Small Business Innovation Research (SBIR)

Contracting At The Speed of Business

2018 Beyond Phase II/Mentor Protégé Training Week [Aug 14-16, 2018]
Overview

- The Operational Implementation of Best Value [Market Conditions & Buyer Motives]
- SBIR Acquisitions Not Business As Usual (BAU)
- SBIR Procedures That Facilitate Contracting At The Speed of Business
Best Value Definition

- **FAR 2.101** - The expected outcome of an acquisition that, in the Government’s estimation, provides the *greatest overall benefit* in response to the requirement.
What Are The Circumstances?

- Technology Drives Economic Growth
- Technology Provides Military Advantage
- Economic & Military Rivals Are Catching Up
Best Value-SBIR/STTR

Government’s Motive For SBIR/STTR Investments:

- Enlarge Technology Base
- Quickly Exploit Innovations-Grow Economy
- Convert Innovation to Military Advantage to Maintain Interstellar Domination
Contracting
At The Speed of Business
Contracting Considerations

1. Public Policy Requirements
   - Degree of Required Competitive Rigor
   - Terms & Conditions - (Business Matters & Pre/Post Award Compliance)

2. Business Decision
   - Technical Merit
   - Cost/Price
   - Relationship Tech/Price
SBIR Contracting

In accordance with the SBIR Policy Directive, Appendix I Para, a.

SBIR Procedures Purposely Depart

From

Normal Government Solicitations and Requirements
Competitive Rigor Reduced

(i) Initial competition satisfies competitive requirements for all phases.
   - Follow-on Phase II awards w/o the need for a justification
   - May continue research via Phase II Enhancements
   - Unlimited Phase III Awards

(ii) Agency may make an award to contractor that did not respond to its particular solicitation

(iii) May make Direct Phase II awards (NDAA 2019)
Competitive Rigor Reduced Continued

(iv) Agency may negotiate solely with selectees if desired (See Spaltudaq Corp., B-400650)

(v) No cost/technical trade-off required

(vi) Limited Protestability
More Flexible T&Cs

- COs encouraged to work with SBIR/STTR companies by structuring remuneration as partial or deliverable payments (SBA PD 7(g)(1))
  - Purchase Services From NTCs as Commercial Items (NDAA 2016 Sec. 857)
  - Permits SBC and SBIR Contractor Awards, Subcontracts, and Modifications from CCPD up to $7.5M and records examination (NDAA 2016 Sec. 873)
  - Emphasized the Government’s preference for performance based payments not based on costs (NDAA 2017 Sec. 873)
  - J&As not required for Phase III awards (NDAA 2018 Sec. 1709)

- The aforementioned actions greatly reduce the need for Government specific systems.
The Business As Usual
Best Value Process

Business Decision
- Technical Merit
- Cost/Price

Price Plays A Substantial Role In Decision Making
The Business As Usual (BAU) Versus SBIR Best Value Process

<table>
<thead>
<tr>
<th>BAU Process</th>
<th>SBIR Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposal Receipt</td>
<td>Proposal Receipt</td>
</tr>
<tr>
<td>Compliance</td>
<td>Compliance</td>
</tr>
<tr>
<td>Initial Evaluation</td>
<td>Evaluation</td>
</tr>
<tr>
<td>Competitive Range</td>
<td>Selection</td>
</tr>
<tr>
<td>Negotiation</td>
<td>Evaluation, Negotiate, If Desired</td>
</tr>
<tr>
<td>Best Value LPTA or Trade-off</td>
<td></td>
</tr>
<tr>
<td>Selection</td>
<td></td>
</tr>
</tbody>
</table>