretary of the Navy (RDA) and Commander, Naval Sea Systems Command.

MISSION

Deliver Aircraft Carriers on time, ready for tasking, at an affordable cost.

VISION STATEMENT

We provide Aircraft Carriers for our Navy to defend and protect the nation around the world. We set the standard for acquisition excellence by delivering the capability we need, when we need it, at an affordable cost. We partner with our federated team to challenge the status quo to ensure the Aircraft Carrier remains an icon of our national security for generations to come.

PEO Aircraft Carriers Strategic Goals:

In support of FY 2019 and FY 2020, PEO Carriers goals and objectives will align with and support NAVSEA priorities, particularly those outline in COMNAVSEA's Commander's Intent letter "Year of the Supervisor"; the CNO's Lines of Effort contained in his "Design for Maintaining Maritime Superiority"; ASN(RDA)'s acquisition focus areas; and the National Defense Strategy. Strategic Goals are as follows:

- Deliver operationally effective, operationally suitable, safe, and sustainable capabilities to the warfighter in a timely manner.
- Enhance and sustain our delivered capabilities both directly and indirectly.
- Ensure effective and efficient use of our limited resources.
- Attract, train, maintain, and promote a professional, ethical and diverse workforce.
- Effectively communicate our vision, mission, goals, and results both externally and internally.

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Part II – Portfolio Overview

<u>ORGANIZATION STRUCTURE:</u>

- PEO Aircraft Carriers Front Office
    - Includes PEO, Executive Director, Chief of Staff, Chief Financial Officer, and Chief Technical Officer
- PMS 312, In-Service Aircraft Carriers
    - Includes Program Manager (PMS312), Deputy Program Manager (PMS312B), Refueling Complex Overhaul (RCOH) Team, In-Service Team, Business and Financial Management Team, Life Cycle Support Team
    - SEA05V provides engineering support
    - 312C/Carrier Planning Activity (CPA) is a PEO Aircraft Carriers field activity for Class Maintenance and Modernization Planning
    - Integrated Warfare System (IWS) 10 provides Combat Systems Integration Support

- Embedded Air-1.2 reps facilitate coordination of air-ship interfaces and liaison with air programs

- PMS 378, CVN 78 Class Aircraft Carriers
  - Includes Program Manager (PMS378), Deputy Program Manager (PMS378B), and teams led by Principal Assistant Program Managers for CVN 78 Post Delivery, Waterfront Support, Life Cycle Support, and Test and Evaluation. The Life Cycle Support, and Test and Evaluation teams provide joint support of PMS 379.
  - SEA05V provides engineering support
  - IWS 10 provides Combat Systems Integration Support
  - Embedded Air-1.2 reps facilitate coordination of air-ship interfaces and liaison with air programs
- PMS 379, CVN 79/80 Aircraft Carriers
  - Includes Program Manager (PMS379), Deputy Program Manager (PMS379B), and teams led by Principal Assistant Program Managers for CVN 79 Production, Contracts, Government Furnished Systems, CVN 80, Program Integration, and Business and Financial Management (joint support of PMS 378)
  - SEA05V provides engineering support
  - IWS 10 provides Combat Systems Integration Support
  - Embedded AIR-1.2 reps facilitate coordination of air-ship interfaces and liaison with air programs

Small Business Set Aside (CPA). Awarded 2017

Small Business Set Aside (RCOH). Awarded 2017

Small Business Set Aside (Carrier Team One (CT1)): Pending FY19 award

Small Business Set Aside (Manpower Personnel & Training (MP&T): Pending FY19 award

Part III – Small Business Strategy Implementation

A. Specific efforts to increase Small Business participation in each socio-economic category utilizing Small Business Innovation Research (SBIR), Small Business Technology Transfer (STTR) and Mentor Protégé Program (MPP)

   1. Participation in 2 NAVSEA's SBIR Outreach programs events each year to include on-site presentations and one-on-one discussion with Small Business representative at each event.

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2. PMS 378 sponsors Carrier-Advanced Reconfigurable Training System (C-ARTS), a revolutionary training delivery system procured by PEO Carriers utilizing a SBIR phase III $49.1M award, incrementally funded.

B. Specific actions to identify new requirements suitable for small business participation as prime contractors.

1. In FY19, PMS 378 plans to work with NSWC Philadelphia, our obsolescence management team, to identify areas where small business can prime on solutions to obsolescence issues for various shipboard equipment.

2. Continually scan requirements (both new and current) for small business opportunities

a. For example, review of the Carrier Team One (CT1) services contracting portfolio identified multiple contract vehicles being utilized to support pieces of CT1 efforts. It was determined the requirements could be consolidated into one contract that would be suitable for small business. Market research (request for information posted on SeaPort-e) confirmed that determination resulting in a CT1 small business set-aside procurement with a period of performance of five years and is expected to be recurring requirement.

C. Explain your process for reviewing historically unrestricted procurements to determine if there are opportunities for small business participation as prime contractors.

1. PMS 378 has reviewed the shipbuilding contracts to identify work which can be performed with similar quality at a reduced cost by the small business industrial base. As a result of this review, work has been de-scoped from a large prime and set aside for small business competition.

2. Continually review requirements to look at the possibility of carving out work that is typically accomplished by Small Business subcontractors. Areas identified include but are not limited to:

a. Tank/preservation

b. Painting

c. Small valve repair

d. Pump repair

e. Material buys

D. Efforts taken to streamline the acquisition process

1. On C-ARTS requirement, PMS 378 utilizes US Army administered SBIR vice standing up separate Navy requirement to consolidate acquisition activity and provide a single DoD interface point to small business.

2. Utilizing Individual Streamlined Acquisition Plans (ISTRAP) and Management Oversight Process for the Acquisition of Services – Streamlined (MOPAS-S)

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3. Reviewing requirements to acquire material and/or services provided by Ability One and/or Federal Prison Industries, as the processing times are significantly reduced.

4. Utilizing Other Transactional Authority (OTA) where feasible.

E. Specific actions to increase Small Business subcontracting opportunities to include evaluating small business participation in competitive source selections and incentivizing small business subcontracting when appropriate.

1. Utilized small business to finish outfitting of over 300 spaces on USS Gerald R. Ford. Over $12M awarded in FY18 on a small business set aside managed by NSWC, Philadelphia to perform work previously performed by a large shipbuilder prime.

2. Continually scan requirements (both new and current) for small business opportunities.

a. For example, PMS 312 increased the Private Sector Maintenance minimums from 40% to 45% of contracted work to small business (applies to San Diego, Puget Sound current requirements, and future Mid-Atlantic requirements). A 5% increase equates to nearly $43M in Small Business requirements (growth) between the San Diego and the Puget Sound contracts.

F. Efforts to communicate with industry

1. Sponsor and support participation in the annual SBIR Opportunity Forum in junction with Sea-Air-Space.

2. Participation in Small Business Industry Days, manning booths and educating the attendees.

3. Fielding all office calls from small business vendors and providing Prime vendor information for small business outreach.

4. Sharing of information with PMS 312, who held a reverse industry day for small business.

5. Held Reverse Industry Day to address various functional areas, one of which was Small Business

6. NAVSEA Small Business Industry Day (annually)

7. Sea-Air-Space (annually)

8. Recommend NAVSEA leverage off of NAVAIR model and establish Small Business Round Table (SBRT) discussion on a semi-annual basis.

G. Efforts to publish and frequently update an accurate Long Range Acquisition Forecast

1. Submissions are provided to SEA 02 (annually), who in turn produce the Long Range Acquisition Forecast

a. SeaPort-e milestones (updated monthly or as actual milestones are met) are also used to produce the LRAF.

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H. Plans to award direct Phase III SBIR/STTR awards (if applicable)

1. Work with SBIR companies to support Phase III opportunities through venues such as Rapid Innovation Fund (up to $3M and 2-year to develop and deploy technologies) and other post SBIR funding sources with the goal of at least one selection annually.

2. C-ARTS efforts are funded on a $49.1M SBIR phase III contract, incrementally by year. Task order 4(FY18) and task order 5(FY19) will be awarded for procurement of systems and development of training courseware with both OPN and OMN appropriations of over $10M combined.

I. Efforts to establish goals for applying SBIR/STTR technologies in programs of record (if applicable). N/A

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Appendix E – PEO Integrated Warfare Systems Small Business Strategy Addendum

DEPARTMENT OF THE NAVY

PROGRAM EXECUTIVE OFFICE
INTEGRATED WARFARE SYSTEMS
1333 ISAAC HULL AVE SE
WASHINGTON NAVY YARD, DC 20376-7101

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SEP 06 2018

From: Executive Director, Program Executive Office, Integrated Warfare Systems

Subj: PEO IWS SMALL BUSINESS STRATEGY

1. PEO IWS is an active supporter of the Navy's Small Business goals and objectives. Evidence of this support comes in many forms, but the most public is the 2016 Champion of Small Business Award. PEO IWS manages a portfolio of over 125 programs supporting naval platforms, primarily ships, in active and passive defense of those platforms. The primary groups of programs include missiles, guns, radars, electronic warfare countermeasures, the Aegis program and undersea systems.

2. PEO IWS' portfolio is comprised of both competitive and sole source contracts. The sole source work requires capital intensive investment by industry to compete in the space. Therefore, PEO IWS aggressively pursues creating a competitive landscape for many of these legacy sole source contracts. The Aegis program is an example of success in this approach.

3. Small business is an integral part of the PEO as evidenced by the prevalent use of small business shown in Table 1 below.

PEO IWS Code	Title	Small Business Vendor
IWS 1.0	TechRep Support	Future Technologies
IWS 1.0	Data Management	Venesco
IWS 1.0	Training Systems (BEWT, SEWT, CIAT)	EWA GSI
IWS 1.0	Training Systems (BFTT Hardware Production)	Global Technical Systems
IWS 2.0	Engineering Support Services (ESS)	ICI Services Corporation
IWS 3.0	Surface Missile TechRep	BECTECH
IWS 4.0	Information Data Exchange Agreements Support	SBG Technology
IWS 4.0	Engineering Support Services (ESS)	Tech Marine Business
IWS 5.0	Broad Agency Announcement (BAA) FY17	Systems & Technology Research LLC
IWS 5.0	Broad Agency Announcement (BAA) FY18	Daniel H. Wagner
IWS 6.0	Engineering Support Services (ESS)	ISM
IWS 6.0	ECDIS-N Software Development	TCNI
IWS 12.0	Professional Support Services (PSS)	Herren and Associates
IWS FO	Admin/PAO/IT Support	Strategic Insight
IWS FO	Financial Management	Tech Marine Business

TABLE 1: Current Small Business Contracts

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4. PEO IWS actively seeks small business participation through a range of practices. Our PEO has a robust and effective Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) program which has allowed us to be successful in support of our portfolio. PEO IWS is proud of our ability to capture innovative solutions from use of the SBIR/STTRs demonstrated by our effective use of this contract tool with a transition rate from Phase II SBIRs to Phase III of over fifty percent. SBIR/STTR use will continue to be a valuable tool within the PEO. Though specific expansion of this robust program is not planned, PEO IWS will continue to effectively use this tool to incorporate significant small business use in PEO work. The primary areas of small business success are the SBIR/STTR areas and services. Currently, the PEO has a considerable number of SBIR/STTR contracts in all phases:

a. Phase I – 47 contracts

b. Phase II – 86 contracts

c. Phase III – 19 contracts

5. Mentor-Protégé has not been a specific target within the PEO. However, if approached by industry to support implementation of a Mentor-Protégé agreement, PEO IWS will consider these efforts.

6. Another effective outreach to small business is the use of Broad Agency Announcements (BAA) to gain access to innovative, cutting edge technology to support PEO IWS support of the Fleet. PEO IWS Undersea Systems Directorate has been successful using this approach and leads the way for the PEO. The IWS Undersea Systems Program Office is soliciting proposals through the use of a BAA for research interests in advanced undersea technologies sensors and signal processing for submarine and surface ships.

7. In 2018 and 2019, PEO IWS is expanding the use of Other Transaction Authority (OTAs) to get access to innovative solutions from broader sources as well as for direct small business outreach. OTAs have been encouraged across the PEO and requirements are sought for award to small business through this acquisition tool. In addition, viewing this tool as an avenue to increase small business participation is considered an acquisition streamlining tool to reduce acquisition cycle times.

8. Each procurement action is examined for small business opportunities as a prime contractor. PEO IWS restructured multiple contracts to create multiple Professional Support Service contracts, which were set-aside for small business, in addition to Engineering Support Services contracts. The primary areas PEO IWS seeks small business prime contracting opportunities include:

a. Professional Support Services

b. Engineering Support Services

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c. Component Breakouts

d. Information Technology including software development and cybersecurity

e. Technical Representatives

9. Within a complex weapon system, creating small business opportunities can be difficult as capital investment is a known barrier to entry as a prime contractor. Two primary avenues are explored to expand small business prime contract opportunities.

a. Component Breakout. The PEO has had success with component breakout; missile containers were broken out and are now procured as a small business set-aside.

b. Market Research.

(1) Market research is an additional tool to stay abreast of innovative solutions, changing capabilities, technologies, and the marketplace. When market research reveals a change, consideration is given to see how this can create a small business contracting opportunity either as a prime or as a larger subcontracting opportunity. A current example of the PEO use of market research to seek expansion of small business opportunity is, Request for Information (RFI)/Sources Sought - Shipboard Passive/Augmented Detection and Evaluation (SPADE) Electro-Optic and Infrared (EO/IR) Requirements. This notice is published for market research and to determine the availability of small business participation as either prime or subcontractors.

(2) Tied to market research is small business communication. PEO IWS uses multiple tools to create a dialogue with small business to proactively seek small business input on where the community sees opportunity to participate as a prime or subcontractor within our portfolio. These communication actions include:

(a) Industry Days

(b) Publication of a Long-Range Acquisition Forecast

(c) Small Business Innovation Research and Small Business Technology Transfer

(d) Broad Agency Announcement

10. PEO IWS participates in all NAVSEA Industry Day events providing an overview of the PEO and identifying those forum specific areas where the PEO already uses small business and where the PEO is seeking solutions to specific PEO programmatic issues. PEO IWS will host another Industry Day specific to small business in 2019. When a contract opportunity has been determined, in conjunction with the NAVSEA Small Business Professionals, PEO IWS seeks to expand small business subcontracting opportunities through aggressive use of source selection criteria that establishes aggressive subcontracting goals.

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Subj: PEO IWS SMALL BUSINESS STRATEGY

11. PEO IWS works closely with NAVSEA 02 to publish a quarterly Long-Range Acquisition Forecast on the same timeline as NAVSEA. PEO IWS, in conjunction with NAVSEA 02, documents contract performance using Contractor Performance Assessment Reporting System (CPARS), including the use of small business.

12. PEO IWS will continue our aggressive pursuit and use of small business as a partner in our endeavors to provide more and better products and services to our Fleet.

B. ANDERSON

Distribution:
PEO IWS (1.0, 1.0F 2.0, 3.0, 4.0, 5.0, 6.0, 8.0, 9.0, 10.0, 10.0F, 11.0, 12.0) MPMs/DMPMs, CoS

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Appendix F – PEO Submarines Small Business Strategy Addendum

Date: August 2018

Part I – Executive Summary

Team Submarine unites the Program Executive Officer for Submarines (PEO SUB); the Deputy Commander, Undersea Warfare (SEA 07); the Deputy Commander, Undersea Technology (SEA 073); the Naval Undersea Warfare Center (NUWC); and the Submarine Maintenance Engineering, Planning, and Procurement (SUBMEPP) Activity, once diverse submarine-related commands and activities, into a single "submarine-centric" team. Conceived to increase efficiencies within the submarine acquisition, maintenance, and modernization communities, Team Submarine eliminates traditional "stovepipe" structures and processes that created impediments and inefficiencies in the submarine research, development, acquisition, and maintenance communities. Team Submarine provides improved communication among the various offices that contribute to the overall success of the United States Submarine Force.

- Team Submarine's objective is to create a culture of Small Business Advocacy throughout our organization. This will be achieved through:
    - Deputy Program Managers (DPMs) designated as Small Business Advocates
        - Responsibilities outlined in the approved NAVSEA Small Business Strategy
    - Training – Instructor led as well as web-based training provided to all personnel
        - Training includes Small Business Advocate Training and DAU course CLM 059 Small Business Program for Program Managers
    - Host and attend Outreach events
    - Increased communication for acquisition planning with NAVSEA Small Business Program Office
    - Increased communication with Industry
    - Ensure the procurement milestones are accurate and up to date to support the Long Range Acquisition Forecast (LRAF).

Part II – Portfolio Overview

TEAM Submarines Portfolio is as follows:

VIRGINIA Class SSN	MK 54 Lightweight Torpedo
COLUMBIA Class	Advanced Undersea Systems

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Torpedo Defense Systems (Surface Ship and Submarine)	In-service Dry Deck Shelters
Periscopes, Photonics, Imaging Systems	Submarine Safety and Quality Assurance
Integrated Undersea Surveillance System	Submarine Trainers
Electronic Warfare Systems and Antennas	Submarine Rescue
Sonar Systems and Sensors (A-RCI)	Undersea Technologies
MK 48 Heavyweight Torpedo	Combat and Weapons Control System (AN/BYG-1)

TEAM Submarine Small Business Investment Areas:

Algorithms for Sonar, Fire Control System, Torpedoes, Imaging, ESM and RADAR	On-Board Team Trainer
Weapon Payload Control	Information Automation
HF Stimulation	Technology Infusion
Common Acoustic Cabinet	Information Assurance
Acoustic Intercept and Ranging	Weapon Launchers and Simulators
Combat Systems of the Future	Program Management Support

Part III – Small Business Strategy Implementation

A. Specific efforts to increase Small Business participation in each socio-economic category utilizing Small Business Innovation Research (SBIR), Small Business Technology Transfer (STTR) and Mentor Protégé Program (MPP)

TEAM SUBS does the following special efforts to increase Small Business participation in each socio-economic category utilizing Small Business Innovation Research (SBIR), Small Business Technology Transfer (STTR) and Mentor Protégé Program (MPP):

- Participate in the annual SBIR topic call by providing value added topics. Coordinate responses across the TEAM Submarine enterprise that often extends to working with small business on topics, other PEOs, shipbuilders, and coordination with the warfare centers.
- Strong effort to attend and brief at conferences/symposiums.
- Use of sources sought and industry days for various procurements.

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- Conduct an annual PEO industry day that calls on small businesses to attend, present ideas for their role on program efforts, and discuss partnership with larger primes.
- Attend any industry forums (to include manning booths and tables) where small businesses are represented to make them aware of the latest ongoing and upcoming efforts in the PEO.
- Evaluate the use of the above programs in its' applicability to rapidly emerging technologies.
- Leverage and share lessons learned on our strong history of getting to Phase III awards on SBIRs and the ability to have a small business serve as a subcontractor or the prime contractor on a major effort.
- DPM, as TEAM SUBS small business advocates, take office calls with small businesses who seek to make the program aware of their topics and corporate capabilities.

B. Specific actions to identify new requirements suitable for small business participation as prime contractors.

TEAM SUBS takes the following specific action to identify new requirements suitable for small business participation as prime contractors:

- Identify methods to smartly identify work that can be set aside for small business.
- Perform internal program discussions of needed capability and program shortfalls yearly to support identification of areas which can be addressed by small business.
- Issue Requests for Information (RFI) and Sources Sought to provide an avenue for industry feedback and advisement to small businesses of possible prime and subcontractor opportunities.
- Attend yearly Navy forums to engage and understand new technologies that could solve some of the Technology Gaps identified in the service.
- Work with SEA02 to appropriately identify any potential small business opportunities that can be addressed through items like set asides, Request for Proposal (RFP) language, and sources sought to ensure they are open to small business.

C. Explain your process for reviewing historically unrestricted procurements to determine if there are opportunities for small business participation as prime contractors.

TEAM SUBS does the following to review historically unrestricted procurements to determine if there are opportunities for small business participation as prime contractors:

- Work with SEA02 on the RFPs and sources sought that are sent out to ensure they are open to small businesses.

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- Work with SEA02 and SEA00L to review historically unrestricted procurements and determine if there are opportunities for small business participation as prime contractors for future procurements.
- Utilize RFIs to validate small business interest level in the identified topics where the program office would like to open up the previously unrestricted procurement. This supports the ability to have an effective small business industry day, conduct a set-aside or pursue other small business programs.
- Promote use of small business contracting in our procurements with incentive fees.

D. Efforts taken to streamline the acquisition process

TEAM Submarine takes on the following efforts to streamline the acquisition process:

- Continuously use working groups with our 02 and 00L team for efficiency and speed.
- Issuing SBIRs Phase 1 & 2 contracts to streamline the acquisition process.
- Issuing draft RFP for the follow-on SBIR phase III contract procurement, allowing the contractor to review and provide inputs prior to the final RFP execution.
- Follow Office of Secretary of Defense (OSD) and Assistant Secretary of the Navy Research, Development, and Acquisition (ASN(RD&A)) guidance to look for ways to streamline our larger platform programs like Virginia class.
- Incorporate pilot efforts to streamline the acquisition process and stay at the forefront in performing the most efficient acquisition process possible. This includes efforts like Block V contracting of Virginia Class becoming an accelerated acquisition pilot program.
- Leverage other contracting methods which promote and encourage small business participation and streamlines the traditional contracting process.
    - One of these efforts include the use of cooperative agreements under the Commercial Technologies for Maintenance Activities (CTMA) Program managed by OSD. CTMA includes numerous small business organizations in its' membership. PEO Submarines is evaluating the option to participate in a pilot program to bring a small business awarded solution to the torpedo enterprise sooner through transition to production. Use of this program would resolve a major issue in the torpedo program office and have a positive impact over the entire life cycle.
- Reach out and benchmark outside organizations and universities to see how they do contracting and if there are new more innovative methods available.
- Utilize Other Transactional Authorities (OTA) that often encourages (usually by requirement) non-traditional contractors and small business organizations. This also includes leveraging consortiums to allow partnering opportunities for small businesses with prime contractors. Multiple program offices are evaluating and/or pursuing OTAs in the PEO.

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- Leverage use of undersea technology consortiums forums and engagement opportunities with industry, especially the one affiliated with the Naval Undersea Warfare Center in Newport, RI and its' associated OTA option.
- Leveraged authorities in the National Sea Based Deterrence Fund for Multiyear Procurement of critical components to support continuous production of the Common Missile Compartment and for Advance Construction to mitigate schedule risk. The enhanced authorities provided have given us the ability to procure items quickly and efficiently.
- Use of pertinent data and data management tools to allow for faster development and accuracy of documentation which speeds up the acquisition process while eliminating non value added items.
- Regularly seek to tailor requirements in the DoD 5000.02 that supports the specific program being developed, vice including aspects that don't relate to the program and slow down efficiency. This includes efforts to shorten approval cycles.
- Perform multiple High Velocity Learning (HVL) brown bags and all-hands emails that discuss streamline acquisition approaches and efficiencies across the PEO.

E. Specific actions to increase Small Business subcontracting opportunities to include evaluating small business participation in competitive source selections and incentivizing small business subcontracting when appropriate.

Team Submarine specific actions to increase Small Business subcontracting opportunities include:

- Ensuring our contracts require small business participation and include goals that we review to ensure they are being met.
- Issuing RFI and Sources Sought to provide an avenue for industry feedback and advise small businesses of possible prime and subcontracting opportunities.
    - Include a small business utilization incentive clause on all contracts (meeting or exceeding small business goals), and include small business utilization in Contractor Performance Assessment Reporting System (CPARS) evaluation for our contracts.
- Review each contract not awarded to a small business to evaluate their small business subcontracting plan and utilization as part of the source selection process.
- Our major platform programs include opportunities for the prime to include small business incentives. The platform programs also take action to promote vendor base stability for the entire program. This includes incentivizing for optimizing supplier and subcontractor capability/capacity.

F. Efforts to communicate with industry

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TEAM Submarine take the following efforts to communicate with industry:

- Use of sources sought and industry days for various procurements.
- Strong effort to attend and brief at conferences/symposiums.
- Conduct routine industry meetings with the PM/DPM of that program office to discuss potential efforts and inform on projected opportunities.
- Issue RFIs prior to moving out with the next step in the program's contracting strategy
- Leverage insight/efforts by the warfare centers and UARC labs to engage with industry and further understand technologies that could ultimately become a part of the program of record.

G. Efforts to publish and frequently update an accurate Long Range Acquisition Forecast

TEAM Submarine takes on the following efforts to publish and frequently update an accurate Long Range Acquisition Forecast

- Work with SEA02 and provide long range planned acquisitions, to include potential SBIRs, on a semi-annual basis.
- Coordinate with our PEO Staff acquisition organization to ensure success with SEA02 data calls regarding long-range acquisition forecasts.
- Projected workload for one of our major platform programs is published in the Navy's 30 Year Shipbuilding Plan and communicated to our prime.

H. Plans to award direct Phase III SBIR/STTR awards (if applicable)

TEAM Submarine plan to award direct Phase III SBIR/STTR awards are as follows:

- PMS401 (Submarine Acoustics Program Office):
    - Several direct Phase III SBIR contracts with Progeny, Sedna and GD. The follow-on SBIR phase III contract with Sedna was awarded in FY18. The follow-on SBIR phase III with Progeny contract is planned for award in FY19.
- PMS 425 (Submarine Combat and Weapons Control Program Office):
    - Follow-on effort for Common Weapon Launcher/Multi Tube Weapon System (CWL/MTWS) N00024-13-C-6259 will award FY19 (milestone in SEAPORT-E)
    - Follow-on effort for Information Assurance (IA) N00024-14-C-6294 will award FY19 (milestone in SEAPORT-E)

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- PMS404 (Undersea Weapons Program Office):
    - One SBIR in phase III, one in phase 2.5 that will likely transition to phase III, and two that will start phase 2.5 in FY19.
- PMS 397 (Columbia Class Submarine Program Office):
    - The COLUMBIA Program currently has 19 SBIR projects in execution. Four of these projects are in Phase I and 15 of these projects are in Phase II. The COLUMBIA Program has funding to support the transition of successful SBIR projects from Phase II to either Phase II.5 or Phase III.

I. Efforts to establish goals for applying SBIR/STTR technologies in programs of record (if applicable)

TEAM Submarine efforts to establish goals for applying SBIR/STTR technologies in programs of record to include:

- Goals established and documented in current and upcoming acquisition plans across the program offices. The plans allow for SBIR/STTR technologies in the program of record, when applicable.
- Our torpedo programs along with other program offices have a history in awarding SBIRs and transitioning the SBIR product to production.

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Appendix G – Surface Warfare (NAVSEA 21)

Date: 8 Aug 2018

Part I – Executive Summary

As NAVSEA's Deputy Commander for Surface Warfare, SEA 21 is the dedicated life cycle management organization for the Navy's in-service surface ships, inactive ships and craft and International Fleet support. SEA 21 manages critical modernization, maintenance, training and inactivation programs and provides wholeness to the Fleet by serving as the primary technical interface, ensuring surface ships are modernized with the latest technologies and remain mission relevant throughout each ship's service life. The organization also maintains inactive ships for future disposal, donation, or transfer, to include follow-on technical support to our partner navies. The Deputy Commander for Surface Warfare is dual-hatted as Commander, Navy Regional Maintenance Center (CNRMC). CNRMC is a NAVSEA field activity responsible for coordinating the depot- and intermediate-level maintenance of the Navy's surface fleet. CNRMC has oversight of the Navy's Regional Maintenance Centers (RMCs) and detachment sites in their execution of surface ship maintenance. With 160-plus Navy ships in commission, there is a constant demand signal for the SEA21/CNRMC team to provide the Surface Fleet with maintenance, modernization and repair support to keep them operationally ready and to help ensure ships meet their Expected Service Life (ESL). The SEA21 small business strategy is inclusive of CNRMC with respect to execution of small business strategies for ship depot maintenance, modernization and repair.

Part II – Portfolio Overview

The mission of SEA 21 is to integrate maintenance strategies, modernization plans, training needs, and technical, logistics, and programmatic efforts to best manage the lifecycle of U.S. and partner Navy surface ships and systems from fleet introduction through transfer or disposal.

In addition to staff codes, SEA 21 consists of the following program offices and the Surface Maintenance Engineering Planning Program (SURFMEPP):

PMS 407 – Surface Ship Modernization – Manages integration of all surface ship modernization policy, planning, and execution.

PMS 443 – Surface Ship Readiness and Sustainment – Manages surface ship readiness through leadership of disciplined standards of life cycle management for each surface ship class.

PMS 339 – Surface Training Systems - Manages strategic program planning, policy, acquisition, life-cycle management, research and development and technical insertion into existing and future Navy surface training systems.

PMS 326 – International Fleet Support – Manages follow-on technical assistance to foreign navies and coast guards. They also manage the Excess Defense Article ship transfer process, delivering decommissioned US Navy ships to partners around the world.

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SEA 21I – Inactive Ships – Manages U.S. Navy ships and craft that have reached the natural end of their lifecycle. (SEA 21I) is responsible for the planning, programming, budgeting, and execution of the Navy's inactivation and disposal of conventionally powered surface ships and craft.

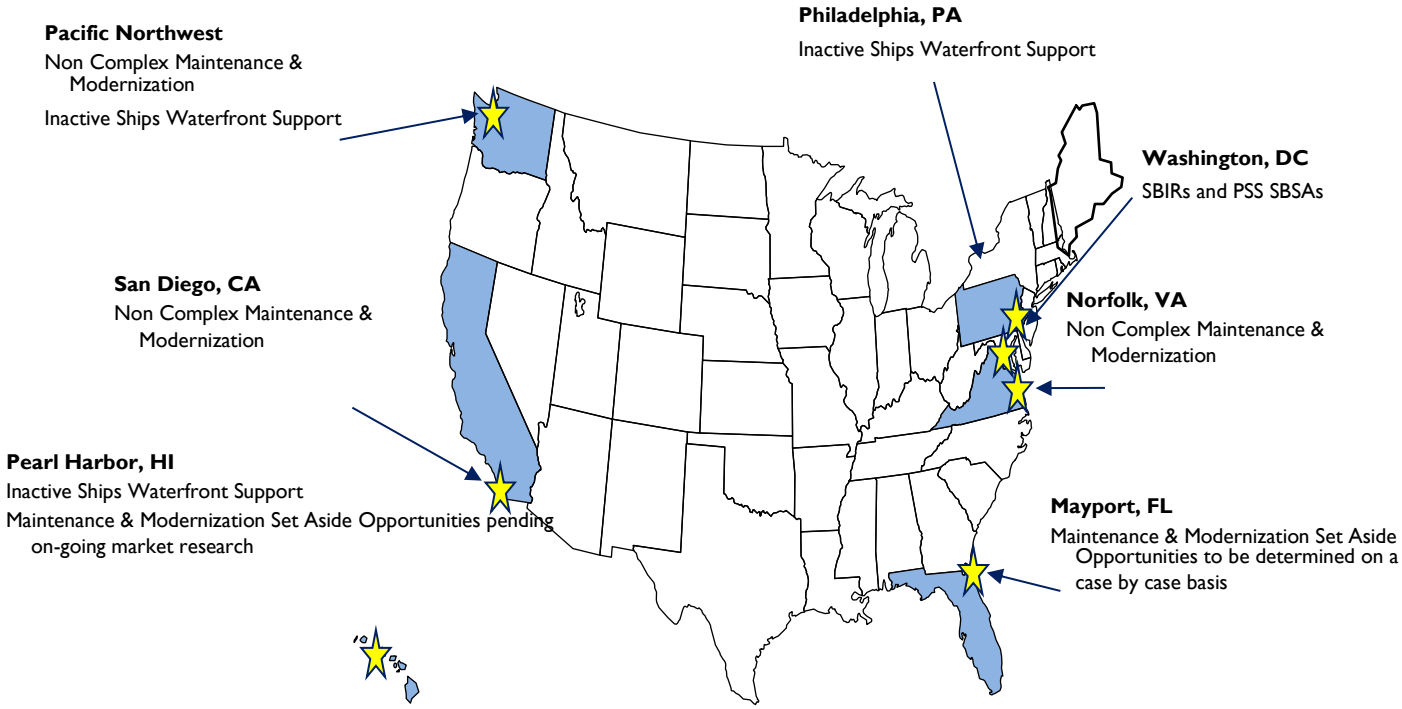
SURFMEPP – Manages centralized surface ship life cycle maintenance engineering, class maintenance and modernization planning, and management of maintenance strategies.

Per ASN(RD&A) memo of 12 Jan 2015, Deputy Program Managers from each of the aforementioned programs are the Small Business Advocates responsible for identifying opportunities within the programs for Small Business participation, serving as points of contact for Small Businesses interested in pursuing these opportunities, and for management of SBIR and STTR within their cognizance.

Under the mission is to deliver quality cost-wise material readiness to support U.S. Naval forces worldwide, CNRMC coordinates the depot- and intermediate-level maintenance of the Navy's surface fleet, and resources the requirements necessary to meet the schedule of ship maintenance availabilities.

Part III – Small Business Strategy Implementation

As small businesses are recognized for their innovative and agile solutions to in-service ship needs, SEA21/CNRMC has led the charge to enhance professional support service contracting and ship depot maintenance opportunities for this critical component of the defense industrial base. The below graphic summarizes the current U.S.-based footprint of our small business strategy.



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Fiscal Year 2018, small business contracts represented 44% of the total number of professional support services contracts and Small Business Innovation Research (SBIR) efforts administered by SEA 21 as summarized in the following table. The remaining 56% are large business professional support services and include a 20% -25% subcontractor work to small business requirement.

ORG	Area of Support	Small Business Vendor
PMS 407	SBIR Topic N101-056 - Dev. Monitoring Sensors for Lithium Ion Batteries in Navy Power Systems	Nexceris
PMS 339	SBIR Topic N131-048; Shiphandler Educator Asst for Assessment in Training Environment	Charles River Analytics
	SBIR Topic N132-109; Physics-based Adaptation of Radar Clutter for Surface Radar Training Systems	Physical Optics Corp.
	Surface Firefighter/Damage Control (FF/DC) Contractor Operation and Maintenance of Simulators (COMS)	Engineering Support Personnel (ESP), Inc.
	Global Contractor Instructor Services (GCIS)	Quality Innovative Solutions Inc (QISI)
	Contractor Support Services	Zenetex
	Surface Training	KMS Solutions LLC
	TTAP Audits	KMS Solutions LLC
	Business Financial Management	Systems Resource Management
PMS 326	FMS Waterfront Engineering Support	T-Solutions
	Program Office Support	Tech-Marine Business (TMB), Inc
SEA21I	Gryphon- Inactive Ships Management System, IT Support Contract	Gryphon Technologies, L.C.
	ISMS IT SUPPORT CONTRACT - Inactive Ships Management System, IT Support Contract	Gryphon Technologies, L.C.
	GOCO - Operate and maintain INACTSHIPMAINTO Bremerton, WA	Global, A 1st Flagship Company
	GOCO - Operate and maintain INACTSHIPMAINTO Pearl Harbor, HI	Global, A 1st Flagship Company
	GOCO - Operate and maintain INACTSHIPMAINTO Philadelphia, PA	Global, A 1st Flagship Company
SURFMEPP	SEA21A/SURFMEPP PSS Small Business	Orbis
SEA21/ CNRMC	NRMC Professional Support Services - Follow-On	Valkyrie Enterprises
SEA21/CNRMC	NRMC Professional Support Services - Bridge	McKean Defense Group
Regional Maintenance Centers	Non-Complex Ship Maintenance and Repair	Numerous Small Businesses

A focus on small business opportunities within SEA21/CNRMC is also evident in CNO Availability contracts awarded to large businesses, such as HII Ingalls Shipbuilding, Lockheed Martin, General Dynamics National Steel and Shipbuilding Company (NASSCO), and General Dynamics Bath Iron Works. The associated small business strategy is the requirement for small business set asides on Non Complex Maintenance of ~20% of scope. Complex maintenance and modernization contracts maximize small business subcontracting opportunities based upon market research. Continuous Maintenance Availabilities are generally noncomplex work and are set aside for competition among small businesses, allowing the opportunity to gain experience and responsibility of prime contractors.

Part IV – Small Business Strategy Implementation

A. Specific efforts to increase Small Business participation in each socio-economic category utilizing Small Business Innovation Research (SBIR), Small Business Technology Transfer (STTR) and Mentor Protégé Program (MPP)

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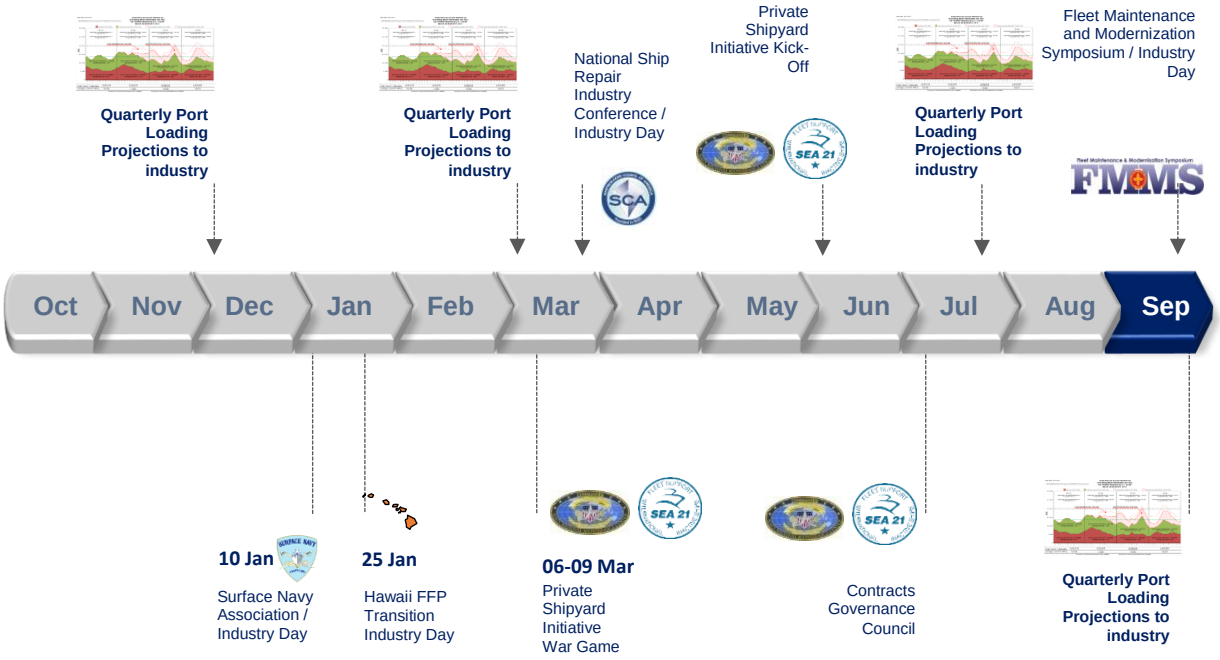
As a member of the Team Ships construct, SEA21 is part of a SBIR program that regularly performs outreach events that include on-site presentations and one-on-one discussions with small business representatives to increase small business participation.

Also on at least a bi-annual basis and in conjunction with select conferences (e.g., Fleet Maintenance and Modernization Conferences) the SEA21/CNRMC Team conducts small business "round tables." These events offer an opportunity to collaborate with small business through discussion on a host of topics relative to ship repair and modernization.

Quarterly, all of industry including small business is provided rolling, updated port loading projections of ship repair work within the regions covering a four fiscal year period. This effort provides a transparent process that is focused on work load requirement and stability to meet On-Time Delivery.

The below visual provides a sample (FY18) of the opportunities leveraged to increase Small Business participation.



Additional efforts focused on increasing small business participation include

- Awarding radar navigation analysis contract to an 8A protégé whose mentor has previously executed SEA 21 funded analysis tasks.
- Planning award of $50M Indefinite Delivery, Indefinite Quantity (IDIQ) to a small business socio-economic category in FY 19.

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- Planning award of a $25M IDIQ for instructor services to a service disabled veteran owned small business (SDVOSB) in FY 19.
- Utilization of Sources Sought and attending open industry day engagements to assess industrial base capability.
- 5-year, $50M, small business set-aside requirement for SEA 21 trainers is scheduled to award Q1, FY19.
- Continued efforts in identifying technologies that have application to missions or operations of the nine (9) ship classes managed by SEA 21.
- $49M small business requirement for LHA/LHD and CVN Mobile, Cleaning, Recovery and Recycling systems.

B. Specific actions to identify new requirements suitable for small business participation as prime contractors

- Conduct sources sought as part of market research for acquisitions. Examples include the recent Federal Business Opportunities notice seeking information from industry including small businesses for provision of dry docks to increase capacity.
- Engage with Small Business office to assess planned requirements for small business set-aside
- Acquisition planning for fleet training system follow-on requirements identified a separate area of software development for small business participation.
- Site operation contacts are openly solicited to industry on a 5-year cycle and specifically targeting small businesses.

C. Explain your process for reviewing historically unrestricted procurements to determine if there are opportunities for small business participation as prime contractors.

- Acquisition process includes the use of “Sources Sought” requests as a practice. The responses to the sources sought announcement are evaluated to determine the "rule of two". First consideration is given to socioeconomic Small Business concerns. If two of any specific category are not identified, conventional Small Business is considered. To further attract Small Business, effort-specific industry days at held for every competitive procurement in excess of the Simplified Acquisition Threshold (SAT). These events are preceded by a Pre-Solicitation Announcement/Advanced Notice Announcement.
- For the Combined Integrated Air and Missile Defense (IAMD) / Anti-Submarine Warfare (ASW) Trainer (CIAT) and Surface Training Maintenance (SURFTM) contracts we leverage larger contracts for trainer development and other contract vehicles, focused on small businesses, for testing. All contracts are SeaPort-e and have small business clauses. Larger contractors routinely team with small businesses to increase the capabilities and flexibility.

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D. Efforts taken to streamline the acquisition process

- When dealing with multiple award contracts, we strive to streamline in accordance with FAR 16.505 to the maximum extent possible. In addition, "Draft RFPs" for competitive efforts are provided to industry for comment.
- Follow the Acquisition Best Practices Guide dated June 2016 and continuously monitor current processes for improvement opportunities and implement efficiencies where and when possible.
- Depending on requirement, maintain standard processes for all contract actions and documentation review.
- Utilize e-milestone to ensure acquisition timelines are managed.

E. Specific actions to increase Small Business subcontracting opportunities to include evaluating small business participation in competitive source selections and incentivizing small business subcontracting when appropriate.

- Solicitations are reviewed by small business office for concurrence in contracting for requirements outside of small business (DD2579).
- Offerors' Small Business Subcontracting plans are typically evaluated as part of the competitive source selection.
- During contract execution, the prime's small business subcontracting efforts are tracked against goals via the electronic subcontract reporting system (eSRS).
- For non-SeaPort-e solicitations requiring a subcontracting plan, an evaluation factor for this element is utilized as part of source selection.
- Each new contract includes explanation from the prime contractor for effective use of small business participation on their proposed team.

F. Efforts to communicate with industry (in addition to those discussed in section "A" above)

- Synopsize proposed contract actions expected to exceed $25,000 via the Federal Business Opportunities portal (www.fbo.gov)
- Procurement and Administrative Lead Time (PALT) conferences held every other month with industry at which upcoming opportunities are briefed.
- Publicizing communication engagement opportunities via www.fbo.gov.
- Coordinate "one on one" meetings with small business as part of industry days and in accordance with FAR 15.201Attend industry and academia events to gauge what those areas are focusing on and compare to our future visions and goals.
- Utilize Request-For-Information (RFI) in support of requirement refinement while enhancing government's knowledge of market.

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G. Efforts to publish and frequently update an accurate Long Range Acquisition Forecast

- SEA21's Long Range Acquisition Forecast is formally briefed biannually as part of NAVSEA's Small Business Industry Days.
- Ensure small business requirements are clearly identified and procurement milestones are accurate on NAVSEA's Small Business webpage (https://www.navsea.navy.mil/Business-Partnerships/Small-Business-Opportunities/).

H. Plans to award direct Phase III SBIR/STTR awards (if applicable)

- Partnering with Working Capital Fund activities and other PEOs for future SBIR opportunities.

I. Efforts to establish goals for applying SBIR/STTR technologies in programs of record (if applicable)

- SEA21 investigates SBIR and STTR technologies for application that might fit within our Program of Record. Currently three active SBIRs are included in the FY18/19 small business portfolio.

Appendix H – NAVSEA Field Activities

Date: 17 August 2018

Part I – Executive Summary

The Naval Sea Systems Command (NAVSEA) Field Activities, including the Warfare Centers (WCs), Shipyards, and Regional Maintenance Centers (RMCs), have engaged in collaborative efforts to create an organizational climate that advances Small Business opportunities through exceptionally managed Small Business Programs Offices. For FY2017, the NAVSEA Field activities accounted for approximately $2.6B in obligations to Small Business, almost five times the amount executed at the Headquarters level. NAVSEA WCs provided 53% of prime contract dollars in small business in FY14 and their share has increased to 61.4% in FY17. Our efforts will continue the upward trend in FY19 and FY20. Challenging initiatives at each activity continue to maximize opportunities for Small Businesses while supporting the mission of the Navy. Unique acquisition approaches have made significant and lasting contributions to NAVSEA and the DON Small Business Program.

Part II – Portfolio Overview

NAVSEAs field activities are the center of excellence for ships and ship systems and help preserve and enhance the nation's presence on and under the seas. Our field activities provide a full-spectrum of fleet support for the Navy's ships, ship systems, and associated Navy logistics systems to include:

- Research and development
- Test and evaluation
- Acquisition engineering, in-service engineering, logistics and technical support
- System integration and certification for weapons, combat systems and warfare systems
- Class maintenance and modernization planning
- Serve at the Navy's independent assessment agent throughout systems' lifecycles

Navy and maritime communities have come to depend on our expertise and innovative spirit in developing advanced platforms and systems, enhancing naval performance, integrating new technologies, and reducing operating costs.

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Part III – Small Business Strategy Implementation

A. Specific efforts to increase Small Business participation in each socio-economic category utilizing Small Business Innovation Research (SBIR), Small Business Technology Transfer (STTR) and Mentor Protégé Program (MPP).

- The NAVSEA Field Activities regularly review SBIR/STTIR Technologies for discussion with line codes for possible leveraging and continue seeking opportunities for MPP agreements, when appropriate to NAVSEA mission.

B. Specific actions to identify new requirements suitable for small business participation as prime contractors

- The major Field Activities within NAVSEA have adopted strategy meetings that incorporate all of the requisite acquisition stakeholders, including the Small Business Professionals (SBPs), at the very beginning of the acquisition process.
    - These meetings typically include a thorough review of the Statement of Work and all personnel and mandatory requirements to ensure that the effort meets the Government's requirements while allowing proper consideration for Small Business and removing any potential barriers of entry.

C. Explain your process for reviewing historically unrestricted procurements to determine if there are opportunities for small business participation as prime contractors.

- In addition to early acquisition involvement, 'sources sought' responses and participation and planning meetings have become a practice at most NAVSEA Field Activities. These efforts facilitate the objective to obtain small business professional participation and contribute to the continued growth of small business participation. From FY15 to FY17, total obligations to Small Business increased by over $300M, and these efforts will be sustained in FY18 and beyond.

D. Efforts taken to streamline the acquisition process.

- The NAVSEA Field Activities have employed the SeaPort-e Multiple Award Contract (MAC) vehicle for almost 15 years. The SeaPort-e MAC provides an efficient and effective means of contracting for professional support services and enhancing Small Business participation. The SeaPort-e portal provides a standardized, efficient means of soliciting offers from amongst the diverse population of Large and Small Businesses and their approved team members. This trend will continue as NAVSEA migrates to SeaPort NxG, the follow-on vehicle to SeaPort-e.

E. Specific actions to increase Small Business subcontracting opportunities to include evaluating small business participation in competitive source selections and incentivizing small business subcontracting when appropriate.

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- The NAVSEA Field Activities have relied heavily on the revised FAR clause, 52.219-9, to increase participation of Small Business and accountability of Prime contractors in subcontracting agreements.
- For solicitations, Small Business participation at the subcontracting level is being included in the evaluation criteria.
- Many activities have also included language in the contract prohibiting the exercise of options if Small Business subcontracting goals are not achieved.
- CPARS evaluations have been used extensively to incentivize prime contractors to meet their proposed Small Business subcontracting goals.

F. Efforts to communicate with industry

- While most NAVSEA Field Activities have always maintained active industry engagement efforts, the 02 March 2018 memo entitled, "Engaging with Industry" has increased the frequency and level of communication with our Industry Partners. Many activities host annual outreach events, quarterly acquisition update meetings or effort-specific Industry Days. One activity schedules "First Thursday" presentations by small business concerns to their technical and contracting community for their consideration. Depending on the event, these will feature Senior Leadership or cognizant technical or acquisition personnel to interface directly with industry regarding pending opportunities or strategic changes to the Activity.

G. Efforts to publish and frequently update an accurate Long Range Acquisition Forecast

- NAVSEA HQ publishes a quarterly Long Range Acquisition Forecast (LRAF), which is populated with data from the Field Activities. Field Activities then present their specific data on the activity's website.

H. Plans to award direct Phase III SBIR/STTR awards (if applicable)

- Throughout the NAVSEA Field Activities, several Phase II and III SBIR efforts are underway, with follow-ons planned when there exists work that derives from, extends, or logically concludes effort(s) performed under prior SBIR funding agreements

I. Efforts to establish goals for applying SBIR/STTR technologies in programs of record (if applicable)

- At this time, we are not aware of any such initiative to include SBIR/STTR technologies in programs of record, but are fully supportive of any such action should it arise.

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