



How to Engage Skylight Using the Federal SBIR/STTR Program

Contents

Contents	2
Glossary	2
Overview	2
FAQs	3
1. What's the SBIR/STTR program?	3
2. How are SBIR and STTR contracts awarded?	3
3. Can a Phase III award be made on a SBIR or STTR effort that's still in Phase I or Phase II?	3
4. What type of contract can be issued as a SBIR/STTR Phase III contract?	4
5. Is competition required for Phase III awards?	4
6. Can Phase III awards be made even if the contractor is no longer a small business?	4
7. What funding should be used for Phase III contracts?	4
8. Does my agency need to issue a solicitation for a Phase III effort?	4
9. Does a SBIR/STTR Phase III award require a Justification & Approval?	5
10. What type of work can be conducted in a SBIR Phase III?	6
11. Can federal agencies award a Phase III contract even if they didn't sponsor the Phase I or Phase II work?	6
12. Can a Phase III requirement be procured using Simplified Acquisition Procedures?	7
13. Must a solicitation be issued for a Phase III effort?	7
14. Can a Phase III contract include options for additional work or additional quantities?	7
15. Does a Phase III contract need to be approved by the SBA SBIR/STTR Program Office?	7
16. How do I know if a proposed effort is a SBIR/STTR derived product or process?	7
17. Can multiple Phase III contracts be awarded to the same firm?	7
18. Are there any workshare requirements between the prime contractor and another subcontractor?	8
How do I award a Phase III contract to Skylight at my agency?	8
Appendix A: Additional resources	11
Statutes/policies	11
SBIR/STTR educational resources	11
Appendix B: FAR Overhaul Deviation	11
FAR 6 Guidance	11

Glossary

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

8. 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 the SBIR/STTR data rights clause — [DFARS 252.227-7018](#) or [FAR 52.227-20](#).

Note that the most recent FAR Deviations include a specific call out in FAR 6 for SBIR Phase III awards that clarify that J&A's are not required when utilizing contracting via programs authorized by statute (see Appendix B)

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

- Any work that continues or operationalizes the R&D work (extends, derives or completes) 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

10. 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.

11. 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 (or FAR 12.201-1 Simplified procedures if your agency has issued the appropriate deviation), the simplified process may be utilized.

12. 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

13. 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.

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

No.

15. 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.

16. 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.

17. Are there any workshare requirements between the prime contractor and another subcontractor?

No. There are no workshare requirements per the SBIR/STTR regulations. It's possible for the subcontractor to do 100% of the work.

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

You can leverage one of Skylight's existing SBIR/STTR Phase 3 IDIQ's if allowed or create your own separate contract or vehicle based on our Phase 1 or Phase 2 awards. 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)
- **STTR Phase III IDIQ – BESPIN Design Studio**
 - Agency: U.S. Air Force
 - Contract #: FA877122D0003
 - Extended or derived from STTR Phase II – Service Design Accelerator
- **STTR Phase III IDIQ – VIBES (Value-Driven, Iterate, Build, Evolve, Scale)**
 - Agency: Health and Human Services (Assisted Acquisition through Department of Interior Business Center)
 - Contract #: 140D0425D0043
 - 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 agency procurement office (e.g., CMS' Office of Acquisition and Grant Management) to discuss your requirements.
2. At the same time, we can engage in market research 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 and the contractor 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: 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 \(May 3, 2023\)](#)

SBIR/STTR educational resources

- [SBA SBIR/STTR Overview](#)

Appendix B: FAR Overhaul Deviation

FAR 6 Guidance

6.103 Other than full and open competition.

(a) Agencies may contract without providing for full and open competition under authorities specified in this section (see 10 U.S.C. 3204 and 41 U.S.C. 3304).

(b) Contracting without providing for full and open competition must not be justified on the basis of—

(1) A lack of planning by the requiring activity; or

(2) Concerns related to the amount of funds available to the agency or activity for acquisition.

(c) When not providing for full and open competition, the contracting officer must solicit offers from as many potential sources as is practicable under the circumstances.

(d) **Except for contracts awarded under the authority of 6.103-5 and 6.103-7, an acquisition under this section requires—**

(1) Consideration of all bids, proposals, quotations, or capability statements received; and

(2) Justification and approval required by 6.104.

6.103-5 Authorized or required by statute.

(a) *Authority.* 10 U.S.C. 3204(a)(5) or 41 U.S.C. 3304(a)(5).

(b) *Authorized or required by statute.* Agencies may contract without providing for full and open competition when—

(1) A statute expressly authorizes or requires that the acquisition be made through another agency or from a specified source; or

(2) The agency's need is for a brand-name commercial product for authorized resale (e.g., commercial products for resale through commissaries). This authority does not include other uses of brand name descriptions that generally preclude full and open competition and are required to be addressed in accordance with 6.103-1(d).

(c) *Application.* This authority may be used when statutes expressly authorize or require that acquisition be made from a specified source or through another agency. Examples include, but are not limited to:

(1) Sole-source awards of certain socio-economic small business concerns (see 15 U.S.C. chapter 14A); and

(2) Sole-source awards under the SBIR or STTR programs for Phase III (see 15 U.S.C. 638(r)(4)) or Phase II, when directly following a competitively awarded initial Phase II award (see 15 U.S.C. 638(ff)).