

How will you benefit from SBIR?

The SBIR Program provides a unique opportunity for prime contractors and DoD acquisition programs to tap into a powerful source for technological innovation while strengthening the role of small high-tech companies and suppliers.

SBIR Awardees

- No dilution in ownership
- No repayment required
- Retain rights to IP developed
- No royalties owed to the government
- Entry in government R&D programs

Prime Contractors

- Identifies niche technology suppliers
- Augments Independent and Contract Research & Development
- Helps to meet small business goals
- Source of technology to generate cost savings to achieve life cycle cost goals

DoD Acquisition Programs

- Capitalizes on the innovation and agility of small businesses to address capability gaps
- Mitigates risk in developmental or existing systems through insertion of enabling technology
- Utilizes financial resources outside of core program budget
- Simplifies contracting actions relative to a Phase II award because statutory competition provisions are met during Phase I and II

Checklist for Primes and Acquisition Program Managers

- ✓ Get to know your local SBIR representatives
- ✓ Participate in the SBIR topic generation process
- ✓ Plan for SBIR technologies in your Technology Development Strategy (TDS)
- ✓ Develop SBIR Technology Transition Agreements
- ✓ Address SBIR in your Acquisition Strategy
- ✓ Involve SBIR post Milestone B to achieve continuous improvement goals

What Is SBIR?

The Small Business Innovation Research (SBIR) Program is a federal program created to strengthen the role of small businesses in federally funded research and development (R&D) while providing the government with innovative technical and scientific solutions to challenging problems.

SBIR is a competitive three-phased program.

Phase I determines the scientific, technical, and commercial merit and feasibility of the ideas submitted.

Phase II is the major R&D effort, funding the prototyping and demonstration of the most promising Phase I projects.

Phase III small businesses are expected to obtain funding from the private sector or government sources outside the SBIR/STTR Program to commercialize the Phase II project for sale in military or commercial markets.

How can I learn more?

For more information about the DoD SBIR and STTR Programs,

- visit our websites at:
www.acq.osd.mil/osbp/sbir/
www.dodsbir.net
- contact our Help Desk at:
1-866-SBIRHLP (866-724-7457)
- join our listserv at:
www.dodsbir.net to be notified about solicitation and program changes



Department of Defense
Small Business
Innovation Research



SBIR PHASE III COMMERCIALIZATION

The Final Step

What is Phase III Commercialization?

Phase III is the commercialization phase and the ultimate goal of each SBIR/STTR effort. Phase III commercialization work derives from, extends, or logically concludes efforts performed under prior SBIR/STTR funding agreements.

Statute requires that Phase III work is funded by sources outside the SBIR/STTR Program. Small Businesses are expected to leverage SBIR/STTR funding to obtain funding from the private sector and/or non-SBIR/non-STTR Government sources to develop Phase II prototypes into viable products or a non-R&D service to sell in either military or private sector markets. Within the DoD, often the initial customer is a prime contractor for a major weapon system or other program of record.

Why is Commercialization Important?

The government expects that companies will be able to turn the research and development of the Phase II contract into a commercially viable product. A small business's ability to successfully commercialize its products and services to the military or private sector will determine how favorably its Phase II proposals are evaluated in the future. Within the DoD community, technological innovation creates jobs, increases productivity, and spurs economic growth and competition. It also gives the technological edge to our warfighter, an edge that can save lives.

How DoD Measures Commercialization

DoD measures commercialization by evaluating the Commercialization Achievement Index (CAI), investment information, and any additional material relating to the small business's history of commercialization. The CAI is calculated using the commercialization success of prior Phase II projects as reported by the small business.

SBIR: Practical Solutions to Defense Critical Needs and Innovative Technologies for the U.S. Marketplace

When Should You Commercialize?

Small businesses, and the acquisition programs interested in SBIR/STTR technology, should start planning for commercialization as soon as a Phase I contract is awarded. Given the timelines associated with the DoD budget development process, it is crucial to begin identifying Phase III funding with ample lead time. Early commercialization planning will also support the small business's ability to align its SBIR/STTR technology with acquisition program schedules and requirements.

Phase III Conditions and Limits

- No federal SBIR/STTR funding may be used on a Phase III contract, although non-SBIR/non-STTR government funds are allowed.
- There is no limit on the number, duration, type, or dollar value of Phase III awards made to a business concern.
- There is no limit on the time that may elapse between a Phase I or Phase II award and Phase III award or between a Phase III award and any subsequent Phase III award.
- The small business size limits for Phase I and Phase II awards do not apply to Phase III awards.

Phase III Awards

A DoD component may award a Phase III contract on the basis of a project's success during the competitive preliminary stages. Phase III contracts may be awarded without further competition after Phase I or Phase II. All competition requirements are satisfied through the awarding of Phase I and II contracts.

Phase II Enhancements

Many DoD components have developed Phase II Enhancement programs to further encourage commercialization of SBIR/STTR research.

Under this policy, a DoD component may provide a Phase II awardee with additional SBIR/STTR funding matching the investment funds the small business obtains from non-SBIR/non-STTR sources such as DoD acquisition programs or the private sector. During the Phase II effort, the small business must submit a Phase II Enhancement application through the DoD Submission website.

For more information, visit our website at: www.dodsbir.net/ft-ph2

Commercialization Pilot Program (CPP)

The purpose of the CPP is to accelerate the transition of SBIR-funded technologies to Phase III, especially into systems being developed, acquired and maintained for the warfighter. This can be done through activities that enhance the connectivity among SBIR/STTR firms, primes contractors, DoD science & technology and acquisition communities. It can also be accomplished by improving a SBIR/STTR firm's capability to provide the identified technology to the Department, directly or as a subcontractor.

A project's inclusion in the CPP is by invitation and at the discretion of the DoD component. CPP participants may receive a variety of assistance services and/or opportunities to facilitate the transition of their projects.

For more information, visit our website at: www.dodsbir.net/cpp

Phase III Planning Documents

In order to support the transition of SBIR/STTR technology to Phase III, many commands require the development of a Phase III planning document, or Technology Transition Agreement (TTA). A TTA documents the commitment and responsibilities of the acquisition program sponsor, component SBIR/STTR manager or Technical Point of Contact (TPOC), SBIR/STTR firm, and often other stake holders in developing, delivering and integrating a technology.

The TTA establishes exit criteria for program acceptance and technology insertion, such as the intended customer or end-user of a SBIR/STTR technology, funding sources for development beyond Phase II, and an integration and test strategy. Proper development and execution of a TTA will significantly enhance the likelihood that a SBIR/STTR project will transition in a manner beneficial to the acquisition program.

Data Rights

A Phase III award is, by its nature, an SBIR/STTR award. It thus has SBIR/STTR status, and must be accorded SBIR/STTR data rights. If an SBIR/STTR awardee wins a competition for work that derives from, extends, or logically concludes that small business's work under a prior SBIR/STTR funding agreement, the funding agreement for the new competed work must have all SBIR/STTR Phase III status and data rights.

Patents and Copyrights

Awardees may copyright material developed with DoD SBIR/STTR funding as long as they have written permission from the contracting officer. Also, small businesses normally may retain the principle worldwide patent rights to any invention developed with government support.