

*Small Business Innovation: Affordable Solutions for the Warfighter*



**SBIR and STTR Phase III Guidebook  
For Program Managers, Contracting Officers  
And Small Business Professionals**

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# **Department of the Navy Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Phase III Guidebook**

Phase III Guidance for Program Managers and Deputy Program Managers,  
Procuring and Administrative Contracting Officers, and  
Small Business Professionals on Using the SBIR/STTR Phase III Vehicle  
to Realize Mission Objectives, Program Requirements and Small Business Goals

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## EXECUTIVE SUMMARY

This Department of the Navy (DON) SBIR/STTR Phase III Guidebook is a desk reference providing guidance to Program Managers (PMs) and Deputy Program Managers (DPM), Heads of Contracting Activity (HCA) and Contracting Officers (KO), and Small Business Professionals (SBP) on using SBIR/STTR technologies to:

- Implement SBIR/STTR inclusion requirements discussed in Interim Dept. of Defense (DoD) Instruction 5000.02<sup>1</sup>
- Realize Better Buying Power 2.0 goals and objectives described in ASN(RDA) memoranda<sup>2</sup> to increase competition, reduce cost to field capability, deliver more innovation, and curb vendor lock in DON acquisition
- Expand SBIR/STTR transitions as required by the National Defense Authorization Act of 2012<sup>3</sup>
- Realize ASN (RDA)'s DON small business goals<sup>4</sup>

For DON acquisition and procurement purposes, SBIR/STTR's Phase III recapitalizes DON S&T investment, provides innovative technology that satisfied competition requirements during Phase I and II, and gives government a royalty-free right to use SBIR/STTR data worldwide. (Phase III is "Work that derives from, extends, or completes an effort made under prior SBIR/STTR funding agreements ...,")<sup>5</sup>). Phase III contracting is an essential Better Buying Power tool. (Throughout this document the use of Phase I, II, or III refer to SBIR /STTR awards unless otherwise noted.)

As a Phase III desk reference, this Guidebook focuses on SBIR/STTR technology use to realize mission cost savings and technology objectives, describes SBIR/STTR inclusion in program planning and management over program life cycles.

Since enactment in 1982<sup>6</sup>, SBIR/STTR has comprised five basic principles that support DON acquisition and procurement:

1. SBIR/STTR is a key research and development (R&D) program, providing increased competition, technological innovation, affordability, elimination of vendor lock, and strengthening of the industrial base.
2. Acquisition personnel must give priority consideration to making Phase III awards in accord with statute and regulations governing SBIR/STTR procedures, which ensure that competition requirements are met.
3. In accordance with DFARS 252.227-7018(b), SBIR/STTR gives PMs a royalty-free right to use the SBIR/STTR data worldwide, but cannot disclose the technical data for five years after completion of the project from which such data were generated without the innovator's permission.
4. Phase III contracting supports maturation of SBIR/STTR technology for integration into acquisition programs throughout their life cycles, or into other innovative DoD processes needing innovative technologies.
5. Specific guidance to support PMs', DPMs' and KOs' use of SBIR/STTR already exists in the Small Business Administration's (SBA) SBIR Policy Directive<sup>7</sup>, DFARS 252.227-7018 and NMCARS 5206.302-5 (b) and Annex 13. These documents provide clarity and authority to issuance of Phase III contract awards, including information pertaining to data rights, competition, Justification and Approvals (J&A) requirements, and contract reporting.

<sup>1</sup> See USD AT&L Interim DoDI 5000.02 (November 2013); *Table 2. Milestone and Phase Information Requirements* (Enclosure 1, pg. 57): "Program managers will establish goals for applying SBIR and STTR technologies in programs of record. For contracts with a value at or above \$100M, program managers will establish a goal for the transition of Phase III technologies in subcontracting plans, and report the number and dollar amount of contracts entered into for Phase III SBIR or STTR projects. At each milestone indicated, the Program Manager will provide a detailed plan for the use of SBIR and STTR technologies and associated planned funding profile (Phase I, II and III)."

<sup>2</sup> ASN Research, Development and Acquisition; *Increased Use of Small Business Concerns* (19 JUL 2011)

<sup>3</sup> See Section 5001 Division E of FY 2012 NDAA *SBIR/STTR Reauthorization: Section 5108(4) – SBIR-STTR Special Acquisition Preference, Section 5122 – Goal for SBIR-STTR Technology Insertion, and Section 5138 – Technology Insertion Reporting Requirements.*

<sup>4</sup> ASN(RDA); *Meeting Small Business Goals for 2013* (13 DEC 2012)

<sup>5</sup> SBA; *SBIR and STTR Policy Directives*; February, 2014 [www.sbir.gov](http://www.sbir.gov); Sec. 4(c)

<sup>6</sup> In 2010, SBIR/STTR reauthorization extended the program first enacted in 1982 through 2017 via the 2012 National Defense Authorization Act.

<sup>7</sup> <http://www.sbir.gov/about/sbir-policy-directive>