



# How to Engage Skylight Using the Federal SBIR/STTR Program

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# Glossary

<b>AF</b>	Air Force	<b>J&amp;A</b>	Justification & Approval
<b>BAA</b>	Broad Agency Announcement	<b>MAS</b>	Multiple Award Schedule
<b>BESPIN</b>	Business Enterprise Systems Product INnovation	<b>POC</b>	Point of Contact
<b>CAGE</b>	Commercial and Government Entity	<b>PRIME</b>	Pandemic-Ready Interoperability Modernization Effort
<b>CDC</b>	Centers for Disease Control and Prevention	<b>R&amp;D</b>	Research & Development
<b>CMS</b>	Centers for Medicare & Medicaid Services	<b>RFP</b>	Request for Proposal
<b>DFARS</b>	Defense Federal Acquisition Regulation Supplement	<b>SBA</b>	Small Business Administration
<b>DoD</b>	Department of Defense	<b>SBIR</b>	Small Business Innovation Research
<b>FAQ</b>	Frequently Asked Questions	<b>STTR</b>	Small Business Technology Transfer
<b>FAR</b>	Federal Acquisition Regulation	<b>T&amp;M</b>	Time & Materials
<b>FFP</b>	Firm-Fixed Price	<b>U.S.</b>	United States
<b>FY</b>	Fiscal Year	<b>USC</b>	United States Code
<b>GSA</b>	U.S. General Services Administration	<b>USAF</b>	U.S. Air Force
<b>IDIQ</b>	Indefinite Delivery, Indefinite Quantity		

# Overview

The purpose of this document is to provide you with a brief guide on what the federal government's SBIR/STTR program is and how you can leverage previous contract awards made to companies under this amazing program in ways that are even more streamlined than using socioeconomic programs such as 8(a). This information is provided in the form of [FAQs](#). We also provide specific details on [how you can leverage Skylight's existing SBIR/STTR contract vehicles](#) to engage in high-quality public service.

We hope that you find this information useful and actionable. If not, please [let us know](#) if there's anything we can do to make it better.

## FAQs

### 1. What's the SBIR/STTR program?

- **SBIR:** set-aside program for small businesses to engage in federally-funded R&D with potential for commercialization
- **STTR:** set-aside program focused on federally-funded, cooperative R&D between small business and research institutions with potential for commercialization

### 2. How are SBIR and STTR contracts awarded?

Awards are made using a milestone-driven process:

- **Phase 1:**
  - Start-up phase
  - Companies explore the technical merits or feasibility of an idea or technology
  - Funding/time period: ~\$150,000 for ~6 months

- **Phase 2:**
  - R&D phase
  - Further develop an idea or technology to evaluate its commercial potential
  - Funding/time period: ~\$1 million for 12–24 months
- **Phase 3:**
  - Move from R&D to fielded commercial/operational capability
  - Unlimited private or federal non-SBIR/STTR financing over any period of time

### 3. Can a Phase III award be made on a SBIR or STTR effort that's still in Phase I or Phase II?

Yes. As long as the contemplated work extends or derives from the R&D work, a Phase III contract award can be made to a company with a Phase I or Phase II SBIR/STTR contract.

### 4. What type of contract can be issued as a SBIR/STTR Phase III contract?

Any type of contract can be used — FFP, T&M, Cost-Plus, IDIQ, etc.

### 5. Is competition required for Phase III awards?

No. Since companies compete to receive a Phase I or Phase II SBIR/STTR award, this satisfies federal procurement laws regarding competitive bidding (e.g., the Competition in Contracting Act, Federal Property and Administrative Services Procurement Act, and the Armed Services Procurement Act). Therefore, any agency that wishes to fund a SBIR/STTR Phase III project isn't required to satisfy those statutory provisions.

## 6. Can Phase III awards be made even if the contractor is no longer a small business?

Yes. SBIR/STTR is unique — no size limits apply to Phase III contract awards.

## 7. What funding should be used for Phase III contracts?

Funding can come from any government agency. Any color of money can be used except for SBIR/STTR dollars.

## 8. Does my agency need to issue a solicitation for a Phase III effort?

No. A Phase III contract can result from:

- An unsolicited proposal
- Simplified Acquisition Procedures
- An ordering process allowed under IDIQ contracts, multiple-award contracts (e.g., GSA MAS), or a non-competitive award

## 9. Does a SBIR/STTR Phase III award require a Justification & Approval?

No. A J&A isn't required, though the following references must be made in the contract file:

- Authorities in [15 USC 638\(r\)\(4\)](#)
- SBIR/STTR topic number

- Related SBIR/STTR Phase I or Phase II contract #

No J&A is required if the award is based on any competitive announcement (RFP, BAA, etc.). No justification for other than full & open competition is required for a Phase III procurement. It's sufficient to document that the project is an SBIR Phase III award that's derived from, extends, or logically concludes efforts performed under a prior SBIR/STTR funding agreement (e.g., Phase I or Phase II). In all cases, the contract award must include SBIR/STTR data rights clause — [DFARS 252.227-7018](#)

## 10. What type of work can be conducted in a SBIR Phase III?

- Any work that continues or operationalizes the R&D work conducted by the small business during Phases I or II
- Work on Phase III can be for products, services, further R&D, or any combination thereof
- No two SBIR Phase III contracts must be the same

## 11. Can federal agencies award a Phase III contract even if they didn't sponsor the Phase I or Phase II work?

Yes. Any federal agency can make a Phase III award so long as the contract is for a commercial/mission application of SBIR/STTR-funded R&D or for the continuation of research or research and development that was competitively selected in the SBIR/STTR program. For example, [CMS made an award to HumanIT](#) based on their SBIR work with the U.S. Air Force (contract #: 47QFLA20F0107) in early 2020.



## 12. Can a Phase III requirement be procured using Simplified Acquisition Procedures?

Yes. If the dollar value of the Phase III effort is below the Simplified Acquisition threshold or if the procurement meets the requirements of FAR 13.5 for commercial items, the simplified process may be utilized.

Note: In March 2020, the Simplified Acquisition Threshold was increased to \$13 million for commercial item buys related to COVID-related responses and missions.

## 13. Must a solicitation be issued for a Phase III effort?

No. A solicitation may be used by choice, but it isn't required. All Phase III awards, and the process leading to each, are directly negotiated between the SBIR/STTR firm and the government agency. For example:

- A Phase III contract could result from an unsolicited proposal
- It could also result from a [Letter Contract](#) (essentially, a bridge until a longer-term contract can be put in place) issued to the SBIR/STTR firm to obtain a proposal

## 14. Can a Phase III contract include options for additional work or additional quantities?

Yes. However, the use of options needs to be justified in accordance with the [FAR 17.205](#) procedures.

## 15. Does a Phase III contract need to be approved by the SBA SBIR/STTR Program Office?

No.

## 16. How do I know if a proposed effort is a SBIR/STTR derived product or process?

Each Phase I and Phase II effort has a defined R&D thesis/purpose. A SBIR/STTR-derived product or process is one which naturally relates to, follows, or extends the Phase I or Phase II thesis.

## 17. Can multiple Phase III contracts be awarded to the same firm?

Yes. There are no limits to the number of Phase III contracts that can be awarded.

## How do I award a Phase III contract to Skylight at my agency?

You can leverage one of Skylight's existing SBIR/STTR contract vehicles. These currently include:

- **STTR Phase I – Service Design Accelerator**
  - Agency: U.S. Air Force
  - Contract #: FA864920P0634

- Special Topic #: FX20A-TCS01 (Open Call for Science and Technology Created by Early-Stage Teams)
- **STTR Phase II – Service Design Accelerator**
  - Agency: U.S. Air Force
  - Contract #: FA864920P0995
  - Special Topic #: AF201-TCS01 (Open Call for Science and Technology Created by Early-Stage Teams)
- **SBIR Phase II –AF GearFit (previously called Aircrew Flight Equipment)**
  - Agency: U.S. Air Force
  - Contract #: FA864919CA079
  - Special Topic #: AF192-D001 (Open Call for Innovative Defense-Related Dual-Purpose Technologies/Solutions with a Clear Air Force Stakeholder Need)
- **SBIR Phase III – Use Modern Digital Delivery Practices and Technologies to Improve the Mission Outcomes of BESPIN’s Organizational Partners**
  - Agency: U.S. Air Force
  - Contract #: FA877120C0018
  - Extended or derived from SBIR Phase II – AF GearFit
- **STTR Phase III – PRIME Service Design and Engineering Support Services**
  - Agency: CDC
  - Contract #: 75D30122C12925
  - Extended or derived from STTR Phase II – Service Design Accelerator

To leverage one of these vehicles, here are the high-level steps that we recommend you take:

1. You should contact the appropriate procurement office (e.g., CMS' Office of Acquisition and Grant Management) to discuss your requirements and possibly submit a form similar to [this one](#).
2. At the same time, we can engage in conversations together to better understand your needs, as well as the work you wish to accomplish and how it relates to our existing SBIR/STTR work. Alternatively, or in addition to this conversation, you can create a "[Letter Contract](#)" that states your objectives and summarizes the work you'd like accomplished (similar to a Statement of Objectives). The Letter Contract, however, isn't a mandatory step for most agencies.
3. Based on this conversation or the Letter Contract you issue, Skylight can develop an unsolicited or solicited proposal based on our understanding of your needs, to include our technical approach and cost/labor estimates to perform the work as we understand it.
4. You'll review this unsolicited or solicited proposal in coordination with your appropriate procurement office. At this point, your procurement office will work with you, the contractor, and the SBA SBIR/STTR Program Office (if necessary) to process and award the Phase III contract.

You can learn more about Skylight's services, contract vehicles, company data (e.g., CAGE code), and more on our [website's contracting information page](#).

# Appendix A: Sample Phase III notification form

To be completed by the procurement initiator.

TO: (LOCAL SBIR/STTR PROGRAM OFFICE)

FROM: (PROCUREMENT INITIATOR)

SUBJECT: PROPOSED SBIR/STTR PHASE III PROCUREMENT

The following SBIR/STTR Phase III procurement action is being initiated by this office:

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Contractor Name:

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Title/Description of Procurement:

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Estimated Dollar Amount of Procurement:

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Purchase Request Number/Date Initiated:

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Title/Proposal Number of Phase I or Phase II SBIR/STTR award:

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Date of completion of Phase I or Phase II SBIR/STTR award:

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To be completed by Contracting Officer at time of Award:

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TO: (LOCAL SBIR/STTR PROGRAM OFFICE)

FROM: CONTRACTING OFFICER

SUBJECT: AWARD OF SBIR/STTR PHASE III PROCUREMENT

The Phase III effort described above has been awarded.

Contract/Order Number:

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Award Amount:

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Date of Award:

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# Appendix B: Additional resources

## Statutes/policies

- [15 United States Code §638](#)
- [Small Business Innovation Development Act of 1982 \(P.L. 97-219\)](#) (established the SBIR/STTR program to strengthen the role of innovative small business concerns in federally-funded research and development)
- [Small Business Research and Development Enhancement Act of 1992 \(P.L. 102-564\)](#)
- [Small Business Administration SBIR/STTR Policy Directive \(May 2, 2019\)](#)

## SBIR/STTR educational resources

- [SBA SBIR/STTR Overview \(2020\)](#)