

Office of Assisted Acquisition Services (AAS)

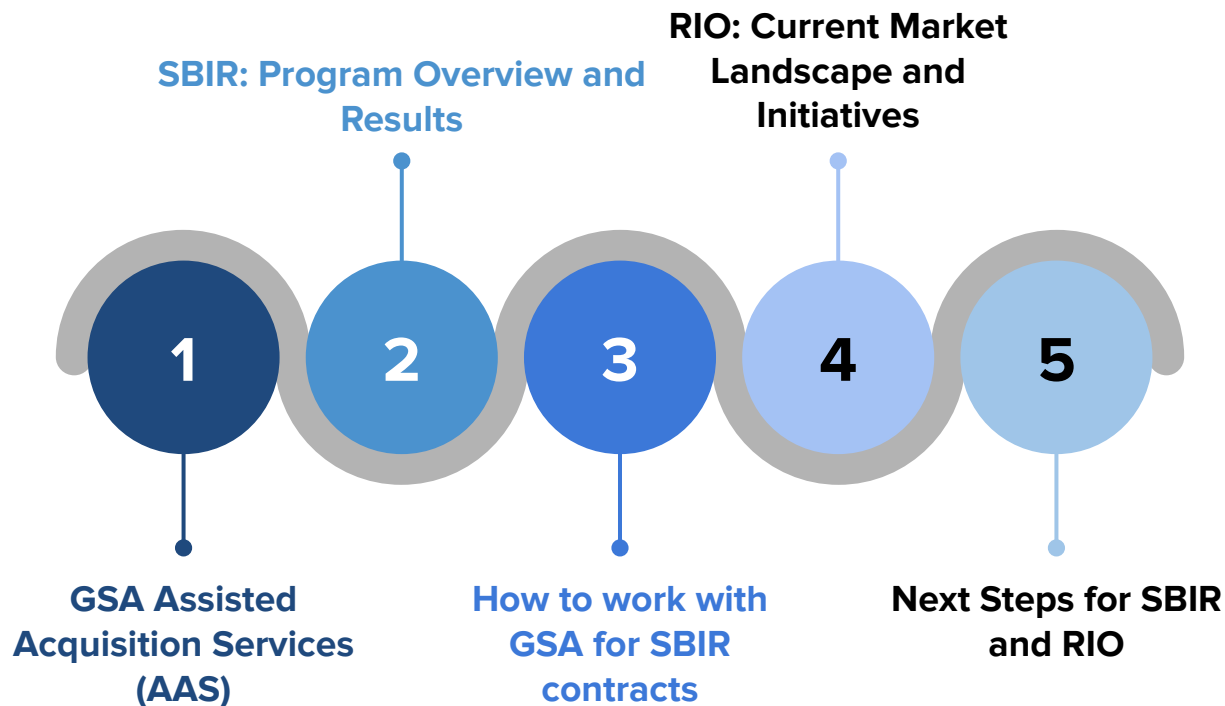
How GSA is Helping to Bridge the "Valley of Death"

*Using Small Business Innovation Research (SBIR) and
Research, Innovation, and Outcomes (RIO)
to support commercialization*

May 4, 2023



Overview





Small Business Innovation Research (SBIR) Program

Assisted Acquisition Services (AAS)

- AAS is an **office** within GSA's Federal Acquisition Service (FAS)
- Provides **full life cycle support** in awarding and administering contracts on behalf of federal agencies
 - Custom acquisition, project, and financial management services
 - **Fee for service**: we focus on the contracting, the customer focuses on their core mission
 - Fee varies based on spend and level of effort required
- **Customer** owns **technical requirement** and provides technical **expertise**
 - AAS advises/selects optimal contract vehicle (GSA schedules, government-wide contracts, open market, etc.) to meet mission needs
 - AAS team issues solicitation, awards contract, manages funds, monitors performance, and manages the contract through closeout
- **SBIR Services**
 - Phases I and II: AAS is a contracting agent and provides full support after selections are made
 - Phase III: AAS provides full life-cycle support

Small Business Innovation Research (SBIR)* Program Basics

- The [Small Business Innovation Research \(SBIR\)](#) and [Small Business Technology Transfer \(STTR\)](#) programs are highly competitive programs that encourage domestic small businesses to engage in Federal Research/Research and Development (R/R&D) with the potential for commercialization.
- SBIR is a congressionally mandated program that was started in 1982. The Small Business Administration (SBA) has oversight and program authority over SBIR.
- Funded as a set-aside portion of extramural Research & Development (R&D) budget
 - Agencies with over \$100M in extramural R&D must allocate at least 3.2% to SBIR Phase I/II
 - As a result
 - ~201,500 awards granted to date, over \$68B
 - 10 patents per day



*The STTR Program is very similar to the SBIR Program in most respects.
See the [Policy Directive](#) for differences.

Program Mission and Goals

Mission: “To support **scientific excellence and technological innovation** through the investment of federal research funds in critical American priorities to build a strong national economy... **one small business at a time**”

Goals:

- Stimulate technological **innovation**
- Increase small business **participation** in federally funded R&D
- Foster participation by socially & economically **disadvantaged** and women owned firms in technology innovation
- Increase private sector **commercialization** of federal R&D
- **Strengthen** U.S. economy and defense industrial base



“America’s Seed Fund” - SBIR is not a contracting program, but rather, a business and technology development program

Navigating SBIR, a Three-Phase Program

- The "**Valley of Death**" is a term used to describe the **gap** between the end of Phase II of SBIR and the beginning of Phase III. This transition is where many small businesses struggle to find funding for commercializing their technology.
- This presentation is focused on **navigating** that "valley of death" between Phase II and Phase III.
- We are here to help you **succeed** in this critical phase, and we will share our **results** so far, the **processes** you need to know, and an exciting **new opportunity** from GSA that is addressing many of the shortfalls in the government's SBIR program.



GSA Phase III Results (May 2018–March 2023)

Socioeconomic Category	Contract Awards	Task Order Awards	Obligations (\$)	Obligations (% of total program obs)	Total Value (\$)	Total Value (% of total program value)
8(a)	5	33	\$220M	10.99%	\$994M	10.00%
EDWOSB	3	40	\$191M	9.53%	\$765M	7.70%
HUBZone	2	7	\$6M	0.32%	\$27M	0.27%
OTSB	9	21	\$208M	10.38%	\$1.5B	14.70%
SB	85	252	\$1.8B	89.62%	\$8.5B	85.30%
SDB	21	85	\$424M	21.16%	\$2.2B	22.37%
SDVOSB	8	46	\$152M	7.57%	\$655M	6.59%
VOSB	19	93	\$407M	20.31%	\$2B	20.51%
WOSB	15	49	\$643M	32.11%	\$2B	20.32%

Results by FY (May 2018–March 2023)

Fiscal Year	Contract Awards	Task Order Awards	Obligations (\$)	Obligations (% of total program obs)	Total Value (\$)	Total Value (% of total program value)
FY18	1	6	\$13M	.67%	\$2M	.02%
FY19	19	19	\$91M	4.56%	\$774M	7.80%
FY20	29	52	\$356M	17.77%	\$2.06B	20.80%
FY21	28	88	\$481M	24.00%	\$4.07B	40.99%
FY22	14	91	\$773M	38.59%	\$2.26B	23.07%
FY23	3	17	\$289M	14.42%	\$727M	7.32%
Totals	94	273	\$2B	100.01%	\$9.9B	100.00%

Funding Agency (May 2018–March 2023)

Customer Agency	Contract Awards	Task Order Awards	Obligations (\$)	Obligations (% of total program obs)	Total Value (\$)	Total Value (% of total program value)
Air Force	44	138	\$1B	51.53%	\$4.5B	46.18%
Army	5	33	\$80M	4.03%	\$282M	2.84%
Navy/Marine Corps	32	82	\$641M	32.02%	\$3.66B	36.83%
Other DoD	10	15	\$167M	8.36%	\$1.03B	10.40%
Civilian	3	5	\$81M	4.06%	\$372M	3.75%
Totals	94	273	\$2B	100.00%	\$9.9B	100.00%

How to Work with GSA for a SBIR/STTR Contract

What GSA Needs from You:

- | |
|--|
| <input type="checkbox"/> SBIR/STTR history and selection documents |
| <input type="checkbox"/> Topic documentation for Phase I or II |
| <input type="checkbox"/> Work statement and cost estimate for Phase III |
| <input type="checkbox"/> Government technical subject matter point of contact |
| <input type="checkbox"/> Evidence of reimbursable funding (e.g., MIPR or similar document) |
| <input type="checkbox"/> Evidence of customer agency internal approval to use AAS |



What GSA Provides:

- | |
|---|
| <input type="checkbox"/> Capacity assessment and response |
| <input type="checkbox"/> Instructions and assistance |
| <input type="checkbox"/> Factual information as needed |

Current GSA Phase III Initiatives

- ❑ **We are hiring**, but not as quickly as we want/need to
- ❑ **Streamlining** processes and organizational construct
- ❑ Working with other agencies to **advocate for regulatory updates** to make acquisition regulations more compatible with the Policy Directive
- ❑ Exploring a **government-wide contract** to facilitate rapid technology transition via Phase III ordering under FAR Part 16



Research, Innovation, and Outcomes (RIO)

**Unleashing the Power of
SBIR/STTR Phase III**

Highly Expansive Market Research Efforts

- **12 months** of market research
- Market research announcement posted in sam.gov under **39 different NAICS codes**
- **12,000 emails** sent directly to SBIR companies and SBIR accelerators across the country



Bottom Line: Industry reception thus far has been overwhelmingly positive

Lack of Government-Wide Support for Phase III

- **No Government-wide Champion for SBIR Phase III**, despite the program existing for four decades
 - SBIR Phase I and II have organized support in numerous agencies
 - SBIR Phase III has **no** organized support in any agency
- **No Long-term Stability:** Program recently (2022) re-authorized for three additional years
- The market **does not offer** a “Best In Class” solution and most spending is considered not under management
- GSA AAS currently awards approximately **25% of all SBIR Phase III contracts** in 2022 (16% over the past five years)

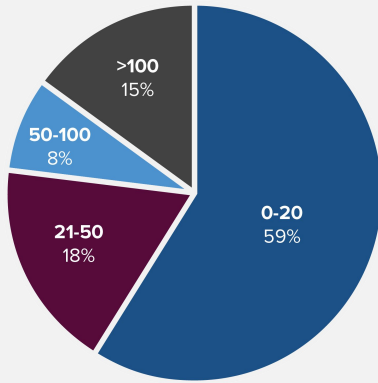
Immense Landscape of Small Businesses and Non-Traditional Contractors

- Number of SBIR Companies: **Over 12,000** (source: [sbir.gov](https://www.sbir.gov))
- These new and innovative technology firms **do not typically** do business with the Federal Government



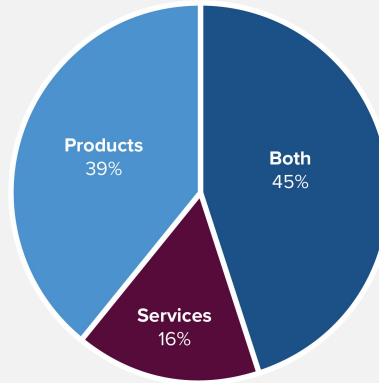
Most SBIR Companies are small and in it for the long haul

EMPLOYEE HEADCOUNT



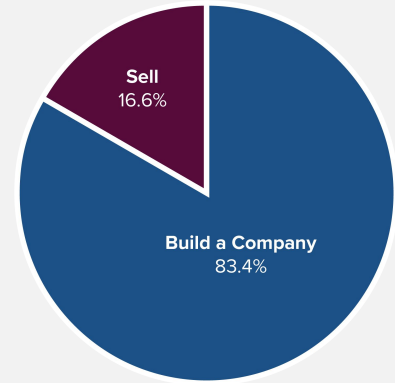
➤ **85% of SBIR companies** have fewer than 100 employees

PRODUCTS vs SERVICES



➤ **45% of SBIR companies** provide both products and services in a contract solution

GOALS



➤ **83% of SBIR companies** are working toward building, not selling

SBIR Acquisition Highly Inconsistent Across Government

Common Themes and Challenges Identified by Industry:

- 1 Wild, Wild West of contracting practices: There is currently no contract solution and data rights are being violated
- 2 Most contracting officers have little knowledge and very little experience with SBIR Phase III (or any phases for that matter)
 - a. **94% of the companies said they need help educating COs on SBIR**
- 3 Requirement offices typically know little to nothing about SBIR
- 4 Most companies are very small, have little to no experience with federal procurement
- 5 Many companies do not know who potential clients are
 - a. **80% of companies said a matchmaking tool would make a large impact**
- 6 Companies typically feel abandoned and lost after Phase I and II
 - a. Companies frequently lose money performing Phase II work
 - b. **Timeframes from Phase II - Phase III span from 1 to 5 years, rarely is it less than 1 year. Most have never had a Phase III and have no idea how to get one!**

The Customer Voice

Common Themes Identified by Government Ordering Offices:

- ➡ Lack of knowledge about available contractors and technologies
- ➡ Company maturity level
- ➡ Proposal quality
- ➡ Unfamiliarity with the history of SBIR/STTR awards and topics

More Market Research & Industry Engagement

If RIO is approved to proceed:

PRE-SOLICITATION PLANS

- A series of Industry Days in multiple locations across the country
- Full Communication Plan Implementation
- Establishment of an RIO Interact Community
- Special events with CGP, ACT-IAC, etc
- One-on-One Sessions

POST-AWARD PLANS

- Speaking engagements at conferences
- Live Demos and Events
- Partnerships with SBIR/STTR Accelerators

If Approved, We Will Move Forward Decisively

Market Research

- Further Customer & Industry Outreach
- FBO Post, Interact
- Industry Days
- Future FAC Briefings

Proposals Received

- Evaluations performed

Today

(Decision Day)

Summer 2023

Fall 2023

Late 2023

Procurement Stage Begins

- Draft Solicitations
- One on One Sessions
- Issue Solicitation

Awards Stage

- Awareness Campaign Begins
- Industry Training Begins
- Providing DPAs Begins
- Matchmaking Environment Stood Up

Acronyms

AAS - Assisted Acquisition Services

FAC-C - Federal Acquisition Certification in Contracting

FAS - Federal Acquisition Service

NAICS - North American Industry Classification System

RIO - Research, Innovation, and Outcomes

SBIR - Small Business Innovation Research

STTR - Small Business Technology Transfer



Questions?

Visit sbir.gov for more information on the programs

Visit aas.gsa.gov/sbir/ for information on the

AAS SBIR Program

