



DEPARTMENT OF THE NAVY
Small Business Innovation Research (SBIR)
Small Business Technology Transfer (STTR)

Navy SBIR / STTR Overview – MODSIM 2023
May 23, 2023

NAVY SBIR/STTR programs provide opportunities for domestic small businesses and start-ups to deliver solutions to meet naval needs through Federal Research/Research and Development (R/R&D). These competitive, three phase, awards-based programs advance innovations with an aim toward transitioning the resulting technologies to the Force/Fleet and commercialization in private markets.

Welcome



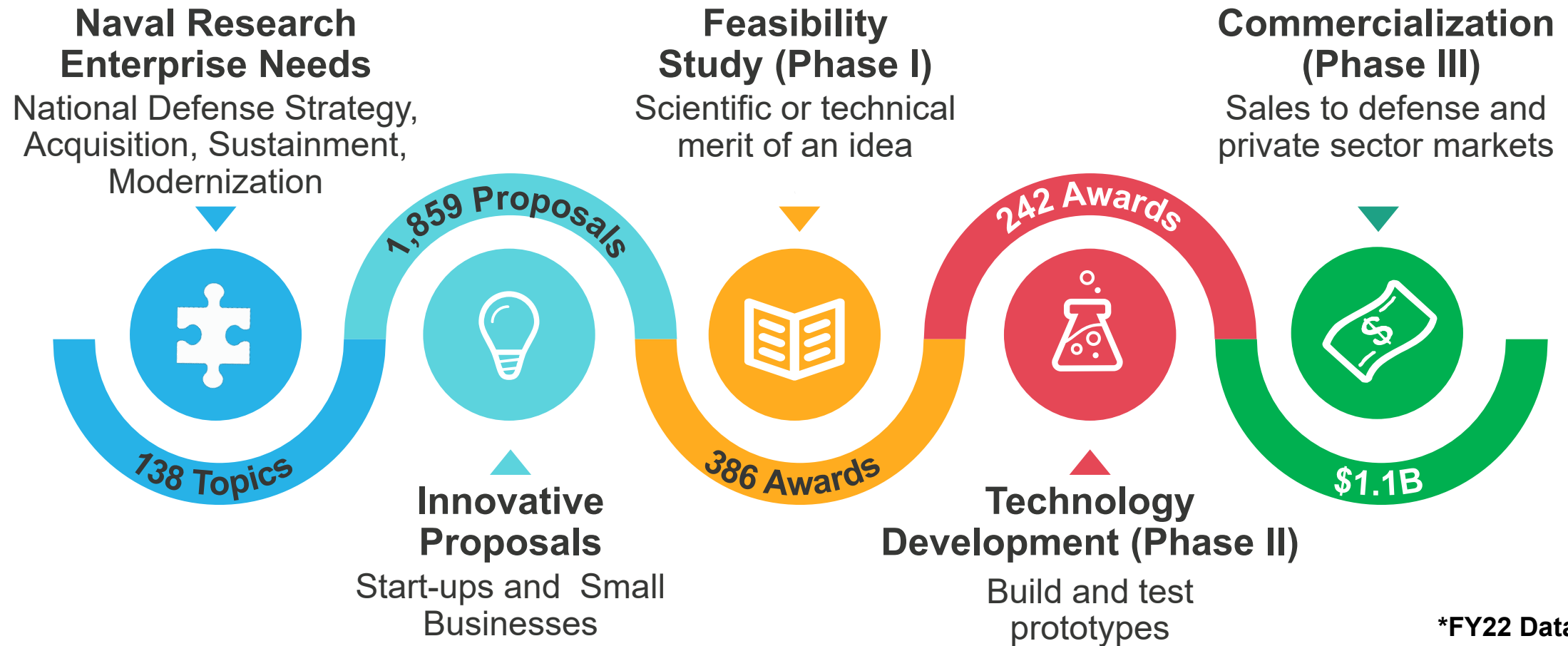
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Delivering Innovation to the Warfighters*



*FY22 Data



About Our Program

- Accept proposals from firms who are majority-owned by venture capital operating companies, hedge funds or private equity firms
- Evaluation criteria: technical merit, personnel, and commercial potential
- Navy usually makes 3 Phase I awards per topic
- Phase I NTE \$240K and 12 months
- Phase II NTE \$1.8M and 18-24 months
- Issue second Phase IIs on an ongoing basis, NOT via a BAA
- **NAVY-funded transition programs**
- **Authorities leveraged to support transition**



Support During Phase II – Unique to Navy

SBIR/STTR Transition Program (STP) 23 years strong!

- Annual 11-month Navy-funded Program for Phase II awardees
- Services to assist with transition of technologies through business mentoring, education, and networking
- Information at *NavySTP.com*

DON SBIR/STTR Experimentation Cell (DON-SEC) 4 years young!

- Connects SBIR innovators with the DON experimentation community to test innovative solutions
- Full spectrum of end-to-end facilitation, mentoring, and training in all aspects of experimentation
- Information at *NavySBIR.com/SEC*

NAVY Launch New!

- 10-month program to Educate + Accelerate + Scale beyond traditional defense markets; entrepreneur-first startup strategies
- Prioritize markets, explore private funding, discover customers, and engage for new growth
- Information at *h4xlabs.com/NavyLaunch*

Support to firms to deliver solutions at scale



Phase I and II Authorities

- Technical and Business Assistance (TABA)
- Commercialization Readiness Program (CRP)
- Second (Sequential) Phase II
- Subsequent Phase II



Phase III Authorities

Phase III [PD (4)(c)]

- Products, processes, technologies, services, and/or R/R&D
- Derives from, extends, or completes an effort made under prior SBIR / STTR Funding Agreements
- Funded by non-SBIR / STTR funds



Phase III Authorities

- Small business size limits do not apply in Phase III. [PD (4)(c)(6)]
- A Phase III Awardee [PD (6)(a)(5)]
 - may have either received a prior Phase I or Phase II award
 - been novated a Phase I or Phase II award
 - be a successor-in-interest entity
- May be for products, production, services, R/R&D, or any combination. [PD (4)(c)(4)]
- Any type of contract, including subcontract



Phase III Authorities

- Competition is not required for a Phase III award [PD (4)(c)(3)]

If Justification and Approval is required by the agency:

“Project is an SBIR/STTR Phase III award that is derived from, extends, or completes efforts made under prior SBIR/STTR Funding Agreements and is authorized pursuant to 15 U.S.C. 638(r)(4).”



Phase III Authorities

- Non-Federal funded [PD (2)(e)(3)]
 - Commercial application
 - Including R/R&D, testing and evaluation of products, services or technologies for use in technical or weapons systems
- Federally-funded [PD(4)(c)(1)]
 - Non-SBIR/STR funding
 - For SBIR/STTR-derived, products or services intended for use by the Federal Government.
 - To continue SBIR/STTR work, including R/R&D



Phase III Authorities

- There is no limit on the number, duration, type, or dollar value of Phase III awards.
- Agencies shall issue Phase III awards to the Awardee that developed the technology under an SBIR/STTR award, to the greatest extent practicable, consistent with an Agency's mission and optimal small business participation. [PD (4)(c)(7)]



Impact of Reauthorization

- Due Diligence Program to Assess Security Risks
- Increased Performance Benchmarks for More Experienced Firms
- Open Topic Requirement

Impact of Reauthorization

Due Diligence Program to Assess Security Risks



- Required to establish and implement a due diligence program to assess security risks presented by small business concerns seeking a Federally funded award [SBIR and STTR Extension Act of 2022 (Pub. L. 117-183)].
- Collect Disclosures of Foreign Affiliations or Relationships to Foreign Countries
- Conduct a risk-based due diligence review:
 - Cybersecurity practices
 - Patent analysis
 - Employee analysis
 - Foreign ownership of a small business concern - financial ties and obligations of the SBC and employees to a foreign country, foreign person, or foreign entity.
- Assess proposals utilizing open-source analysis and analytical tools, for the nondisclosures of the information set forth in 15 U.S.C. 638(g)(13).

Impact of Reauthorization

Increased Performance Benchmarks for More Experienced Firms



Effective as of April 1, 2023, the statute modifies the Phase I to Phase II Transition Rate Benchmark and the Commercialization Rate Benchmark based on a higher threshold of received awards.

- Increased Performance Standard for the Phase I to Phase II Transition Rate Benchmark
 - Only applies when a company has received or receives 51 or more Phase I awards during the past five fiscal years, excluding the most recently completed fiscal year. It requires the company to average a ratio of Phase II to Phase I awards of at least 0.50, meaning they must average one Phase II for every two Phase I awards received during the measurement period.
- Increased Performance Standard for the Commercialization Rate Benchmark
 - Tier 1 applies when a company has received or receives 51 or more Phase II awards during the past ten fiscal years, excluding the two most recently completed fiscal years. It requires the company to average at least \$250,000 in aggregate sales and investments per Phase II award received during the period.
 - Tier 2 applies when a company has received or receives 101 or more Phase II awards during the past ten fiscal years, excluding the two most recently completed fiscal years. It requires the company to average at least \$450,000 in aggregate sales and investments per Phase II award received during the period.

Impact of Reauthorization

Open Topic Requirement



- Seeking commercial solutions to meet mission critical Naval needs
- Phase I approach to adapting commercial solution
- Phase II will develop a functional prototype and transition plan (production and fielding)

NAVY Open Topics Prerelease June 15, 2023



Stay in Touch



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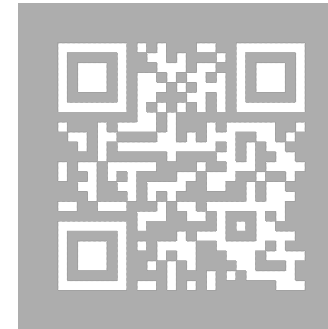
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