The primary goal of the Department of the Navy’s SBIR and STTR programs is to use small business to develop innovative technologies that meet a broad range of Navy and Marine Corps needs. The ultimate goal is to insert SBIR/STTR technologies and products into platforms and systems that help the Department of the Navy, also referred to as DON, to achieve its mission. The Navy’s process is acquisition-driven with strong technology pull from the various Systems Commands, referred to as SYSCOMs. Given the size and diversity of the Navy, there are multiple SBIR/STTR program managers associated with the eight participating SYSCOMs.

Navy topics address a broad range of needs associated with ground, sea, and air platforms; as well as Command, Control, Communications, Computers & Intelligence or C4I; and weapons technologies, to name a few. The Navy releases over 200 topics a year; receives over 3,000 proposals and makes about 550 Phase I awards. In order to determine if there is an alignment between what the Navy needs and what your company offers, it is important to watch for the dates when the SBIR/STTR Broad Agency Announcements (BAA) are released and then take advantage of the one-month pre-release period when you can talk to the Technical Points of Contact (TPOC). Talking to the topic author enables a small business to gain clarity, so that it is better prepared to write the best possible proposal.

Everyone hopes that their Phase I award will move on to become a Phase II. There’s usually about a 50% down-select rate between these two Phases. Navy Phase II awards are valued between $1.5 and $1.7M for a two-year period. Phase II enables the awardee to take the proof of concept developed in Phase I and mature that into a prototype during Phase II. The Navy provides about 300 Phase II awards a year. In addition, one may be eligible for a second (Sequential) Phase II, which is an additional Phase II award for the same project from the same SYSCOM to continue work on that project. The SBIR and STTR Policy Directive also allows a company that receives a Phase I and Phase II from one agency to receive a single, subsequent Phase II award from another agency. Direct to Phase II is another opportunity for selected topics. This enables a company to start with a Phase II award if you can demonstrate that you have already accomplished what would typically be addressed during Phase I, but with non-SBIR dollars. This enables the Navy to get the technology to the warfighter a little faster.
LIFE OF A TOPIC

What does the life of a topic look like? How do things transition to Phase III? In this diagram, we use 200 topics as the standard. For this number of topics, we would anticipate receiving a little over 3,000 proposals. Multiple awards would be made within each topic area and on average 550 awards would be made – almost three awards per topic. Once awarded approximately half of those that receive a Phase I award would receive a Phase II award [275]. Phase III is the ultimate goal – and is achieved when a program of record or the private sector provides non-SBIR/STTR funding to continue the maturation of the technology that was initially funded by the SBIR/STTR programs. Based on past experience, we would anticipate that of the initial 550 Phase I awards made, approximately 189 or 34% would receive Phase III funding.

How is funding provided? The Navy’s Phase I award is comprised of a Base and Option. Phase I awards are Firm Fixed Price contracts with a maximum dollar amount not to exceed $140K Base and $100K Option. The award of an Option is not guaranteed and depends on performance against various milestones. Phase II is comprised of a Base and up to two Options. This is a Cost Plus Fixed Fee contract not to exceed $1.7M for either the SBIR or STTR award. For prototype testing and evaluation, the Navy does utilize Subsequent Phase IIIs where a cost match is required. As noted previously, the ultimate goal is transition to Phase III when technology pull is evidenced by providing additional funds from a non-SBIR/STTR source. This whole process commonly takes up to 6-9 years, depending on the technology and the application. The total amount of SBIR/STTR funding that a small business could receive to develop a technology from one topic and utilizing all of these mechanisms is up to $3.64M, but non-SBIR/STTR sources of funding may be unlimited.
PHASE III COMMERCIALIZATION

Why work with the Navy? This chart shows it all. The Navy accounts for over 50% of all Phase III commercialization dollars for DoD SBIR/STTR programs. When the Navy puts out a topic, it already knows which system, platform, or warfighter capability could use it, if it works. It’s not enough just to do good research—it has to end up in the hands of the warfighter. It’s a simple proposition, we don’t get a solution to help the warfighter unless you are a success and we use 11 months to grow through some of those challenges.

Another service the Navy provides is called the SBIR/STTR Transition Program or STP. Every Navy Phase II awardee is invited. We usually see a 20% higher Phase III award rate for STP participants. What is success? For the Navy success is the transition or commercialization of a technology to a warfighter. Example of Navy success stories can be found on the Navy SBIR/STTR website, www.navysbir.com.

We have changed our program as much as we can to move at the speed of small business. We have reduced proposal size from 20 to 10 pages. We have accelerated our awards time schedules so that you get your awards and money as quickly as possible. We dedicated resources in support of underserved communities with a focus on veteran-owned, woman-owned, and minority-owned small businesses. The small business partner experience is a priority—be a partner in maintaining our decisive edge. Be sure to explore the Navy SBIR/STTR Broad Agency Announcements.