What is SBIR/STTR Phase III?

The SBIR/STTR Phase III is also known as, the “Commercialization Phase” and the ultimate goal of the SBIR/STTR program. The work in this phase, derives from, extends, or completes an effort made under prior SBIR funding agreements, but is funded by sources other than SBIR/STTR. Phase III funding can come from the government or industry. The purpose is to transition a company’s SBIR/STTR effort into hardware or software products, processes or services that benefit the DON acquisition community.

What Program Managers (PMs) Need To Know

1. For contracts at or above $100M PMs will have to...
   a) Set a goal for the transition of Phase III technologies in subcontracting plans and report the number and dollar amount of Phase III SBIR/STTR contracts entered into.
   b) Develop a detailed plan for the use of SBIR/STTR technologies with associated planned funding which will be provided at each milestone.
   c) Apply incentive fees to support increased SBIR/STTR participation.
2. DON will have to submit information annually to the Secretary of Defense regarding its plans to integrate the SBIR/STTR technologies in contracts above $100M.
3. The choices of finding potential SBIR/STTR solutions are:
   a) In the SBIR/STTR topics proposed in most DON ACAT I, II and III programs in response to program needs.
   b) In utilizing www.navysbirsearch.com
4. Helpful forms and templates used to track SBIR/STTR projects and project performance:
   a) Technology Roadmap
   b) Quad Chart Template
5. Helpful ways to increase support of SBIR/STTR Phase III integration within your department:
   a) Develop a Program Executive Officer (PEO) Operating Instruction manual
   b) Utilize SBIR/STTR Transition Managers
   c) Prepare a “Phase III package” for KOs and SBPs to review if a SBIR/STTR technology requires further development and testing in anticipation of a Phase III contract.

Benefits

- SBIR/STTR technologies are innovative, cost-effective solutions that promote competition for program technology needs at component and system levels addressing Key Performance Parameters (KPPs) and Key System Attributes (KSAs).
- SBIR/STTR policy supports government-only use of Intellectual Property (IP) owned by SBIR/STTR awardee, with rights reverting to government after a number of years specified in the contract.
What Contracting Officers (KOs/CORs) and Small Business Professionals Need To Know

1. SBIR/STTR Reauthorization Act
   a) Requires DOD and prime contractors to issue Phase III awards to appropriate SBIR/STTR awardees “to the greatest extent practicable”.
   b) Phase III commercialization shall go toward production and delivery of products or services for sale to or use by Federal agencies.
   c) Phase III data is required to be reported annually.
   d) Requires DOD to use or create incentives to meet the goal of increasing the number of Phase III awards.

2. KOs/CORs can support the SBIR/STTR utilization and integration process by having fiscal data available for PMs so they may fulfill annual reporting requirements to the Secretary of Defense.

3. KOs/CORs should support PMs, PEOs and CAEs when responding to the requirement to apply incentives in contracts over $100M to meet goals in transitioning SBIR/STTR technology plans.

4. Consider 5 things when responding to Phase III requirements:
   a) Ensure explicit SBIR/STTR requirements are levied upon competitive and sole source contracts to the extent permitted by the SBIR/STTR Reauthorization Act or other legal authority. Make sure Acquisition Plans (APs) and Single Acquisition Plans (SAMPs) are inclusive of SBIR contracts.
   b) Ask if there are SBIR/STTR technologies that can satisfy this requirement – either as a prime or a sub to a prime.
   c) Develop a method to count the number and value of SBIR/STTR Phase III or agree that the PEO or acquisition office will do so.
   d) KOs/CORs and Small Business Professionals should coordinate to ensure allocated goals are satisfied.
   e) Ensure that any SBIR/STTR related clauses inserted into a contract are up to date and accurate.

5. Per the memo of the ASN(RDA)’ on 12 Jan 2015 entitled “Tapping Into Small Business in a Big Way”, “SBIR/STTR Phase III sole source awards are an authorized exception to competition and Contracts Officers are encouraged to employ this exception where such action meets a program’s requirements”.

Do you have questions?

For additional information, please contact...

Bob Smith  Brad Taylor  
Director, DON SBIR/STTR Programs  SECNAV OSBP, SBIR Liaison  
(703) 696-0342  (202) 685-6486  
robert.l.smith6@navy.mil  brad.taylor@navy.mil