

**PROGRAM SOLICITATION
Number 86
Small Business
Innovation Research
Program**

**U.S. Department of Defense
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DOD PROGRAM SOLICITATION FOR SMALL BUSINESS INNOVATION RESEARCH

1.0 PROGRAM DESCRIPTION

1.1 Introduction

The Army, Navy, Air Force, Defense Advanced Research Projects Agency (DARPA), Defense Nuclear Agency (DNA), and Strategic Defense Initiative Organization (SDIO), hereafter referred to as DoD Components, invite small business firms to submit proposals under this program solicitation entitled Small Business Innovation Research (SBIR). Firms with strong research and development capabilities in science or engineering in any of the topic areas described in Appendix D are encouraged to participate. Subject to the availability of funds, DoD and its Components will support high quality research or research and development proposals on innovative concept related to important defense related scientific or engineering problems.

Objectives of the DoD-SBIR Program include stimulating technological innovation in the private sector, strengthening the role of small business in meeting DOD research and development needs, fostering and encouraging participation by minority and disadvantaged persons in technological innovation, and increasing the commercial application of DOD supported research or research and development results.

The Federal SBIR Program is mandated by Public Law (PL 97-219). The basic design of the DOD SBIR Program is in accordance with the Small Business Administration (SBA) National Directive, #65-01.1. The DOD program presented in this solicitation brochure strives to encourage scientific and technical innovation in areas specifically identified by DOD components. The guidelines presented in the next section incorporate and exploit the flexibility of the SBA National Directive to encourage proposals based on scientific and technical approaches most likely to yield results important to DOD, rather than proposals focused on and built around a specific dollar level. In accordance with the National Directive, the DoD SBIR Program is a three phase program as described in the text that follows. Results from prior years are shown in paragraph 1.5.

1.2 Three Phase Program

This program solicitation is issued pursuant to the Small Business Innovation Department Act of 1982, Public Law 97-219. Under Phase I, DoD Components anticipate making 550 awards during fiscal year 1986 to small businesses typically of one half to one man year effort over a period generally not to exceed six months, subject to negotiation. The legislative history of PL 97-219 clearly envisioned that the Phase I awards would be in the neighborhood of \$50,000 each, adjusted for inflation. Phase I is to determine, insofar as possible, the scientific or technical merit and feasibility of ideas submitted under the SBIR Program. Proposals should concentrate on that research or research and development which will significantly contribute to proving the scientific and technical feasibility of the proposed effort, the successful completion of which is a prerequisite for further DOD support in Phase II. The measures of Phase I success include evaluations of the extent of which Phase II results have the potential to yield a product of continuing importance to DOD.

Subsequent Phase II awards will be made only to firms on the basis of results from the Phase I effort, and the scientific and technical merit of the Phase II proposal. In FY-87 DoD anticipates making 150 Phase II awards from the Phase I awards in FY86. Phase II awards will typically cover 2 to 5 man years of effort over a period generally not to exceed 24 months, subject to negotiation. The legislative history of PL 97-219 clearly envisioned that the Phase II awards would be in the neighborhood of \$500,000. The number of Phase II awards will depend upon Phase I results and availability of funds. Phase II is the principal research or research and development effort; it will require a more comprehensive proposal which outlines the proposed effort in detail.

Under Phase II, non-Federal capital is expected to be used by the small business to pursue commercial applications of the research or development. Also, under Phase III, Federal agencies may award non-SBIR funded follow on contracts for products or processes which meet the mission needs of those agencies. This solicitation is design, in part, to provide incentives for the conversion of Federally-sponsored research and development innovation in the private sector. The Federal research and development can serve as both a technical and pre venture capital base for ideas which may have commercial potential. Proposers are asked to consider whether the research and development they are proposing to DOD Components also has commercial possibilities, either for the proposed application or as a base for other applications. If it appears to have such potential, proposers are encouraged, on an optional basis, to obtain a contingent commitment for private follow on funding to pursue further development of the commercial potential after the Government funded research and development phases.

Both Phase I and Phase II contracts may include a profit or fee.

This solicitation is for Phase I proposals only. Any proposal submitted under prior SBIR solicitations will *not* be considered under this solicitation; however, offerors who were *not* awarded a contract in response to a particular topic under prior SBIR solicitations are free to update or modify and submit the same or modified proposal if it is responsive to any of the topics listed in Appendix D hereto.

For Phase II, no separate solicitation will be issued as only those sources that were awarded Phase I contracts will be considered (see 6.3 and 7.1)

DOD is not obligated to make any awards under either Phase I, II, or III. DOD is not responsible for any monies expended by the proposer before award of any contract.

1.3 Follow-on Funding

In addition to supporting scientific and engineering research and development, another important goal of the solicitation is the conversion of DOD supported research or research and development into technological innovation by private firms. Therefore, on an optional basis, the DOD program includes an incentive for proposers to obtain a contingent commitment for private follow on funding prior to Phase II to continue the innovation process where it is felt that the research or research and development also have commercial potential.

Proposers who feel that their research or research and development have the potential to meet market needs, in addition to meeting the DOD objectives, are encouraged to obtain non-Federal follow-on funding for phase III to pursue commercial development. The commitment should be obtained during the course of Phase I performance. This commitment may be contingent on the DOD supported research or development meeting some specific technical objectives in Phase II which if met, would justify non-Federal funding to pursue further development for commercial purposes in Phase III. Note that when several Phase II proposals are evaluated as being of approximately equal merit, proposals that demonstrate such a commitment for follow on funding will receive extra consideration during the evaluation process.

The recipient will be permitted to obtain commercial rights to any invention made in either Phase I or II, subject to the patent policies as stated in this solicitation (Section 7.6)

1.4 Eligibility and Limitations

Each proposer must qualify as a small business for research or research and development purposes as defined in Section 2.0 and certify to this on the cover sheet (Appendix A) of his proposal. In addition, a minimum of two thirds of each SBIR project must be carried out by the proposing firm. For Phase II a minimum of one half of the effort must be performed by the proposing firm. For both Phase I and II the primary employment of the principal investigator must be with the small business firm at the time of award and during the conduct of the proposed effort. Primary employment means that more than one-half of the principal investigator's time is spent with the small business. Deviations from these requirements must be approved in writing by the contracting officer.

For both Phase I and Phase II the research or research and development work must be performed by the small business concern in the United States. "United States" means the several states, the Territories and possessions of the United States, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and the District of Columbia.

Joint ventures and limited partnerships are permitted, provided the entity created qualifies as a small business in accordance with the Small Business Act, 15 USC 631, and the definition included in this solicitation.

Conflicts of Interest. Awards made to firms owned by or employing current or previous Federal Government employees could create conflicts of interest for those employees in violation of the Ethics in Government Act of 1978 (P.L. 95-521, as amended by P.L. 96-19 and P.L. 96-28). Such proposers should contact the cognizant Ethics Counsellor of the DOD component for further guidance.

2.0 DEFINITIONS

The following definitions apply for the purposes of this solicitation:

2.1 Research or Research and Development

Any activity which is A. a systematic, intensive study directed toward greater knowledge or understanding of the subject studied; B. a systematic study directed specifically toward applying new knowledge to meet a recognized need; or C. a systematic application of knowledge toward the production of useful materials, devices, and systems or methods, including design, development, and improvement of prototypes and new processes to meet specific requirements. In DOD's R&D Program the definitions A, B, and C above correspond respectively as follows: A. Basic Research, B. Exploratory Development, and C. Advanced Development or Engineering Development.

2.2 Small Business

A small business concern is one that, at the time of award of a Phase I or Phase II contract:

1. Is independently owned and operated and organized for profit, is not dominant in the field of operation in which it is proposing, and has its principal place of business located in the United States;
2. Is at least 51 percent owned, or in the case of a publicly owned business, at least 51 percent of its voting stock is owned by the United States citizens or lawfully admitted permanent resident aliens;
3. Has, including its affiliates, a number of employees not exceeding 500, and meets the other regulatory requirements found in 13 CFR Part 121. Business concerns, other than investment companies licensed, or state development companies qualifying under the Small Business Investment Act of 1958, 15 U.S.C. 661, et seq., are affiliates of one another when either directly or indirectly A. concern controls or has the power to control the other; or B. a third party or parties controls or has the power to control both. Control can be exercised through common ownership, common management, and contractual relationships. The term "affiliates" is defined in greater detail in 13 CFR 121.3-2(a). The term "number of employees" is defined in 13 CFR 121.3(t). Business concerns include, but are not limited to, any individual, partnership, corporation, joint venture, association or cooperative.

2.3 Minority and Disadvantaged Small Business

A small business that is:

- a. At least 51% owned by one or more minority and disadvantaged individuals; or, in the case of any publicly owned business, at least 51% of the voting stock of which is owned by one or more minority and disadvantaged individuals; and
- b. whose management and daily business operations are controlled by one or more of such individuals.

While these individuals and small concerns will be required to compete for SBIR on the same basis as all other small business, attention will be given to a special outreach effort to ensure that minority and disadvantaged firms will have notice of this solicitation.

A minority and disadvantaged individual is defined as a member of any of the following groups: Black Americans; Hispanic Americans; Native Americans; Asian-Pacific Americans; or Asian-Indian Americans.

2.4 Women Owned Small Business

A women owned small business is that which is at least 51 percent owned by a woman or women who also control and operate it. "Control" in this context means exercising the power to make policy decisions. "Operate" in this context means being actively involved in the day-to-day management.

2.5 Subcontract

A subcontract is any agreement, other than one involving an employer-employee relationship, entered into by a Federal Government contract awardee calling for supplies or services required solely for the performance of the original contract.

3.0 TECHNICAL TOPICS

3.1 Phase I Topic List

Topics for each DOD Component are listed and numbered separately. Topics and topic descriptions are provided in Appendix D.

4.0 PHASE I PROPOSAL PREPARATION INSTRUCTIONS AND REQUIREMENTS

4.1 Proposal Requirements

A proposal to any DOD Component under the SBIR program is to provide sufficient information to persuade the DOD Component that the proposed work represents a sound approach to the investigation of an important scientific or engineering problem and is worth of support under the stated criteria.

Those responding to this solicitation should contact the Defense Technical Information Center (DTIC) for scientific and technical information assistance as described in Section 8.0. Background information available from DTIC on each of the topics listed in Appendix D can facilitate better informed decisions to bid or not to bid and may enhance the technical quality of a proposal by demonstrating more thorough knowledge of related work already completed or underway by DOD Components and others.

A proposal should be self contained and written with care and thoroughness. Each proposal should be reviewed carefully by the offeror to ensure inclusion of all data essential for evaluation.

The scientific or technical merit of the proposed research or research and development is the primary concern for all research and development supported by the DOD. *A proposal must respond to only on of the topics listed in Appendix D.* An organization may submit separate proposals on different topics or different proposals on the same topic, but each proposal must be limited to one topic. Where similar research and development is discussed in more than one topic description, the proposer should choose that topic the description of which appears most relevant to the proposer's technical concept.

The quality of the scientific or technical content of the proposal will be the principal basis upon which proposals will be evaluated. The proposed research or research and development must be responsive to the DOD Program objectives, but can also serve as the base for technological innovation, new commercial products, process, or services which benefit the public.

If a proposal substantially the same as one submitted in response to this solicitation has been previously funded or is either funded by, pending with, or about to be submitted to another Federal agency or another DOD Component, or to the same DOD Component as a separate action, the proposer must so indicate and provide the information required by Section 4.4 (12).

4.2 Proprietary Information

If information is provided which constitutes a trade secret, proprietary, commercial or financial information, confidential personal information, or data affecting the national security, it will be treated in confidence to the extent permitted by law, provided it is clearly marked in accordance with Section 7.7.

4.3 General Content

This solicitation is designed to reduce the investment of time and cost to small firms in preparing a formal proposal. Those who wish to respond must submit a direct, concise, and informative research or research and development proposal of *no more than 25 pages*, (no type smaller than elite on standard 8 ½" x 11" paper with one (1) inch margins, 6 lines per inch) including proposal cover sheet (Appendix A), Project Summary (Appendix B) and Cost Proposal (Appendix C) and any enclosures and attachments. Promotional and non project related discussion is discouraged. *Cover all items listed below in Section 4.4 in the order given.* The space allocated to each will depend on the problem chosen and the principal investigator's approach. In the interest of equity, no additional attachments, appendices or references beyond the 25 page limitation will be considered in proposal evaluation, and proposals in excess of the 25 page limitation will not be considered for review or award.

The proposal must address the research or research and development proposed on the specific topic chosen. It is not necessary to provide a lengthy discourse on the commercial applications in the Phase I proposal except to discuss them briefly as described in Section 4.4, items 2 and 8.

4.4 Phase I Proposal Format

All pages shall be consecutively numbered.

1. Coversheet. Photocopy and complete the form in Appendix A as page 1 of each copy of each proposal.

2. Project Summary. Photocopy and complete the form identified as Appendix B as page 2 of your proposal. The technical abstract should include a brief description of the project objectives, and description of the effort. Anticipated benefits and commercial applications of the proposed research or research and development should also be summarized in the space provided. *The project summary of successful proposals will be submitted for publication with unlimited distribution, and, therefore, should NOT contain proprietary or classified information.*

3. Identification and Significance of the Problem or Opportunity. Define the specific technical problem or opportunity addressed and its importance. (Begin on page 3 of your proposal).

4. Phase I Technical Objectives. Enumerate the specific objectives of the Phase I work, including the questions it will try to answer to determine the feasibility of the proposed approach.

5. Phase I Work Plan. This section must provide an explicit, detailed description of the Phase I approach. The plan should indicate not only what is planned but how and where the work will be carried out. Phase I effort should attempt to determine the technical feasibility of the proposed concept. The methods planned to achieve each objective or task should be discussed explicitly and in detail. This section should be substantial portion of the total proposal.

6. Related Work. Describe significant activities directly related to the proposed effort, including any conducted by the principal investigator, by the proposing firm, consultants, or others, how it interfaces with the proposed project, and any planned coordination with outside sources. The proposal must persuade reviewers of the proposer's awareness of the state of the art in the specific topic.

7. Relationship with Future Research or Research and Development.

- a. State the anticipated results of the proposed approach if the project is successful.
- b. Discuss the significance of the Phase I effort in providing a foundation for Phase I research or research and development effort.

8. Potential Post Applications. Briefly describe:

- a. Whether and by what means the proposed project appears to have potential commercial application.
- b. Whether and by what means the proposed project appears to have potential use by the Federal Government.

9. Key Personnel. Identify key personnel who will be involved in the Phase I effort including information on directly related education and experience. A resume of the principal investigator, including a list of relevant publications (if any), must be included.

10. Facilities/Equipment. Describe available instrumentation and physical facilities necessary to carry out the Phase I effort. Items of equipment to be purchased (as detailed in Appendix C) shall be justified under this Section.

11. Consultants. Involvement of university or other consultants in the project may be appropriate. If such involvement is intended, it should be described in detail, and identified in Appendix C. A minimum of two thirds of each SBIR project must be carried out by the proposing firm, unless otherwise approved in writing by the contracting officer.

12. Prior, Current or Pending Support. If a proposal submitted in response to this solicitation is substantially the same as another proposal that has been or is funded by, or is pending with another Federal

Agency or DOD Component or to the same DOD Component, the proposer must provide the following information:

- a. The name and address of the Federal Agency(s) or DOD Component to which a proposal was submitted, or will be submitted, or from which an award is expected or has been received.
- b. Date of proposal submission or date of award.
- c. Title of proposal.
- d. Name and title of principal investigator for each proposal submitted or award received.
- e. Title, number and date of solicitation(s) under which the proposal was submitted or will be submitted or under which award is expected or has been received.
- f. If award was received, state contract number.
- g. Specify the applicable topics for each pending SBIR proposal submitted or award received.

Note: If section 4.4(12) does not apply, please state in the proposal “No prior, current, or pending support for a similar proposal.”

13. Cost Proposal. Complete the cost proposal in the form of Appendix C for the Phase I effort only. Under the direct labor category, list all key personnel by name as well as by number of hours dedicated to the project. (See also Section 7.8).

4.5 Bindings.

Do not use special bindings or covers. Staple the pages in the upper left hand corner of each proposal.

5.0 SUBMISSION OF PROPOSALS

Five (5) copies of each proposal or modification will be submitted, in a single package, as described below.

5.1 Address

Proposals (5 copies) and modifications thereof must be addressed to that DOD Component address which is identified for each topic in each Component's section of Appendix D to this solicitation.

One copy must be an original signed by the principal investigator *and* an official empowered to commit the proposer. Other copies may be photocopied.

The name and address of the offeror, the solicitation number and the topic number for the proposal must be clearly marked on the face of the envelope or wrapper.

Mailed or handcarried proposals must be delivered to the address indicated for each topic. Secure packaging is mandatory. The DOD Component cannot be responsible for the processing of proposals damaged in transit.

All copies of a proposal should be sent in the same package. Do not send separate "information" copies or several packages containing parts of the single proposal.

5.2 Deadline for Proposals.

Deadline for receipt (5 copies) at the DOD Component is 2:00 p.m. local time, January 31, 1986. Any proposal received at the office designated in the solicitation after the exact time specified for receipt will not be considered unless it is received before an award is made, and: 1. it was sent by registered or certified mail not later than January 22, 1986; or 2. it was sent by mail and it is determined by the Government that the late receipt was due solely to mishandling by the Government after the receipt at the Government installation.

The only acceptable evidence to establish 1. the date of mailing of a late received proposal sent either by registered mail or certified mail is the U.S. Postal Service postmark on the wrapper or on the original receipt from the U.S. Postal Service. If neither postmark shows a legible date, the proposal shall be deemed to have been mailed late. The term "postmark" means a printed, stamped, or otherwise placed impression (exclusive of a postage meter machine impression) that is readily identifiable without further action having been supplied and affixed on the date of mailing by employees of the U.S. Postal Service. Therefore, offerors should request the postal clerk to place a hand cancellation bull's eye "postmark" on both the receipt and the envelope or wrapper; 2. the time of receipt at the Government installation is the time-date stamp of such installation on the proposal wrapper or other documentary evidence of receipt maintained by the installation.

Proposals may be withdrawn by written notice or a telegram received at any time prior to award. Proposals may also be withdrawn in person by an offeror or his authorized representative, provided his identity is made known and he signs a receipt for the proposal prior to award. (NOTE: the term "telegram" includes mailgrams.)

Any modification or withdrawal of a proposal is subject to the same conditions outlined above. Any modification may not make the proposal longer than 25 pages. Notwithstanding the above, a late modification of an otherwise successful proposal which makes its terms more favorable to the Government will be considered at any time it is received and may be accepted.

6.0 METHOD OF SELECTION AND EVALUATION CRITERIA

6.1 Introduction

Phase I proposals will be evaluated on a competitive basis and will be considered to be binding for six (6) months from the date of closing of this solicitation unless offeror says otherwise. If selection has not been made prior to the proposal's expiration date, offerors will be requested as to whether or not they want to extend their proposal for an additional period of time. Proposals meeting stated solicitation requirements will be evaluated by scientists or engineers knowledgeable in the topic area. Proposals will be evaluated first on their relevance to the chosen topic. Those found to be relevant will then be evaluated using the criteria listed in Section 6.2. Final decisions will be made by the DOD Component based upon these criteria and consideration of other factors, including possible duplication of other work, and program balance. A DOD Component may elect to fund several or none of the proposed approaches to the same topic. In the evaluation and handling of proposals, every effort will be made to protect the confidentiality of the proposal and any evaluations. There is no commitment by the DOD Components to make any awards on any topic, to make a specific number of awards or to be responsible for any monies expended by the proposer before award of a contract.

For proposals that have been selected for contract award, a government contracting officer will draw up an appropriate contract to be signed by both parties before work begins. Any negotiations that may be necessary will be conducted between the offeror and the government contracting officer. It should be noted that only a duly appointed contracting officer has the authority to enter into a contract on behalf of the U.S. Government.

Phase II proposals will be subject to a technical review process similar to Phase I. Final decisions will be made by DOD Components based upon the scientific and technical evaluations and other factors, including a commitment for Phase III follow on funding, the possible duplication with other research, development, program balance, budget limitations, and the potential of a successful Phase II effort leading to a product of a continuing interest to DOD.

6.2 Evaluation Criteria – Phase I

The DOD Components plan to select for award those proposals offering the best value to the Government with approximately equal consideration given to each of the following criteria, except for number one which will receive twice the weight of any other item:

1. The scientific/technical quality of the Phase I research or research and development proposal and its relevance to the topic description, with special emphasis on its innovation and originality.
2. Qualifications of the principal investigator, other key staff, and consultants, if any, and the adequacy of available or obtainable instrumentation and facilities.
3. Anticipated benefits of the research or research and development to the total DOD research and development effort.
4. Adequacy of the Phase I proposed effort to show progress toward demonstrating the feasibility of the concept.
5. Cost to the Government, including reasonableness of cost.

Where technical evaluations are essentially equal in merit, cost to the Government will be considered in determining the successful offeror.

Technical reviewers will base their conclusions only on information contained in the proposal. It cannot be assumed that reviewers are acquainted with the firm or key individuals or any referred-to experiments. Relevant supporting data such as journal articles, literature, including government publications, etc., should be identified in the proposal.

6.3 Evaluation Criteria – Phase II

A Phase II proposal can be submitted only by a Phase I awardee. Phase II is *not* initiated by a solicitation. Detailed instructions regarding Phase II proposal submission will be sent by DOD Components to all Phase I award winners. Listed below are some of the principles upon which those instructions can be expected to be based.

A Phase II proposal can be submitted at any time when progress attained under Phase I is deemed sufficient to justify the effort to be proposed for Phase II. (See Section 7.1) It must contain enough information on progress accomplished under Phase I by the time of Phase II proposal submission to enable an evaluation of the project's promise if continued into Phase II. The Phase II proposal will be reviewed for overall merit based upon the criteria below. Each item will receive approximately equal weight, except for item one, which will receive twice the value of any other item:

1. The scientific/technical quality of the proposal, with special emphasis on its innovation and originality.

2. The qualifications of the principal investigator and other key personnel to carry out the proposed work.
3. Anticipated benefits of the research or development to the total DOD research and development effort.
4. Degree to which the Phase I objectives were met at the time of Phase II proposal submission.
5. The adequacy of the Phase II objectives to meet the problem or opportunity.
6. Cost to the Government, including reasonableness of cost.

Phase II proposal evaluations may include on site evaluations by Government personnel of the Phase I effort.

The reasonableness of the proposed costs of the effort to be performed will be examined to determine those proposals that offer the best value to the Government.

In the case of proposals of approximately equal merit, the provision of a follow on Phase III funding commitment for continued development from non-Federal funding sources will be a special consideration. The follow on funding commitment must provide that a specific amount of Phase III funds will be made available to or by the small business and indicate the dates the funds will be made available. It must also contain specific technical objectives which, if achieved in Phase II, will make the commitment exercisable by the small business. The terms cannot be contingent upon the obtaining of a patent due to the length of time this process requires. The funding commitment shall be submitted with the Phase II proposal.

7.0 CONTRACTUAL CONSIDERATIONS

7.1 Awards

The number of Phase I awards will be consistent with the agency's RDT&E budget, the number of anticipated awards for interim period Phase I modifications, and Phase II contracts.

No phase I contracts will be awarded until all qualified proposals (received in accordance with section 5.2) on a specific topic have been evaluated. All proposers will be notified of selection/non-selection status for a Phase I award no later than July 31, 1986. The names of those firms receiving awards will be announced.

The number of the Phase I awardees that will receive Phase II awards will depend upon the results of the Phase I efforts and the availability of funds. Phase II is to further develop ideas explored under Phase I. Specific instructions for the preparation of Phase II proposals will be sent to Phase I awardees by the DOD Components. Phase II proposers who wish to maintain project continuity must submit proposals no later than 30 days prior to the expiration date of the Phase I contract and must identify in their proposal the work to be performed for the first four months of the Phase II work and the costs associated therewith. These Phase II proposers may be issued a modification to the Phase I contract, at the discretion of the Government, covering an interim period not to exceed four months for preliminary Phase II work while the total Phase II proposal is being evaluated. This modification would normally become effective at the completion of Phase I or as soon thereafter as possible. Funding, scope of work, and length of performance for this interim period will be subject to negotiations. Issuance of a contract modification for the interim period does not commit the Government to award a Phase II contract.

Offerors for Phase II work who do not elect to submit a proposal 30 days prior to the expiration date of the Phase I contract, have the option to submit a proposal after the completion of the Phase I contract. The final date for receipt of a Phase II proposal will be not later than 60 calendar days after the completion of the Phase I contract.

The period of performance under Phase II will depend upon the scope of the effort, but generally will not exceed 24 months. Phase II award decisions will be based upon evaluation of progress attained under Phase I and of the Phase II proposal. Phase II awards will typically cover 2 to 5 man years effort, depending upon the scope of research or development.

7.2 Reports

Six copies of a final report on the Phase I project must be submitted to the DOD Component in accordance with the negotiated delivery schedule. This will normally be within thirty days after completion of the Phase I effort. The final report shall include a single page project summary as the first page identifying the purpose of the work, a brief description of the work carried out, the findings or results, and potential applications of the effort. *The summary may be published by DOD and therefore must not contain proprietary or classified information.* The balance of the report should indicate in detail the project objectives, work carried out, results obtained, and estimates of technical feasibility.

To avoid duplication of effort, language used to report Phase I progress in a Phase II proposal, if submitted may be used verbatim in the final report with changes only to accommodate results obtained after Phase II proposal submission, and modifications required to integrate the final report into a self-contained, comprehensive and logically structured document.

7.3 Payment Schedule

The specific payment schedule (including payment amounts) for each contract will be incorporated into the contract upon negotiations between the DOD and the successful Phase I offeror. SBIR performers may be paid under an applicable, authorized progress payment procedure or in accordance with a negotiated price and payment schedule. When progress payments are authorized the participating small business will be required to submit interim progress reports to the contracting officer. Final payment will follow completion of contract performance and acceptance of all work required under the contract. Advanced payments are optional and may be made under appropriate public law when it is determined to be in the best interest of the Government.

7.4 Technical Data

Rights in technical data, including software, developed under the terms of any contract results from proposals submitted in response to this solicitation shall remain with the contractor, except that the Government shall have the limited right to use such data for Government purposes and shall not release such data outside the Government without permission of the contractor for a period of two years from completion of the project from which the data was generated unless the data has already been released to the general public. However, effective at

the conclusion of the two-year period, the Government shall retain a royalty-free license for Government use of any technical data delivered under an SBIR funding agreement whether patented or not.

7.5 Copyrights

With prior written permission of the contracting officer, and to the extent permitted by statute the awardee may copyright (consistent with appropriate national security considerations, if any) material developed with DOD support. DOD receives a royalty-free license for the Federal Government and requires that each publication contain an appropriate acknowledgement and disclaimer statement.

7.6 Patents

Small business firms normally may retain the principal worldwide patent rights to any invention developed with Government support. The Government receives a royalty-free license for its use, reserves the right to require the patentholder to license others in certain limited circumstances, and requires that anyone exclusively licensed to sell the invention in the United States must normally manufacture it domestically. To the extent authorized by 35 USC 205, the Government will not make public any information disclosing a Government supported invention for a two year period to allow the awardee a reasonable time to pursue a patent.

7.7 Markings of Proprietary or Classified Proposal Information

The proposal submitted in response to this solicitation may contain technical and other data, which the proposer does not want disclosed to the public or used by the Government for any purpose other than proposal evaluation.

Information contained in unsuccessful proposals will remain the property of the proposer. The government may, however, retain copies of all proposals. Public release of information in any proposal submitted will be subject to existing statutory and regulatory requirements.

If proprietary information is provided by a proposer in a proposal which constitutes a trade secret, proprietary commercial or financial information, confidential personal information or data affecting the national security, it will be treated in confidence, to the extent permitted by law, provided this information is clearly marked by the proposer with the term "confidential proprietary information" and provided that following legend appears on the title page of the proposal:

"For any purpose other than to evaluate the proposal, this data except Appendix A and B shall not be disclosed outside the government and shall not be duplicated, used, or disclosed in whole or in part, provided that if a contract is awarded to this proposer as a result of or in connection with the submission of this data, the government shall have the right to duplicate, use, or disclose the data to the extent provided in the contract. This restriction does no limit the government's right to use information contained in the data if it is obtained from another source without restriction. The data subject to this restriction is contained in page(s) _____ of this proposal."

Any other legend may be unacceptable to the government and may constitute grounds for removing the proposal from further consideration and without assuming any liability for inadvertent disclosure. The government will limit dissemination of properly marked information to within official channels.

In addition, each page of the proposal containing proprietary data which the proposer wishes to restrict must be marked with the following legend:

"Use or disclosure of the proposal data on lines specifically identified by asterisk (*) are subject to the restriction on the cover page of this proposal."

The government assumes no liability for disclosure or use of unmarked data and may use or disclose such data for any purpose.

In the event properly marked data contained in a proposal in response to this solicitation is requested pursuant to the Freedom of Information Act, 5 USC 552, the proposer will be advised of such request and prior to such release of information he will be requested to expeditiously submit to the DOD Component a detailed listing of all information in his proposal which he believes to be exempt from disclosure under the Act. Such action and cooperation on the part of the proposer will ensure that any information released by the DOD Component pursuant to the Act is properly determined.

Those proposers that have classified facility clearance may submit classified material with their proposal. Any classified material shall be marked and handled in accordance with applicable regulations. Arbitrary and unwarranted use of this restriction is discouraged. Offerors must follow the Industrial Security Manual for Safeguarding Classified Information (DOD 5220.22M) procedures for marking and handling classified material.

7.8 Cost Proposal

A firm fixed price or cost plus fixed fee Phase I proposal must be submitted in detail in the format shown in Appendix C. Note: The firm fixed price type is the preferred method for Phase I proposals. Some items of Appendix C may not apply to the proposed project. If such is the case, there is no need to provide information for each and every item. What matters is that enough information be provided to allow the DOD Component to understand how the proposer plans to use the requested funds if the contract is awarded. Phase I contract may include a profit or fee.

1. Special Tooling and Test Equipment, and Material. Special Tooling and test equipment and material cost may be included under Phase I and II. The inclusion of equipment and material will be carefully reviewed relative to need and appropriateness for the work proposed.

The purchase of special tooling and test equipment must, in the opinion of the Contracting Officer, be advantageous to the Government and should be related directly to the specific topic. They may include such items as innovative instrumentation and/or automatic test equipment. Title to property furnished by the Government of acquired with Government funds, will be vested with the DoD Component, unless it is determined that transfer of title to the contractor would be more cost effective than recovery of the equipment by the DoD Component.

2. Travel. Cost for travel funds must be justified and related to the needs of the project.

3. Cost-sharing. Cost-sharing is permitted for proposals under this solicitation; however, cost-sharing is not required nor will it be an evaluation factor in the consideration of a proposal.

7.9 Contractor Commitments

Upon award of a contract, the contractor will be required to make certain legal commitments through acceptance of government contract clauses in the Phase I contract. The outline that follows is illustrative of the types of provisions that will be included in the Phase I contract. This is not a complete list of provisions to be included in Phase I contracts, nor does it contain specific wording of these clauses. Copies of complete general provisions will be made available prior to award.

1. Standards of Work. Work performed under the contract must conform to high professional standards.

2. Inspection. Work performed under the contract is subject to Government inspection and evaluation at all reasonable times.

3. Examination of Records. The Comptroller General (or a fully authorized representative) shall have the right to examine any directly pertinent records of the contractor involving transactions related to this contract.

4. Default. The Government may terminate the contract if the contractor fails to perform the work contracted.

5. Termination for Convenience. The contract may be terminated at any time by the Government if it deems termination to be in its best interest, in which case the contractor will be compensated for work performed and for reasonable termination costs.

6. Disputes. Any dispute concerning the contract which cannot be resolved by agreement shall be decided by the contracting officer with the right of appeal.

7. Contract Work Hours. The contractor may not require an employee to work more than eight hours a day or forty hours a week unless the employee is compensated accordingly (that is, receives overtime pay).

8. Equal Opportunity. The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin.

9. Affirmative Action for Veterans. The contractor will not discriminate against any employee or applicant for employment because he or she is a disabled veteran or veteran of the Vietnam era.

10. Affirmative Action for Handicapped. The contractor will not discriminate against any employee or applicant for employment because he or she is physically or mentally handicapped.

11. Officials Not to Benefit. No member of or delegate to Congress shall benefit from the contract.

12. Covenant Against Contingent Fees. No person or agency has been employed to solicit or secure the contract upon an understanding for compensation except bonafide employees or commercial agencies maintained by the contractor for the purpose of securing business.

13. Gratuities. The contract may be terminated by the Government if any gratuities have been offered to any representative of the Government to secure the contract.

14. Patent Infringement. The contractor shall report each notice or claim of patent infringement based on the performance of the contract.

15. Military Security Requirements. The Contractor shall safeguard any classified information associated with the contracted work in accordance with applicable regulations.

8.0 SCIENTIFIC AND TECHNICAL INFORMATION ASSISTANCE

8.1 DoD Technical Information Services Available

Recognizing that small businesses may not have strong technical information service support, the Defense Technical Information Center (DTIC) is prepared to give special attention to the needs of DoD SBIR Program participants.

Many of the 1500 small business requestors who responded to FY-83 and FY-84 DoD SBIR Program solicitation believe that the scientific and technical information which DTIC provided enabled them to make better informed bid/no bid decisions and prepare technical stronger proposals. People responding to this solicitation are encouraged to contact DTIC for bibliographies of technical reports that have resulted from prior DoD-funded R&D, for copies of the technical reports which are cited in these bibliographies, and for information about DoD-sponsored work currently in progress in their proposal topic areas.

DTIC is the central source of scientific and technical information resulting from and describing R&D projects that are funded by DoD. DTIC searches this information for registered requestors. Reasonable quantities of paper or microfiche copies of requested documents are available for SBIR Program proposal preparation.

DTIC will also provide referrals to DoD-sponsored Information Analysis Centers (IACs) where specialists in mission areas assigned to these IACs perform informational and consultative services.

DTIC assistance will include references to other sources of scientific and technical information needed to prepare SBIR Program proposals to DoD. Call or visit DTIC at the following location, which is most convenient to you.

All written communications with DTIC must be made to the Cameron Station Alexandria, VA address.
Defense Technical Information Center
ATTN: DTIC-SBIR
Building 5, Cameron Station
Alexandria, VA 22314
(800) 368-5211 (Toll Free)
(202) 274-6902 (Commercial for Virginia, Alaska and Hawaii)

DTIC Boston On-Line Service Facility
AFGL Research Library/SULL
Building 1103, Hanscom AFB
Bedford, MA 01731
(617) 861-2413

DTIC Los Angeles On-Line Service Facility
Defense Contract Administration Services Region
11099 South LaCienega Boulevard
Los Angeles, CA 90045
(213) 643-1108

Use reference A at the back of this solicitation to request background bibliographies and descriptions of work in progress related to those topic areas which you plan to pursue under this solicitation. DTIC will return the material you request, annotated with a temporary User Code. This User Code is to be used by you when requesting additional information or when ordering documents cited in a bibliography until the solicitation closing date.

Because solicitation response time is limited, submit your requests for DTIC's information services as soon as possible.

8.2 Other Technical Assistance Program.

The Small Business Administration, Office of Innovation, Research and Technology, in cooperation with the University of Connecticut and the University of Southern California will provide a fast-reaction technology information service for small businesses interested in participating in the Small Business Innovation Research (SBIR) program. The service provides, within five days, state-of-the-art information useful in preparing SBIR proposals or in guiding SBIR research efforts. The output is a comprehensive bibliography (often with abstracts) derived from a computerized search of a wide variety of databases. The cost of this service to small businesses is \$125.00 per inquiry. SBA will provide supplemental funding to offset actual costs, which are significantly higher.

Documents can also be ordered for an additional fee and can typically be delivered within three weeks. To obtain this service or additional information, please contact one of the follow university-based centers:

For small firms in the states of Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, and Wyoming:

University of Southern California
Western Research Applications Center (WESRAC)
3716 S. Hope Street #200
Los Angeles, CA 90007
(213) 743-6132

For firms in all other states:

University of Connecticut
New England Research Application Center (NERAC)
Mansfield Professional Park
Storrs, Connecticut 06268
(203) 486-4586

Other sources also provide technology search and/or document services and can be contacted directly for service and cost information. These include:

National Technical Information Service
5285 Port Royal Road
Springfield, VA 22161
(703) 487-4600

Aerospace Research Applications Center
P.O. Box 647
Indianapolis, Indiana 46223
(317) 264-4644

Kerr Industrial Applications Center
Southeastern Oklahoma State University
Durant, Oklahoma 74701
(405) 924-6822

North Carolina Science and Technology Research Center
P.O. Box 12235
Research Triangle Park, North Carolina 27709
(919) 549-0671

NASA Industrial Applications Center
701 LIS Building
University of Pittsburgh
Pittsburgh, Pennsylvania 15260
(412) 624-5211

NASA/UK Technology
University of Kentucky
109 Kinkead Hall
Lexington, Kentucky 40506
(606) 257-6322

NASA/Florida State Technology Applications Center
State University System of Florida
500 Weil Hall
Gainesville, Florida 32611
(904) 392-6626

9.0 CONTACT WITH DOD

9.1 Oral Communications

Oral communications with DoD Components regarding this solicitation during the Phase I proposal preparation period are prohibited for reasons of competitive fairness, with the exceptions as stated in Section 1.4, 8.0 and 9.7.

9.2 Questions Pertaining to This Solicitation

Questions pertaining to this solicitation should be addressed in writing to the address listed at the beginning of each Do D Component listing of topics (See Appendix D). No telephone requests will be accepted except as stated in Section 9.1.

9.3 Requests for Additional Copies of This Solicitation

Additional copies of this solicitation can be ordered from the Defense Technical Information Center, ATTN: DTIC/SBIR, Building 5, Cameron Station, Alexandria, VA 22314; telephone (800) 368-5211 (toll free)/ (202) 274-6902 (commercial for Virginia, Alaska, and Hawaii).

9.4 Information on Proposal Status

Evaluation of proposals and award of contracts will be expedited, but no information on proposal status will be available until the final selection is made. However, contracting officers may contract any and all qualified proposers prior to contract award.

9.5 Debriefing of Unsuccessful Offerors

After final award decisions have been announced a debriefing may be provided to unsuccessful offerors, on their proposals only, upon written request.

9.6 Correspondence Relating to Proposals

All correspondence relating to proposals should cite the SBIR solicitation number, specific topic number and be addressed to the DoD Component whose address is associated with each topic number.

9.7 Counseling Assistance Available

Small business firms interested in participating in the SBIR Program may seek general administrative guidance from small and disadvantaged business utilization specialists located in various Defense Contract Administration Services (DCAS) activities throughout continental United States. These specialists are available to discuss general administrative requirements to facilitate the submission of proposals and ease the entry of the small high technology business into the Department of Defense marketplace. The small and disadvantaged business utilization specialists are expressly prohibited from taking any action which would give an offeror an unfair advantage over others, such as discussing or explaining the technical requirements of the solicitation, writing or discussing technical or cost proposals, estimating cost or any other actions which are the offerors responsibility as outlined in this solicitation. (See reference C at the end of this solicitation for a complete listing, with telephone numbers, of Small and Disadvantaged Business Utilization Specialists assigned to DCAS Activities.)

9.8 Notifications of Proposal Receipt

Proposers desiring notification of receipt of their proposal must complete and include a self addressed and stamped envelope and a copy of the notification form (reference B) in the back of this brochure. If multiple proposals are submitted, a separate form and envelope is required for each. Notification of receipt of a proposal by the government does not by itself constitute a determination that the proposal was received on time or not. The determination of timeliness is solely governed by the criteria set forth in Section 5.2.

10.0 ADDITIONAL INFORMATION

10.1 This Program Solicitation is intended for information purposes and reflects current planning. If there is any inconsistency between the information contained herein and the terms of any resulting SBIR contract, the terms of the contract are controlling.

10.2 Before award of an SBIR contract, the Government may request the proposer to submit certain organizational, management, personnel and financial information to confirm responsibility of the proposer.

10.3 The Government is not responsible for any monies expended by the proposer before award of any contract.

10.4 This Program Solicitation is not an offer by the Government and does not obligate the Government to make any specific number of awards. Also, awards under this program are contingent upon the availability of funds.

10.5 The SBIR program is not a substitute for existing unsolicited proposal mechanisms. Unsolicited proposals will not be accepted under the SBIR program in either Phase I or Phase II.

10.6 If an award is made pursuant to a proposal submitted under this Program Solicitation, the contractor will be required to certify that he or she has not previously been, nor is currently being, paid for essentially equivalent work by an agency of the Federal Government

10.7 If classified work is proposed or classified information is involved, the Offeror to this solicitation must have, or obtain, security clearance in accordance with the Industrial Security Manual for Safeguarding Classified Information (DOD 5220.22M)