

DOD Recommendations

Suggestions from SBTC members for program changes to help the DOD and the SBIR companies improve the process and speed of transition of SBIR from proof-of-concept Phase I to Phase III products and services that can be delivered more rapidly to the war-fighters.

Some senior managers of the DOD SBIR program have implemented improved processes within their agencies and departments that have dramatically accelerated the progression of technology from the Phase I early concept stage to Phase III products and services delivered to the war-fighters. These senior managers have asked SBTC to poll SBIR industry leaders to propose additional process improvements that can be implemented within DOD acquisition and management regulations, and by the companies, that can help the companies make the transition from SBIR Phase I and Phase II to Phase III occur in a seamless and faster manner. DOD has had a remarkable success in commercializing the SBIR program and moving technologies rapidly to provide high-technology products to their war-fighters faster than any other acquisition process. According to DOD reports, approximately 40% of DOD Phase II SBIR awards have been successfully commercialized. While this result is impressive and important, more improvements are needed, and streamlined procedures used successfully by one agency could be adopted by others. Further, additional improvements can be made in the process as outlined below. The Congressional legislation defining SBIR Phase I, Phase II and Phase III program and acquisition structure permits Quick Reaction Capability (QRC) contracting mechanisms that can quickly result in products in the hands of war-fighters. The following suggestions by SBTC members are submitted in that spirit.

This builds on a white paper that the SBTC wrote in 2007.

I. OSD and DDR&E should again clearly direct DOD to:

- a. Make use of SBIR technology in acquisition programs a top priority.
- b. Provide necessary resources to transition SBIR technology into acquisition programs.
- c. Monitor and track successful use of SBIR technology in acquisition programs.
- d. Require each SBIR Topic to include a statement on envisioned transition path for the solicited technology, including expected TRL to be achieved under Phase I and Phase II, and anticipated program plan and resource allocation for transition of the Phase II results.

II. Simplify and streamline the SBIR contracting process

- a. Award Phase I contracts no later than 60 days after the date the SBIR solicitation closes and notify all offerers by that date regarding the decision on their proposals.
- b. Standardize and Simplify Phase I and II SBIR contracts within each service.
- c. Allow Phase II SBIR contracts as Firm Fixed Price if the offeror requests this type of contract, otherwise use the current CPFF contract format. In FFP arrangements the COTR and the contractor should define deliverables by mutual agreement in a staged contract, with performance goals and deliverables that enable the government and the contractor to manage risk and that reward strong performance.
- d. Award FFP Phase II contracts no later than 30 days after the date of Phase I completion or Fast Track decision, and CPFF Phase II contracts no later than 60 days after Phase I completion or Fast Track decision. Streamline the Phase II contracting process to the extent possible to accommodate these timelines.
- e. Structure Phase II contract vehicle to accommodate post-Phase II work with CPP or non-SBIR funds to save time with Phase III contract negotiations. Use standardized Phase III contracts to accelerate Phase III SBIR contract awards. (To facilitate contract placement, 2 or 3 templates should be tailored for each type of contract, CP, FP, IDIQ services, production.)
- f. Educate SBIR companies about the processes and procedures for purchasing or transfer of equipment through DCMA at the conclusion of SBIR contracts.
- g. Ensure that all Phase I and Phase II contracts provide that the SBIR company can use all equipment for the SBIR for two years (as stated in the SBA SBIR Policy Directive) and that equipment of nominal value is transferred to the SBIR contractor at contract close-out.

III. Incentivize active Program Office and Prime commercialization of SBIR

- a. Reward those Government organizations and Prime Contractors that are most successful over time in achieving transition of SBIR products in acquisition programs as well as commercialization of products. As an incentive for Government agencies to exert their utmost efforts to achieve commercialization success, preferentially allocate future SBIR funds among Government Program Offices based on their past success in achieving Phase III commercialization in acquisition programs. Provide contract incentives for Prime Contractors to source their requirements from SBIR contractors.
- b. Ensure independent test and evaluation of candidate SBIR technologies for Government applications or purposes by allowing only qualified agencies without conflict of interest to participate in the test, evaluation and selection process, especially if those agencies themselves participate in development of similar technologies.

IV. Educate DOD contracting, management, and technical personnel

- a. Create an appropriate incentive/professional growth path and training program to develop Product Development Managers (different from COTR's) specializing in technology developed by small businesses under the SBIR program. They should work with SBIR companies individually during Phase II to guide the company on program integration requirements and promote the technology within the relevant DOD Program Offices.
- b. Develop and implement courses at Defense Acquisition University on SBIR Product Development Management and SBIR contracting.
- c. Involve DAU and experienced SBIR companies in structuring these changes to the DoD SBIR program.
- d. Update DFAR to comply with the SBA SBIR Policy Directive.

V. Funding

- a. Implement the 1% increase for transitioning SBIR technology in the current SBIR Reauthorization bill immediately versus phasing that over 10 years.
- b. Increase the SBIR allocation from 2-1/2% to 5%. This was recommended by Under Secretary Finley at the "DOD Beyond Phase II Conference," in 2008. Some of the increase should be used specifically to support Program Office commercialization of the SBIR developed technology.

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