Beyond Phase II Conference

SBIR Update

Orlando, FL

August 14, 2018

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Executive Director

Small Business Technology Council

Without Further Justification…

- Three words with a huge impact
- 15 U.S.C. 638(r)(4) requires Phase III contracts be awarded as sole source awards to the SBIR company that developed the technology
- DOD OSBP issued a memo to acquisition offices earlier this year clarifying and stressing this requirement

DOD & Phase III

- 60% of Phase IIs have sales over $1 million
- 5% of Phase IIs were licensed or spun out into new companies
- Navy has special SBIR contracting shop

Navy Aug 6 Memo on SBIR Utilization

THE ASSISTANT SECRETARY OF THE NAVY
(RESEARCH, DEVELOPMENT AND ACQUISITION)
1000 NAVY PENTAGON
WASHINGTON DC 20350-1000

AUG 6 2018

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Small Business Utilization for a Strategic Advantage

Referenc ... tive

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"Small Businesses are an incredible source for innovation, adaptability, pivot speed, and resilience, whether in a prime contractor or subcontractor role.

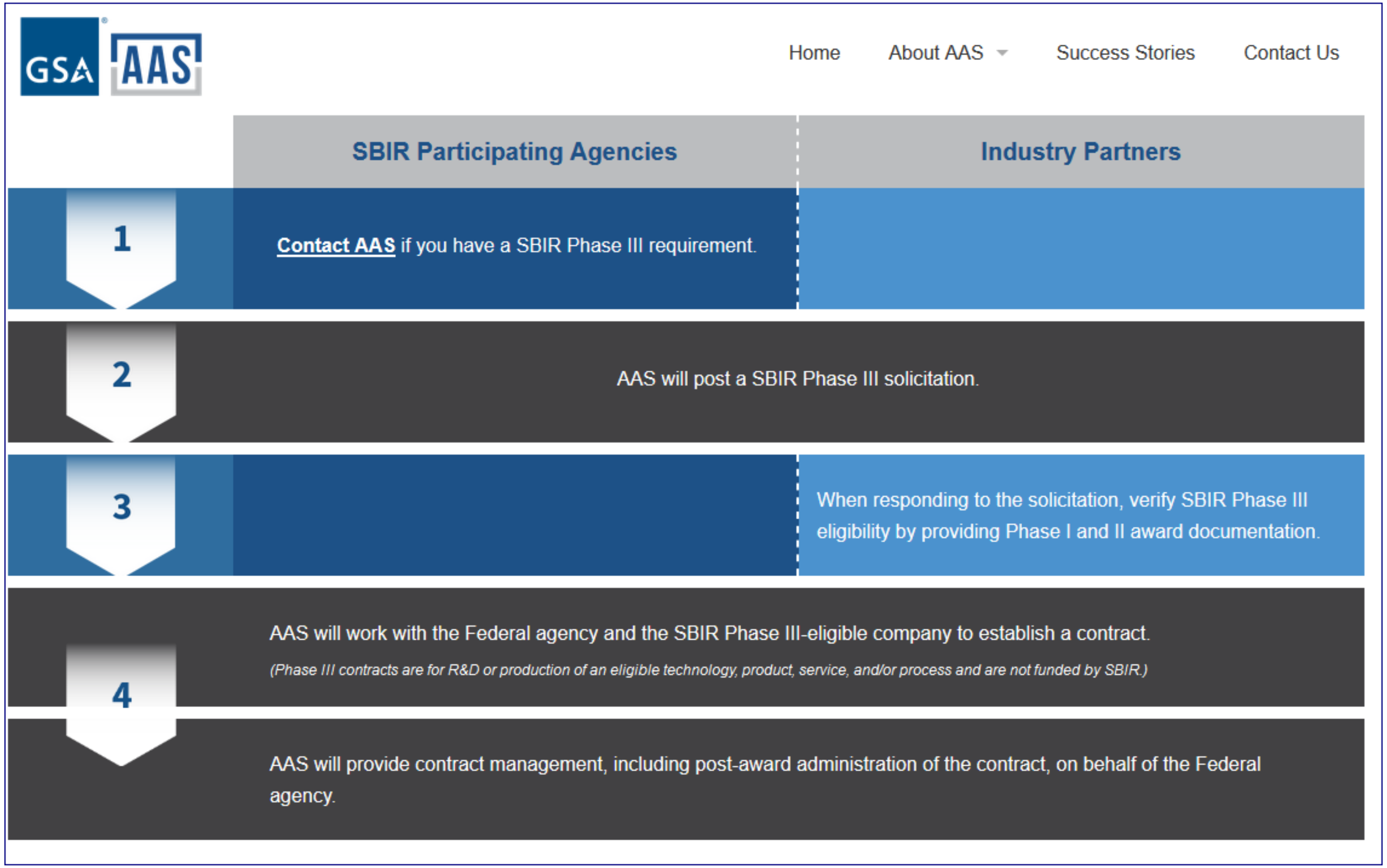
Winning teams capitalize on all the unique talents of their players and our success in meeting the National Defense Strategy (NDS) relies on our ability to continue to include Small Businesses as key members of our Department of the Navy (DON) team. Small Businesses are an incredible source for innovation, adaptability, pivot speed, and resilience whether in a prime contractor or subcontractor role. To that end, I expect Acquisition Commands and Program Executive Offices (PEOs) to place a priority on improving utilization of Small Business in accomplishing the Department of the Navy's mission.

Highlights of Navy 08.06 Memo

- “Review Prior [SBIR/STTR] projects and assess opportunities to utilize SBIR/STTR authorities or projects as part of the acquisition strategy”
- “Leverage the…Phase III Award Process, to include direct SBIR/STTR Phase III awards without future competition, where applicable”
- https://sbtc.org/wp-content/uploads/2018/08/2018-08-08-ASN-RDA-SMALL.pdf

New GSA Phase III Program

- GSA Assisted Acquisition Services (AAS) launched a pilot program to issue Phase III contracts for other agencies.
- Will significantly speed up and streamline Phase III contracting
- https://aas.gsa.gov/sbir.html


GSA AAS
Home
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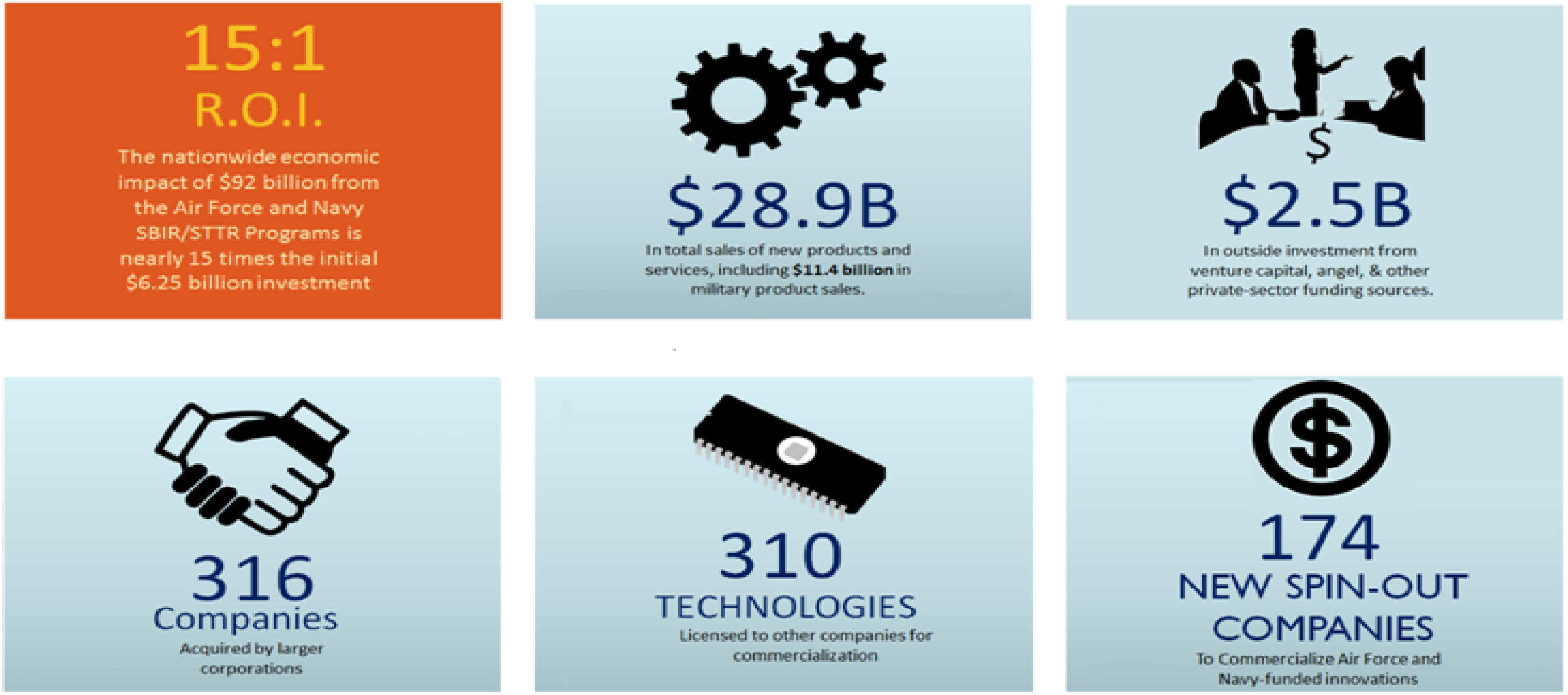
1
Contact AAS if you have a SBIR Phase III requirement.
2
AAS will post a SBIR Phase III solicitation.
3
When responding to the solicitation, verify SBIR Phase III eligibility by providing Phase I and II award documentation.
4
AAS will work with the Federal agency and the SBIR Phase III-eligible company to establish a contract.
(Phase III contracts are for R&D or production of an eligible technology, product, service, and/or process and are not funded by SBIR.)
AAS will provide contract management, including post-award administration of the contract, on behalf of the Federal agency.

New NDAA Contracting Provisions

- DOD required to streamline and simplify SBIR contracting procedures between Phase I to Phase II to Phase III
- DOD required to make every effort to pay small business contractors within 15 days of receiving invoice
- Continued direct to phase II, 3% Admin
- RIF made permanent in fy2017 NDAA, new language codifies and strengthens programs

SBIR generates **$14.7 in economic returns** for every **$1** invested



The research teams used IMPLAN economic-impact assessment software to estimate the total economic impacts related to both the $6.25 billion in Air Force and Navy Phase II contracts and the subsequent $28.9 billion in sales of new technologies. Results included:

$92.1B Total economic output nationwide

$46.9B In value added, nearly **8X** the SBIR/STTR Investment

$29.8B In labor income

31,724 Average new full-time jobs per year

Source: National Economic Impacts from the Air Force and Navy SBIR/STTR Programs, 2000-2013, Techlink.

809 Panel Recommends Doubling SBIR

- Section 809 Panel was tasked with finding ways to streamline and improve DOD acquisition
- Their recommendations included making SBIR permanent and increasing allocation to 7.0%

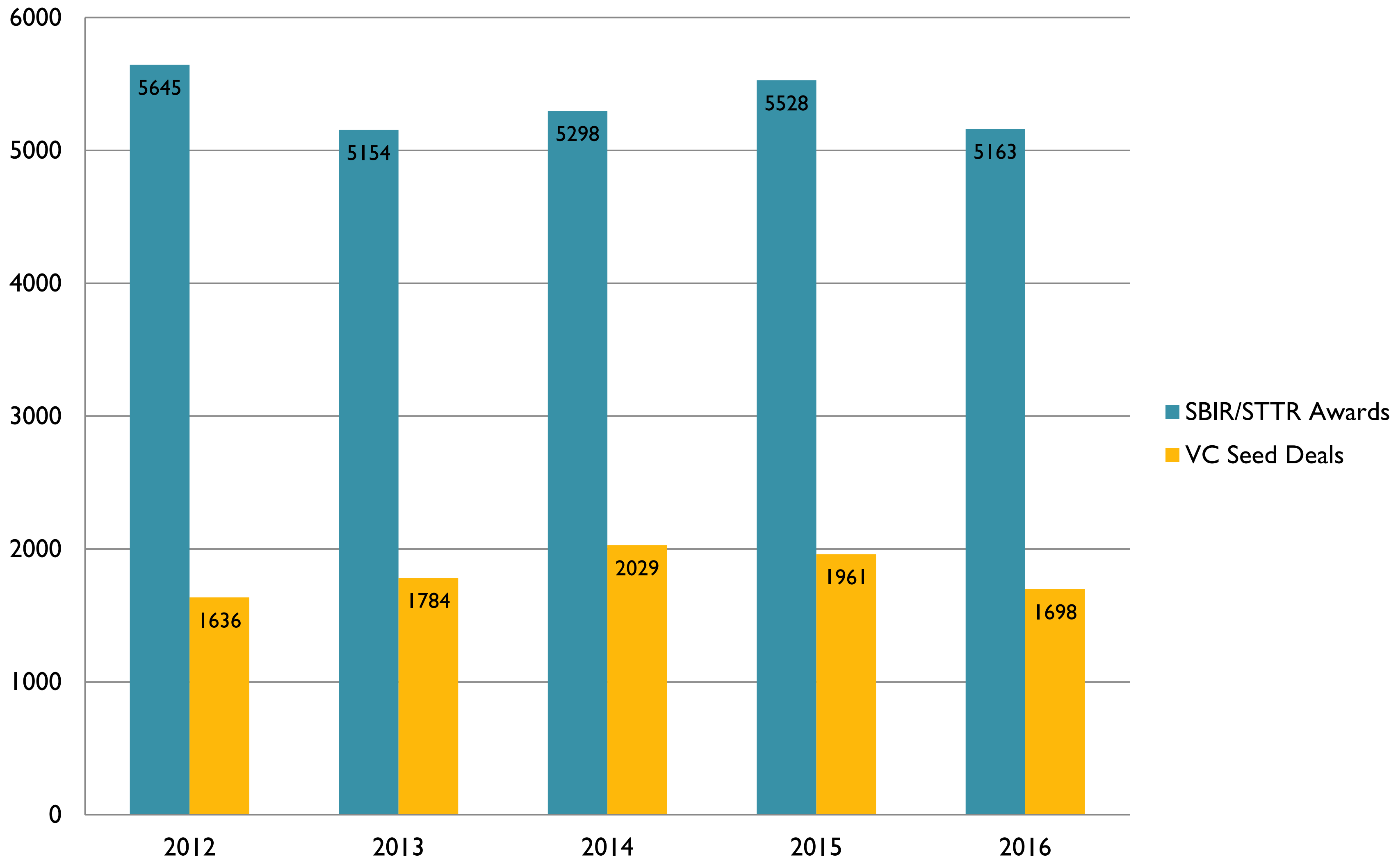
Bloomberg 2018 Innovation Index

Bloomberg 2018 Innovation Index

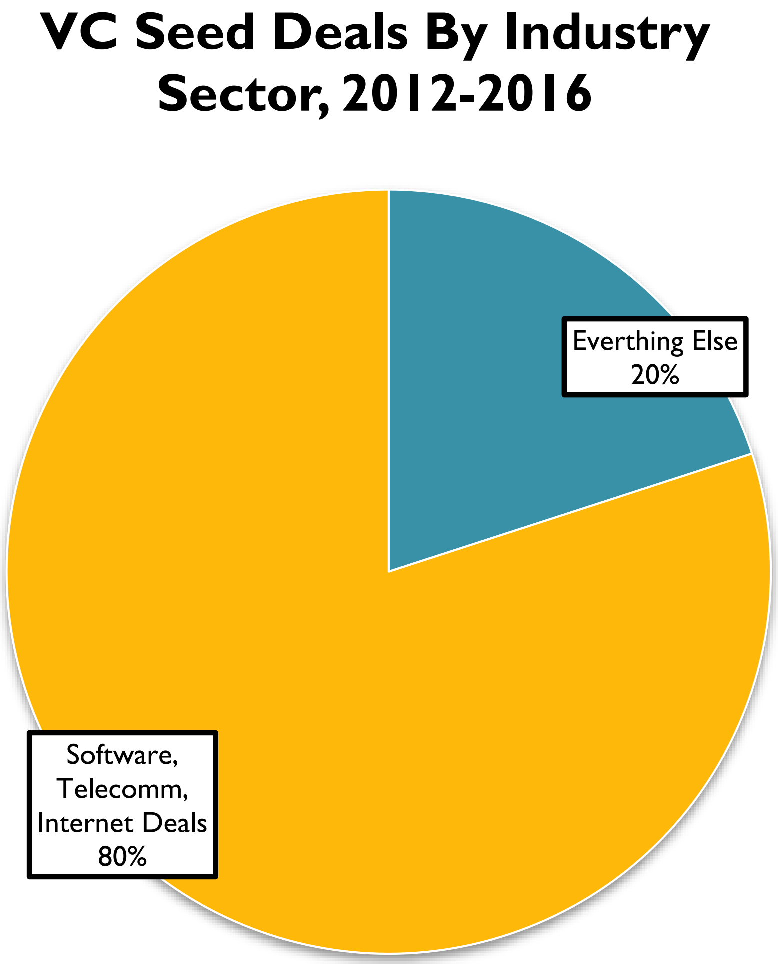
2018 rank	2017 rank	YoY change	Economy	Total score	R&D intensity	Manufacturing value-added	Productivity	High-tech density	Tertiary efficiency	Researcher concentration	Patent activity
1	1	0	S. Korea	**89.28**	2	2	21	4	3	4	1
2	2	0	Sweden	**84.70**	4	11	5	7	18	5	8
3	6	+3	Singapore	**83.05**	15	5	12	21	1	7	12
4	3	-1	Germany	**82.53**	9	4	17	3	28	19	7
5	4	-1	Switzerland	**82.34**	7	7	8	9	11	17	17
6	7	+1	Japan	**81.91**	3	6	24	8	34	10	3
7	5	-2	Finland	**81.46**	8	16	10	13	19	6	4
8	8	0	Denmark	**81.28**	6	15	11	15	26	2	10
9	11	+2	France	**80.75**	12	35	14	2	10	21	9
10	10	0	Israel	**80.64**	1	27	9	5	41	1	19
11	9	-2	U.S.	**80.42**	10	23	6	1	42	20	2
12	12	0	Austria	**79.12**	5	8	15	26	12	12	5
13	16	+3	Ireland	**77.87**	22	1	1	18	20	14	33
14	13	-1	Belgium	**77.12**	11	22	13	10	37	13	21
15	14	-1	Norway	**76.76**	19	37	19	11	23	8	14
16	15	-1	Netherlands	**75.09**	17	26	20	6	47	15	18
17	17	0	U.K.	**74.54**	20	40	23	14	8	18	15
18	18	0	Australia	**74.35**	14	46	16	17	17	3	20

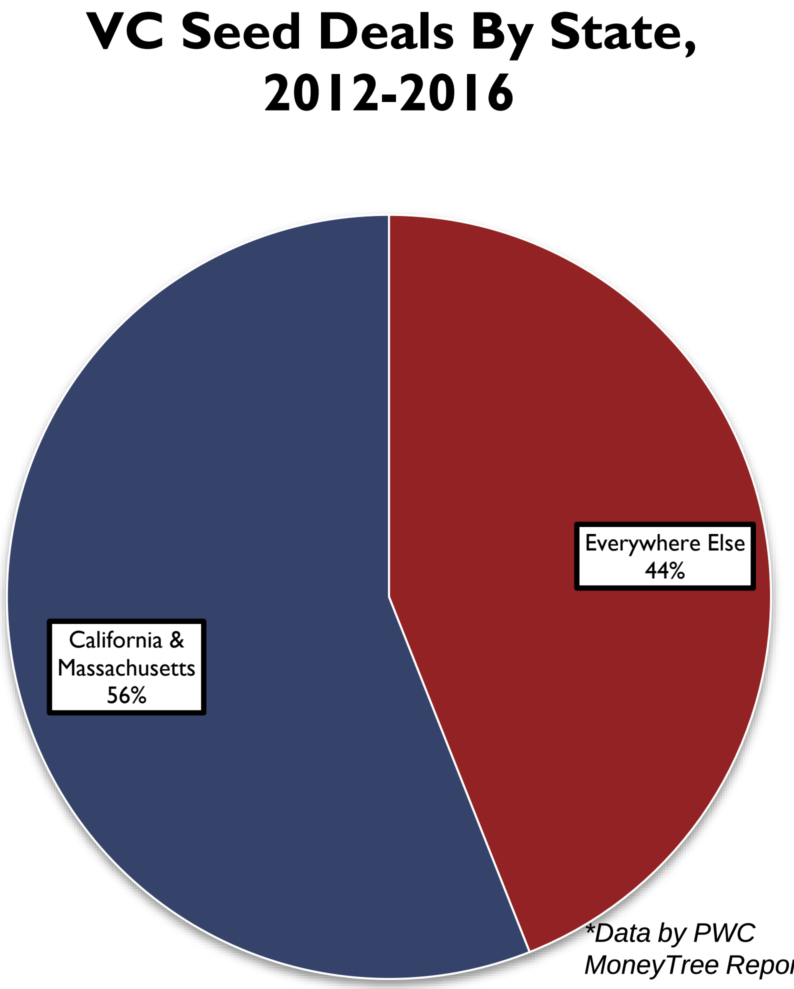
Bloomberg 2018 Innovation Index

Number of SBIR/STTR Awards vs VC Seed Deals



VC Seed deals Concentrated by Industry and State





**Data by PWC MoneyTree Report*