

DARPA SBIR/STTR Phase II Proposal Preparation Instructions

To fulfill its mission, the Agency relies on diverse performers to apply multi-disciplinary approaches to both advance knowledge through basic research and create innovative technologies that address current practical problems through applied research. DARPA's scientific investigations span the gamut from laboratory efforts to the creation of full-scale technology demonstrations in the fields of biology, medicine, computer science, chemistry, physics, engineering, mathematics, material sciences, social sciences, neurosciences and more. As the DoD's primary innovation engine, DARPA undertakes projects that are finite in duration but that create lasting revolutionary change.

DARPA/SBPO
August 1, 2014
sbir@darpa.mil

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DARPA SBIR/STTR PHASE II PROPOSAL PREPARATION INSTRUCTIONS

TABLE OF CONTENTS

1.0 INTRODUCTION	1
3.0 DEFINITIONS	1
3.3 Essentially Equivalent Work	1
3.4 Export Control	1
3.5 Foreign National	2
3.10 Research Institution	2
3.11 Human and/or Animal Use	2
4.0 PROPOSAL FUNDAMENTALS	3
4.2 Offeror Eligibility and Performance Requirements	3
Retrieval of DARPA SBPO Communication	4
Notification of Proposal Receipt	4
Information on Proposal Status	4
4.6 Classified Proposals	5
4.10 Debriefing	5
4.14 Phase II Award Information	5
4.15 Questions/Information	5
Communication with DARPA Program Managers	5
4.17 Promotional Materials	6
4.19 Fraud and False Statements	6
4.22 Discretionary Technical Assistance	6
7.0 PHASE II PROPOSAL	7
7.1 Introduction	7
7.2 Proposal Provisions	7
Submitting Identical/Similar Proposals.....	7
Awards by other Agencies	7
Transferring from SBIR to STTR (or vice versa)	7
Phase II Option	8
Direct to Phase II	8
7.3 How to Submit	8
7.4 Commercialization Strategy	8
7.5 Marking Proprietary Proposal Information	9
7.6 Direct to Phase II Instructions	10
7.7 Phase II Proposal Instructions	11
a. Proposal Cover Sheet (Volume One)	11
b. Format of Technical Volume (Volume Two)	11
c. Content of the Technical Volume (Volume Two)	11
d. Cost Volume	13
e. Company Commercialization Report	14
Appendix Format	14
Modifications or Withdrawal of Proposals	14
7.8 Phase II Proposal Checklist	14
8.0 PHASE II EVALUATION CRITERIA	15
9.0 SBIR PHASE II ENHANCEMENT PROGRAM	16
11.0 CONTRACTUAL CONSIDERATIONS	16
External Certification Authority (ECA)	16
Small Business Certifications.....	17
Security Requirements.....	17
Payment Schedule	17
Publication Approval (Public Release)	17
11.3 Copyrights	17
11.4 Patents	17
11.5 Technical Data	18
11.7 Phase II Reports	18

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1.0 INTRODUCTION

DARPA's mission is to prevent technological surprise for the United States and to create technological surprise for its adversaries. The DARPA SBIR and STTR Programs are designed to provide small, high-tech businesses and academic institutions the opportunity to propose radical, innovative, high-risk approaches to address existing and emerging national security threats; thereby supporting DARPA's overall strategy to bridge the gap between fundamental discoveries and the provision of new military capabilities.

The responsibility for implementing DARPA's Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Programs rests with the Small Business Programs Office.

DEFENSE ADVANCED RESEARCH PROJECTS AGENCY

Attention: DIRO/SBPO
675 North Randolph Street
Arlington, VA 22203-2114
sbir@darpa.mil

http://www.darpa.mil/Opportunities/SBIR_STTR/SBIR_STTR.aspx

Small Business Concerns (SBCs) that have been awarded a Phase I Small Business Innovation Research (SBIR) or Small Business Technology Transfer (STTR) contract will be considered for a Defense Advanced Research Projects Agency (DARPA) SBIR/STTR Phase II contract. Phase I awardees PRIOR to 13.1 (SBIR) and 13.A (STTR) MUST receive a Phase II Proposal invitation from the appropriate DARPA Program Manager. Beginning with 13.1 (SBIR)/13.A (STTR) and forward, Phase I awardees will receive a notification for proposal submission.

Phase II proposals require a comprehensive technical statement of work that covers a 24 month period of performance. The number of Phase II awards will depend on Phase I results and availability of funds. DARPA is not obligated to make any awards under Phase II, and the Government is not responsible for any monies expended by the contractor before the award of any contract.

Offerors that submit a Phase II proposal to DARPA must adhere to the guidelines provided in the DoD Program Solicitation from which their Phase I topic originated, as well as DARPA-specific requirements provided below. Archived solicitations are available here: <http://www.acq.osd.mil/osbp/sbir/solicitations/archives.shtml>.

Useful Links

- DoD proposal preparation instructions and requirements, program description, definitions, methods of selection and evaluation criteria, and contracting information: <https://www.dodsbir.net/solicitation/>
- DARPA Website: <http://www.darpa.mil/>

3.0 DEFINITIONS

3.3 Essentially Equivalent Work

Work that is substantially the same research, which is proposed for funding in more than one contract proposal or grant application submitted to the same Federal agency or submitted to two or more different Federal agencies for review and funding consideration; or work where a specific research objective and the research design for accomplishing the objective are the same or closely related to another proposal or award, regardless of the funding source.

3.4 Export Control

The following will apply to all projects with military or dual-use applications that develop beyond fundamental research (basic and applied research ordinarily published and shared broadly within the scientific community):

- (1) The Contractor shall comply with all U. S. export control laws and regulations, including the International Traffic in Arms Regulations (ITAR), 22 CFR Parts 120 through 130, and the Export Administration Regulations (EAR), 15 CFR Parts 730 through 799, in the performance of this contract. In the absence of available license exemptions/exceptions, the Contractor shall be responsible for obtaining the appropriate licenses or other

approvals, if required, for exports of (including deemed exports) hardware, technical data, and software, or for the provision of technical assistance.

- (2) The Contractor shall be responsible for obtaining export licenses, if required, before utilizing foreign persons in the performance of this contract, including instances where the work is to be performed on-site at any Government installation (whether in or outside the United States), where the foreign person will have access to export-controlled technologies, including technical data or software.
- (3) The Contractor shall be responsible for all regulatory record keeping requirements associated with the use of licenses and license exemptions/exceptions.
- (4) The Contractor shall be responsible for ensuring that the provisions of this clause apply to its subcontractors.

Please visit http://www.pmddtc.state.gov/regulations_laws/itar.html for more detailed information regarding ITAR/EAR requirements.

3.5 Foreign National

Foreign Nationals (also known as Foreign Persons) means any person who is NOT:

- a. a citizen or national of the United States; or
- b. a lawful permanent resident; or
- c. a protected individual as defined by 8 U.S.C. § 1324b

ALL offerors proposing to use foreign nationals MUST follow Section 5.4. c.(8) of the DoD Program Solicitation and disclose this information regardless of whether the topic is subject to ITAR restrictions. There are two ways to obtain U.S. citizenship: by birth or by naturalization. Additional information regarding U.S. citizenship is available at http://travel.state.gov/law/citizenship/citizenship_782.html. Definitions for “lawful permanent resident” and “protected individual” are available under section 3.5 of the DoD instructions.

3.10 Research Institution

Any organization located in the United States that is:

- a. A university.
- b. A nonprofit institution as defined in Section 4(5) of the Stevenson-Wydler Technology Innovation Act of 1980.
- c. A contractor-operated federally funded research and development center, as identified by the National Science Foundation in accordance with the government-wide Federal Acquisition Regulation issued in accordance with Section 35(c)(1) of the Office of Federal Procurement Policy Act.

3.11 Human and/or Animal Use

Your topic may have been identified by the program manager as research involving Human and/or Animal Use. In accordance with DoD policy, human and/or animal subjects in research conducted or supported by DARPA shall be protected. Although these protocols were most likely not needed to carry out the Phase I, significant lead time is required to prepare the documentation and obtain approval in order to avoid delay of the Phase II award. Please visit <http://www.darpa.mil/WorkArea/DownloadAsset.aspx?id=2147486611> to review the Human Use PowerPoint presentation to understand what is required to comply with human protocols and <http://www.darpa.mil/WorkArea/DownloadAsset.aspx?id=2147486040> to review the Animal Use PowerPoint presentation to understand what is required to comply with animal protocols. Offerors proposing research involving human and/or animal use are encouraged to separate these tasks in the technical proposal and cost proposal in order to avoid potential delay of contract award.

1. **Human Use:** All research involving human subjects, to include use of human biological specimens and human data, selected for funding must comply with the federal regulations for human subject protection. Further, research involving human subjects that is conducted or supported by the DoD must comply with 32 CFR 219, *Protection of Human Subjects*
2. and DoD Directive 3216.02, *Protection of Human Subjects and Adherence to Ethical Standards in DoD-Supported Research* (<http://www.dtic.mil/whs/directives/corres/pdf/321602p.pdf>).

- o Institutions awarded funding for research involving human subjects must provide documentation of a current Assurance of Compliance with Federal regulations for human subject protection, for example a Department of Health and Human Services, Office of Human Research Protection Federal Wide Assurance (<http://www.hhs.gov/ohrp>). All institutions engaged in human subject research, to include subcontractors, must also have a valid Assurance. In addition, personnel involved in human subjects research must provide documentation of completing appropriate training for the protection of human subjects.
 - o For all proposed research that will involve human subjects in the first year or phase of the project, the institution must provide evidence of or a plan for review by an Institutional Review Board (IRB) upon final proposal submission to DARPA. The IRB conducting the review must be the IRB identified on the institution's Assurance. The protocol, separate from the proposal, must include a detailed description of the research plan, study population, risks and benefits of study participation, recruitment and consent process, data collection, and data analysis. Consult the designated IRB for guidance on writing the protocol. The informed consent document must comply with federal regulations (32 CFR 219.116). A valid Assurance along with evidence of appropriate training for all investigators should accompany the protocol for review by the IRB.
 - o In addition to a local IRB approval, a headquarters-level human subjects regulatory review and approval is required for all research conducted or supported by the DoD. The Army, Navy or Air Force office responsible for managing the award can provide guidance and information about their component's headquarters-level review process. Note that confirmation of a current Assurance and appropriate human subjects protection training is required before headquarters-level approval can be issued.
 - o The amount of time required to complete the IRB review/approval process may vary depending on the complexity of the research and/or the level of risk to study participants. Ample time should be allotted to complete the approval process. The IRB approval process can last between one to three months, followed by a DoD review that could last between three to six months. No DoD/DARPA funding can be used towards human subject research until ALL approvals are granted.
3. **Animal Use:** Any Recipient performing research, experimentation, or testing involving the use of animals shall comply with the rules on animal acquisition, transport, care, handling and use in: (i) 9 CFR parts 1-4, Department of Agriculture rules that implement the Laboratory Animal Welfare Act of 1966, as amended, (7 U.S.C. 2131-2159); (ii) the guidelines described in National Institutes of Health Publication No. 86-23, "Guide for the Care and Use of Laboratory Animals"; (iii) DoD Directive 3216.01, "Use of Laboratory Animals in DoD Program."
- o For submissions containing animal use, proposals should briefly describe plans for Institutional Animal Care and Use Committee (IACUC) review and approval. Animal studies in the program will be expected to comply with the PHS Policy on Humane Care and Use of Laboratory Animals, available at <http://grants.nih.gov/grants/olaw/olaw.htm>.
 - o All Recipients must receive approval by a DoD certified veterinarian, in addition to an IACUC approval. No animal studies may be conducted using DoD/DARPA funding until the USAMRMC Animal Care and Use Review Office (ACURO) or other appropriate DoD veterinary office(s) grant approval. As a part of this secondary review process, the Recipient will be required to complete and submit an ACURO Animal Use Appendix, which may be found at https://mrmc-www.army.mil/index.cfm?pageid=Research_Protections.acuro&rn=1.

4.0 PROPOSAL FUNDAMENTALS

4.2 Offeror Eligibility and Performance Requirements

Offerors must qualify as a small business at time of award for research or research and development and certify to this in the Cover Sheet section of the proposal. In addition, in SBIR Phase II, a minimum of one-half (50%) of the effort must be performed by the offeror. In STTR Phase II, a minimum of 40% of the effort must be carried out by the small business concern and a minimum of 30% of the effort performed by the research institution, as defined in Section 3.8.

The percentage of work is usually measured by both direct and indirect costs, although offerors planning to subcontract a significant fraction of their work should verify how it will be measured with their DoD Contracting Officer during contract negotiations.

SBIR ONLY: For both Phase I and II, the primary employment of the principal investigator must be with the small business concern at the time of the award and during the conduct of the proposed effort. Primary employment means that more than one-half of the principal investigator's time is spent with the small business. Primary employment with a small business concern precludes full-time employment at another organization. For both Phase I and Phase II, all research or research and development work must be performed by the small business concern and its subcontractors in the United States. Deviations from the requirements in this paragraph must be approved in writing by the Contracting Officer during contract negotiations.

STTR ONLY: For both Phase I and II, the principal investigator may be primarily employed with either the small business concern or the research institution. At the time of award of a Phase I or Phase II contract, the small business concern must have at least one employee in a management position whose primary employment is with the small business and who is not also employed by the research institution. Primary employment means that more than one half (50%) of the employee's time is spent with the small business. Primary employment with a small business concern precludes full-time employment at another organization. For both Phase I and Phase II, all research or research and development work must be performed by the small business concern and its subcontractors in the United States. Deviations from the requirements in this paragraph must be approved in writing by the Contracting Officer during contract negotiations.

Retrieval of DARPA SBPO Notifications

Use of the DARPA SBIR/STTR Information Portal (SSIP) is MANDATORY. Offerors must authenticate into the SSIP (via the DARPA Extranet) to retrieve their Phase II submission notice, source selection decision notice, to request a debriefing, and to upload reports (awarded contracts only). DARPA SBPO will automatically create an extranet account for new users and send the SSIP URL, authentication credentials, and login instructions AFTER the source selection period has closed. DARPA extranet accounts will ONLY be created for the individual named as the Corporate Official (CO) on the proposal coversheet. Offerors may not request accounts for additional users at this time. Not later than 90 days after proposal receipt, the CO will receive an e-mail from sbir@darpa.mil with instructions for retrieving their official notification from the SSIP. The CO should add this address to their address book and whitelist to ensure all communications are received.

Notification of Proposal Receipt

Within 5 business days after the solicitation closing date (for Direct to Phase II offerors) or Phase II Proposal deadline (all other Phase II offerors), the individual named as the "Corporate Official" on the Proposal Cover Sheet will receive a separate e-mail from sbir@darpa.mil acknowledging receipt for each proposal received. Please make note of the topic number and proposal number for your records.

Information on Proposal Status

The source selection decision notice will be available no later than 90 days after the solicitation close date date for Direct to Phase II offerors, and within 90 days of proposal receipt for all other Phase II offerors. The individual named as the "Corporate Official" on the Proposal Cover Sheet will receive an email for each proposal submitted, from sbir@darpa.mil with instructions for retrieving their official notification from the SSIP. Please read each notification carefully and note the proposal number and topic number referenced. The CO must retrieve the letter from the SSIP 30 days from the date the e-mail is sent. After 30 days the CO must make a written request to sbir@darpa.mil for the source selection decision notice. The request must explain why the offeror was unable to retrieve the source selection decision notice from the SSIP within the original 30 day notification period.

4.6 Classified Proposals

DARPA topics are unclassified; however, the subject matter may be considered to be a “critical technology” and therefore subject to Export Control Restrictions. See Export Control requirements in Section 3.3.

4.10 Debriefing

DARPA will provide a debriefing to the offeror in accordance with FAR Subpart 15.505. The source selection decision notice contains instructions for requesting a proposal debriefing.

4.14 Phase II Award Information

- a. **Number of Phase II Awards.** The number of Phase II awards will depend upon the results of the Phase I efforts and the availability of funds. DARPA reserves the right to select and fund only those proposals considered to be of superior quality and highly relevant to the DARPA mission. As a result, DARPA may fund multiple proposals in a topic area, or it may not fund any proposals in a topic area.
- b. **Type of Funding Agreement.** DARPA Phase II awards are typically Cost-Plus-Fixed-Fee contracts.
 - Offerors that choose to collaborate with a University must highlight the research activities that are being performed by the University and verify that the work is FUNDAMENTAL RESEARCH.
 - Offerors are strongly encouraged to implement a government acceptable cost accounting system during the Phase I project to avoid delay in receiving a Phase II award. Phase II contractors MUST have an acceptable system to record and control costs, including procedures for job costing and time record keeping. Items such as overhead and G&A rates WILL require logical supporting documentation during the DCAA review process. Visit www.dcaa.mil and download the “Information for Contractors” guide for more information.
 - Offerors that are unable to obtain a positive DCAA review of their accounting system may on a case-by-case basis, at the discretion of the Contracting Officer, be awarded a Firm Fixed Price Phase II contract or an Other Transaction (OT).
 - Visit http://www.darpa.mil/Opportunities/SBIR_STTR/Small_Business_OTs for more information on Other Transactions.
- d. **Average Dollar Value.** The table on page 13 (under section 7.7 (d)) provides the applicable Phase II funding threshold for solicitations 13.3 through 15.2. Prior solicitations are located here: <http://www.acq.osd.mil/osbp/sbir/solicitations/archives.shtml>.
- e. **Timing.** The DoD goal for Phase II award is within 180 calendar days from the proposal receipt deadline. Phase II contract award may be delayed if the offeror does not have an adequate accounting system or fails to include sufficient documentation to support its cost proposal.

4.15 Questions/Information

(1) The **DARPA SBIR/STTR Help Desk** is prepared to address general questions about these instructions, the proposal preparation and other DARPA SBIR/STTR program-related areas. The Help Desk may be contacted via e-mail at: sbir@darpa.mil.

(2) The **DoD SBIR/STTR Help Desk** is prepared to address questions about electronic submission process on the DoD submission system. The Help Desk may be contacted from 8:00 a.m. to 5:00 p.m. ET Monday through Friday at:

- Phone: 1-866-SBIRHLP (1-866-724-7457)
- E-mail Submission: www.dodsbir.net/helpdesk

Communication with DARPA Program Managers (PM)

Phase I performers are advised to work closely with their DARPA PM in advance of Phase II proposal preparation. Performers should have a solid understanding of the feasibility of their approach and whether or not the work performed under Phase I is sufficient enough to warrant a potential Phase II. Questions regarding Phase II proposal

preparation should be limited to specific information related to improving the understanding of DARPA requirements. Offerors may not ask for advice or guidance on solution or technical approach.

Offerors participating in the Direct to Phase II process may only communicate with PMs during the pre-solicitation period, published at www.dodsbir.net/solicitation and on SITIS once the solicitation has opened. Information regarding SITIS is available directly from the DoD SBIR/STTR solicitation page.

4.17 Promotional Materials

Promotional and non-project related discussion is discouraged and additional information provided via Universal Resource Locator (URL) links or on computer disks, CDs, DVDs, video tapes or any other medium will not be accepted or considered in the proposal evaluation.

4.19 Fraud and False Statements

Knowingly and willfully making any false, fictitious, or fraudulent statements or representations may be a felony under the Federal Criminal False Statement Act (18 U.S.C. Sec 1001), punishable by a fine of up to \$10,000, up to five years in prison, or both.

The Department of Defense, Office of Inspector General Hotline (“Defense Hotline”) is an important avenue for reporting fraud, waste, abuse, and mismanagement within the Department of Defense. The Office of Inspector General operates this hotline to receive and investigate complaints or information from contractor employees, DoD civilians, military service members and public citizens.

Individuals who wish to report fraud, waste or abuse may contact the Defense Hotline at (800) 424-9098 between 8:00 AM and 5:00 PM Eastern Time or visit http://www.dodig.mil/hotline/submit_complaint.htm to submit a complaint. Mailed correspondence should be addressed to the Defense Hotline, The Pentagon, Washington, DC 20301-1900 or e-mail addressed to hotline@dodig.mil.

4.22 Discretionary Technical Assistance

In accordance with the 15 U.S.C. §638(cc), as amended by NDAA FY12 Sec. 5121 TECHNICAL ASSISTANCE FOR Awardees - DARPA will authorize the recipient of a Phase II SBIR (from 13.1 solicitation and beyond) or STTR award (from 13.A solicitation and beyond) to purchase technical assistance services, such as access to a network of scientists and engineers engaged in a wide range of technologies, or access to technical and business literature available through on-line data bases, for the purpose of assisting such concerns in:

- making better technical decisions concerning such projects;
- solving technical problems which arise during the conduct of such projects;
- minimizing technical risks associated with such projects; and
- developing and commercializing new commercial products and processes resulting from such projects.

Offerors that are interested in proposing use of a vendor for technical assistance must complete the following:

1. Provide a one-page description of the vendor you will use and the technical assistance you will receive. The description should be included as the LAST page of the Technical Volume. This description will not count against the 40-page limit of the technical volume and will NOT be evaluated.
2. Provide a cost breakdown under “Other Direct Costs (ODCs)” of the Cost Volume. The proposed amount may not exceed \$5,000 per year and a total of \$10,000 per Phase II contract. You may also submit the detailed cost breakdown as an appendix to the one-page description. Label this appendix “DTA COST Breakdown” – it will not count against the 40-page limit of the technical volume.

Approval of technical assistance is not guaranteed and is subject to review of the Contracting Officer. Please see section 4.22 of the DoD instructions for additional information.

7.0 PHASE II PROPOSAL

7.1 Introduction

The DoD electronic submission site (www.dodsbir.net/submission) is designed to reduce the time and cost required to prepare a formal proposal. Carefully review the guidance on allowable content.

A complete proposal consists of four volumes:

- Volume 1: Proposal Cover Sheet
- Volume 2: Technical Volume
- Volume 3: Cost Volume
- Volume 4: Company Commercialization Report

The electronic submission site provides a structure for providing these four sections but the offeror must begin entering its proposal by providing information for the Proposal Cover Sheet. After the offeror saves the draft Proposal Cover Sheet, the system will assign a proposal number. Please make note of this proposal number and print it for future reference.

Remember to click the “Submit” button when you are done preparing your proposal. It is the offeror’s responsibility to verify that the Technical Volume does not exceed the page limit after upload to the DoD SBIR/STTR Submission site by clicking on the “Verify Technical Volume” icon.

7.2 Proposal Provisions

Submitting Identical/Similar Proposals

IMPORTANT -- While it is permissible to submit identical proposals or proposals containing a significant amount of essentially equivalent work for consideration under numerous federal program solicitations, it is unlawful to enter into contracts or grants requiring essentially equivalent effort. If there is any question concerning this, it must be disclosed to the soliciting agency or agencies as early as possible. If a proposal submitted for a Phase II effort is substantially the same as another proposal that was funded, is now being funded, or is pending with another Federal Agency, or another or the same DoD Component, you must reveal this on the Cover Sheet and provide the information required in Section 7.7.c(9).

Awards by other Agencies

Section 4(b)(7) of the SBIR and STTR Policy Directives provide that a small business concern that has received a Phase I award from an agency may receive a subsequent Phase II award from another agency if each agency makes a written determination that the topics of the relevant awards are the same and both agencies report the awards to the SBA including a reference to the related Phase I award and initial Phase II award if applicable.

Due to specific limitations on the amount of funding and number of awards that may be awarded to a particular small business concern per topic using SBIR/STTR program funds, Head of Agency Determinations are now required before a different agency may make an award using another agency’s topic. This limitation does not apply to Phase III funding. Please contact your original sponsoring agency before submitting a Phase II proposal to an agency other than the one who sponsored the original topic.

Transferring from SBIR to STTR (or vice versa)

Section 4(b)(1)(i) of the SBIR and the STTR Policy Directives provide that, at the agency’s discretion, projects awarded a Phase I under a FY13 solicitation (and beyond) for SBIR may transfer to STTR in Phase II and vice versa. A small business concern wishing to transfer from one program to another must contact their designated technical monitor to discuss the reasons for the request and the agency’s ability to support the request. Transferring between programs may be requested prior to award or during the performance of the Phase II effort. Agency disapproval of a request to transfer shall not be grounds for granting relief from any contractual performance requirement. All approved transfers must be noted in the Phase II award or award modification signed by the Contracting Officer that indicates the removal or addition of the research institution and the revised percentage of work requirements.

Phase II Option

- a. DARPA has implemented the use of a Phase II Option for eligible solicitations that may be exercised at the DARPA Program Manager's discretion to continue funding Phase II activities that will further mature the technology for insertion into a larger DARPA Program, DoD Acquisition Program, other Federal agency, or commercialization into the private sector. The statement of work for the Phase II Option MUST be included with the Phase II technical volume and should describe Phase II activities, over a 12 month period, that may lead to the successful demonstration of a product or technology. The statement of work for the option counts toward the 40-page limit for the Phase II technical volume. If selected, the government may elect not to include the option in the negotiated contract. To see whether or not you are eligible to propose an option, refer to the table on page 13 (under section 7.7 (d)), which provides the applicable Phase II funding threshold for solicitations 13.3 through 15.2. Funding thresholds for prior solicitations are located here: <http://www.acq.osd.mil/osbp/sbir/solicitations/archives.shtml>.

Direct to Phase II Authority

PERTAINS TO SBIR ONLY - 15 U.S.C. §638(cc), as amended by NDAA FY12 Sec. 5106. PILOT TO ALLOW PHASE FLEXIBILITY, allows the Department of Defense to make an award to a small business concern under Phase II of the SBIR program with respect to a project, without regard to whether the small business concern was provided an award under Phase I of an SBIR program with respect to such project. DARPA is conducting a "Direct to Phase 2" pilot implementation of this authority for designated SBIR solicitations only and does not guarantee the pilot will be offered in future solicitations.

7.3 How to Submit

Each Phase II proposal must be submitted through the DoD Electronic Submission Web site by the deadline specified in your notification letter (available on the DARPA SBIR/STTR Information Portal, SSIP). Each proposal submission must contain a Proposal Cover Sheet, Technical Volume, Cost Volume, and a Company Commercialization Report (see Section 7.7.e).

7.4 Commercialization Strategy

DARPA is equally interested in dual use commercialization of SBIR project results to the U.S. military, the private sector market, or both, and expects explicit discussion of key activities to achieve this result in the commercialization strategy part of the proposal. The discussion should include identification of the problem, need, or requirement relevant to a Department of Defense application and/or a private sector application that the SBIR project results would address; a description of how wide-spread and significant the problem, need, or requirement is; and identification of the potential DoD end-users, Federal customers, and/or private sector customers who would likely use the technology.

Technology commercialization and transition from Research and Development activities to fielded systems within the DoD is challenging. Include transition and commercialization activities conducted during Phase I, and how the preliminary transition path or paths may evolve during the Phase II project. That plan should include the Technology Readiness Level (TRL) achieved at the end of the Phase I. The plan should include anticipated business model and potential private sector and federal partners the company has identified to support transition and commercialization activities. In addition, key proposed milestones anticipated during Phase II such as: prototype development, laboratory and systems testing, integration, testing in operational environment, and demonstrations.

At a minimum, your commercialization strategy must address the following five questions:

- (1) What is the first product that this technology will go into?
- (2) Who will be the customers, and what is the estimated market size?
- (3) How much money will be needed to bring the technology to market, and how will that money be raised?
- (4) Does the company contain marketing expertise and, if not, how will that expertise be brought into the company?
- (5) Who are the offeror's competitors, and what is the price and/or quality advantage over those competitors?

The commercialization strategy must also include a schedule showing the anticipated quantitative commercialization results from the Phase II project at one year after the start of Phase II, at the completion of Phase II, and after the completion of Phase II (i.e., amount of additional investment, sales revenue, etc.). After Phase II award, the company is

required to report actual sales and investment data in its Company Commercialization Report (see Section 7.7.e) at least annually.

In addition, each Phase II proposal must contain a five-page commercialization strategy as part of the technical proposal, addressing the following questions:

- (1) Product Description/System Application – Identify the Commercial product(s) and/or DoD system(s) or system(s) under development or potential new systems that this technology will be/or has the potential to be integrated into.
- (2) Advocacy Letters** – Feedback received from potential Commercial and/or DoD customers and other end-users regarding their interest in the technology to support their capability gaps.
- (3) Letters of Intent/Commitment** – Relationships established, feedback received, support and commitment for the technology with one or more of the following: Commercial customer, DoD PM/PEO, a Defense Prime, or vendor/supplier to the Primes and/or other vendors/suppliers identified as having a potential role in the integration of the technology into fielded systems/products or those under development.
- (4) Business Models/Procurement Mechanisms/Vehicles – Business models, procurement mechanisms, vehicles and, as relevant, commercial channels, and/or licensing/teaming agreements you plan to employ to sell into your targeted markets.
 - a. What is the business model you plan to adopt to generate revenue from your innovation?
 - b. Describe the procurement mechanisms, vehicles and channels you plan to employ to reach the targeted markets/customers.
 - c. If you plan to pursue a licensing model, what is your plan to identify potential licensees?
- (5) Market/Customer Sets/Value Proposition – Describe the market and customer sets you propose to target, their size, and their key reasons they would consider procuring the technology.
- (6) What is the current size of the broad market you plan to enter and the “niche” market opportunity you are addressing?
- (7) What are the growth trends for the market and the key trends in the industry that you are planning to target?
 - a. What features of your technology will allow you to provide a compelling value proposition?
 - b. Have you validated the significance of these features and if not, how do you plan to validate?
- (8) Competition Assessment – Describe the competition in these markets/customer sets and your anticipated advantage (e.g., function, performance, price, quality, etc.)
- (9) Funding Requirements – List your targeted funding sources (e.g., federal, state and local, private (internal, loan, angel, venture capital, etc.) and your proposed plan and schedule to secure this funding. Provide anticipated funding requirements both during and after Phase II required to:
 - mature the technology
 - as required, mature the manufacturing processes
 - test and evaluate the technology
 - receive required certifications
 - secure patents, or other protections of intellectual property
 - manufacture the technology to bring the technology to market for use in operational environments
 - market/sell technology to targeted customers
- (10) Sales Projections – Provide a schedule that outlines your anticipated sales projections and indicate when you anticipate breaking even.
- (11) Expertise/Qualifications of Team/Company Readiness - Describe the expertise and qualifications of your management, marketing/business development and technical team that will support the transition of the technology from the prototype to the commercial market and into operational environments. Has this team previously taken similar products/services to market? If the present team does not have this needed expertise, how do you intend to obtain it? What is the financial history and health of your company (e.g., availability of cash, profitability, revenue growth, etc)?

**Please note: In accordance with section 3-209 of DOD 5500.7-R, Joint Ethics Regulation, letters from government personnel will NOT be considered during the evaluation process.

7.5 Marking Proprietary Proposal Information

Offerors that include in their proposals data that they do not want disclosed to the public for any purpose, or used by the Government except for evaluation purposes, shall:

- (1) Mark the first page of each Volume of the Submission with the following legend:

"This proposal includes data that shall not be disclosed outside the Government and shall not be duplicated, used, or disclosed-in whole or in part-for any purpose other than to evaluate this proposal. If, however, a contract is awarded to this offeror as a result of-or in connection with-the submission of this data, the Government shall have the right to duplicate, use, or disclose the data to the extent provided in the resulting contract. This restriction does not limit the Government's right to use information contained in this data if it is obtained from another source without restriction. The data subject to this restriction are contained in pages [insert numbers or other identification of sheets]"; and

- (2) Mark each sheet of data it wishes to restrict with the following legend:

"Use or disclosure of data contained on this page is subject to the restriction on the first page of this volume."

The DoD assumes no liability for disclosure or use of unmarked data and may use or disclose such data for any purpose.

Restrictive notices notwithstanding, proposals and final reports submitted through the DoD electronic submission website may be handled, for administrative purposes only, by support contractors. All support contractors are bound by appropriate non-disclosure agreements.

7.6 Direct to Phase II Instructions

DARPA is conducting a "Direct to Phase II" pilot for designated SBIR solicitations and does not guarantee the pilot will be offered in future solicitations. Each eligible topic will indicate what documentation is required to determine if Phase I feasibility has been met and the technical requirements for a Direct to Phase II proposal. Not all DARPA topics are eligible for a Direct to Phase II award. Offerors must choose between submitting a Phase I proposal OR a Direct to Phase II proposal, and may not submit both for the same topic. DARPA reserves the right to not make any awards under the Direct to Phase II pilot. All other Phase II proposal instructions remain in effect. Please refer to the current solicitation instructions for the Direct to Phase II submission deadline (www.dodsbir.net/solicitation).

STEP 1:

1. Offerors must create a Phase I coversheet using the DoD Phase I Proposal submission system (follow the DoD Instructions for the Cover Sheet located in section 5.4.a).
2. Offerors must upload the documentation that satisfies the Phase I feasibility requirement (upload this documentation in the DoD Phase I Proposal submission system as the "Technical Volume" – DO NOT follow the technical volume format specified in the solicitation instructions for your justification).
 - a. Maximum page length for feasibility documentation is 75 pages. If you have references, include a reference list or works cited list as the last page of the feasibility documentation. This will count towards the page limit.
 - b. Work submitted within the feasibility documentation must have been substantially performed by the offeror and/or the principal investigator (PI).
 - c. If technology in the feasibility documentation is subject to IP, the offeror must have IP rights.
 - d. DO NOT INCLUDE marketing material. Marketing material will NOT be evaluated and WILL be redacted.
3. Offerors DO NOT upload a Phase I cost volume.
4. The Phase I Cover Sheet and applicable documentation must be submitted to <http://dodsbir.com/submission> by 6:00 a.m. (ET) on the deadline stated in the solicitation.

STEP 2:

1. Offerors must submit a Phase II proposal using these DARPA Phase II proposal instructions.
2. The Phase II proposal must be submitted by 6:00 a.m. (ET) on the deadline stated in the solicitation.

NOTE: Offerors are required to provide information demonstrating the scientific and technical merit and feasibility of a Phase I project. DARPA will not evaluate the offeror's related Phase II proposal where it determines that the offeror has failed to demonstrate the scientific and technical merit and feasibility of the Phase I project or has failed to demonstrate that work submitted in the feasibility documentation was substantially performed by the offeror and/or the principal investigator (PI).

7.7 Phase II Proposal Instructions

a. **Proposal Cover Sheet (Volume One)**

On the DoD Electronic Submission Web site, (www.dodsbir.net/submission/SignIn.asp), prepare the Proposal Cover Sheet. The cover sheet must include a brief technical abstract of no more than 200 words that describes the proposed R&D project with a discussion of anticipated benefits and potential commercial applications. Do not include proprietary or classified information in the Proposal Cover Sheet. If your proposal is selected for award, the technical abstract and discussion of anticipated benefits will be publicly released on the Internet. Once the Cover Sheet is saved, the system will assign a proposal number. You may edit the cover sheet as often as necessary until you submit your proposal.

b. **Format of Technical Volume (Volume Two)**

- (1) **Type of file:** The Technical Volume must be a single Portable Document Format (PDF) file, including graphics. Perform a virus check before uploading the Technical Volume file. Do not lock or encrypt the uploaded file.
- (2) **Length:** The Technical Volume is limited to 40 pages (and appendices not to exceed 20 pages).
- (3) **Layout:** Number all pages of your proposal consecutively. If a virus is detected, it may cause rejection of the proposal. Offerors must submit a direct, concise, and informative research or research and development proposal of no more than 40 pages (no type smaller than 10-point on standard 8-1/2" x 11" paper with one inch margins). The header on each page of the technical proposal should contain your company name, topic number, and proposal number assigned by the DoD Electronic Submission Web site when the cover sheet was created. The header may be included in the one-inch margin.

c. **Content of the Technical Volume (Volume Two)**

The Technical Volume should cover the following items in the order given below.

- (1) **Significance of the Problem and Results of Phase I work.** Define the specific technical problem or opportunity addressed and its importance. Discuss the objective of the Phase I effort, the type of research conducted, findings or results of this research and technical feasibility. (Begin on Page 3 of your proposal.)
- (2) **Phase II Technical Objectives.** Enumerate the specific objectives of the Phase II work, and describe the technical approach and methods to be used in meeting these objectives.
 - a) **Phase II Statement of Work.** The statement of work should provide an explicit, detailed description of the Phase II approach, indicate what is planned, how and where the work will be carried out, a schedule of major events and the final product to be delivered. The methods planned to achieve each objective or task should be discussed explicitly and in detail. This section should be a substantial portion of the total proposal.
 - b) **Human/Animal Use:** Offerors proposing research involving human and/or animal use are encouraged to separate these tasks in the technical proposal and cost proposal in order to avoid potential delay of contract award.
 - c) **Phase II OPTION Statement of Work.** The statement of work should provide an explicit, detailed description of the activities planned during the Phase II option, if exercised. Include how and where the work will be carried out, a schedule of major events and the final product to be delivered. The methods planned to achieve each objective or task should be discussed explicitly and in detail.
- (3) **Related Work.** Describe significant activities directly related to the proposed effort, including any conducted by the principal investigator, the offeror, consultants or others. Describe how these activities interface with the proposed project and discuss any planned coordination with outside sources. The proposal must persuade reviewers of the offeror's awareness of the state of the art in the specific topic. Describe previous work not directly related to the proposed effort but similar. Provide the following: (1) short description, (2) client for which work was performed (including individual to be contacted and phone number) and (3) date of completion.
- (4) **Relationship with Future Research or Research and Development.**
 - i. State the anticipated results of the proposed approach if the project is successful.

- ii. Discuss the significance of the Phase II effort in providing a foundation for Phase III research and development or commercialization effort.
- (5) **Commercialization Strategy.** Each Phase II proposal must contain a five-page commercialization strategy as part of the technical volume describing the offeror's strategy for commercializing this technology in DoD, other Federal Agencies and/or private sector markets. Provide specific information on the market need the technology will address and the size of the market. See section 7.4 for additional information.
- (6) **Key Personnel.** Identify key personnel who will be involved in the Phase II effort including information on directly related education and experience. A concise resume of the principal investigator, including a list of relevant publications (if any), must be included. All resumes count toward the page limitation. Identify any foreign nationals you expect to be involved on this project, country of origin and level of involvement.
- (7) **Facilities/Equipment.** Describe available instrumentation and physical facilities necessary to carry out the Phase II effort. Items of equipment to be purchased (as detailed in the cost proposal) shall be justified under this section. Also state whether or not the facilities where the proposed work will be performed meet environmental laws and regulations of federal, state (name) and local Governments for, but not limited to, the following groupings: airborne emissions, waterborne effluents, external radiation levels, outdoor noise, solid and bulk waste disposal practices and handling and storage of toxic and hazardous materials.
- (8) **Subcontractors/Consultants.** **THE FOLLOWING PERTAINS TO SBIR ONLY:** Involvement of a university or other subcontractors or consultants in the project may be appropriate. If such involvement is intended, it should be described in detail and identified in the cost proposal. A minimum of one-half of the research and/or analytical work in Phase II, as measured by direct and indirect costs, must be carried out by the offeror, unless otherwise approved in writing by the Contracting Officer. No portion of an SBIR award may be subcontracted back to any Federal government agency, including Federally Funded Research and Development Centers (FFRDCs). SBA may issue a case-by-case waiver to this provision after review of the DoD component's written justification that includes the following information: (a) an explanation of why the SBIR research project requires the use of the Federal facility or personnel, including data that verifies the absence of non-federal facilities or personnel capable of supporting the research effort; (b) why the Agency will not and cannot fund the use of the Federal facility or personnel for the SBIR project with non-SBIR money; and (c) the concurrence of the small business concern's chief business official to use the Federal facility or personnel. Award is contingent on the sponsoring agency obtaining a waiver.
THE FOLLOWING PERTAINS TO STTR ONLY: Involvement of other subcontractors or consultants in the project may be appropriate. If such involvement is intended, it should be described in detail and identified in the cost proposal. A minimum of 40% of the research and/or analytical work in Phase II, as measured by direct and indirect costs, must be carried out by the offeror and a minimum of 30% must be performed by the Research Institution (RI), unless otherwise approved in writing by the Contracting Officer. No portion of a STTR award may be subcontracted back to any Federal government agency. SBA may issue a case-by-case waiver to this provision after review of the DoD component's written justification that includes the following information: (a) an explanation of why the STTR research project requires the use of the Federal facility or personnel, including data that verifies the absence of non-federal facilities or personnel capable of supporting the research effort; (b) why the Agency will not and cannot fund the use of the Federal facility or personnel for the STTR project with non-STTR money; and (c) the concurrence of the small business concern's chief business official to use the Federal facility or personnel. Award is contingent on the sponsoring agency obtaining a waiver.
- (9) **Prior, Current or Pending Support of Similar Proposals or Awards.** Warning -- While it is permissible, with proposal notification, to submit identical proposals or proposals containing a significant amount of essentially equivalent work for consideration under numerous federal program solicitations, it is

unlawful to enter into contracts or grants requiring essentially equivalent effort. If there is any question concerning this, it must be disclosed to the soliciting agency or agencies before award.

d. Cost Volume

Offerors are REQUIRED to use the online Cost Volume (available on the DoD SBIR/STTR submission site) for the Phase II and Phase II Option costs. Additional details and explanations regarding the Cost Volume may be uploaded as an appendix to the technical volume. The Cost Volume (and supporting documentation) DOES NOT count toward the 40-page limit of the Technical Volume. Phase II awards and options are subject to the availability of funds.

A Phase II Cost Volume (\$1,010,000 maximum) must be submitted in detail online via the DoD SBIR/STTR submission system. Offerors that submit a Phase II proposal must complete the Phase II Cost Volume, not to exceed the maximum dollar amount of \$1,000,000 or \$1,010,000 if technical assistance services are proposed. Offerors proposing a Phase II option must also submit a Phase II Option Cost Volume, not to exceed the maximum dollar threshold stated in the solicitation from which your Phase I award originated – see table below. Funding thresholds for prior solicitations are located here:

<http://www.acq.osd.mil/osbp/sbir/solicitations/archives.shtml>.

Solicitation		FY 2013.3	FY 2013.B	FY 2014.1	FY 2014.2	FY 2014.3	FY 2014.B	FY 2015.1	FY 2015.2
BASE	Max Amount	\$1M	\$1M	\$1M	\$1M	\$1M	\$1M	\$1M	\$1M
	Duration	24 Months	24 Months	24 Months	24 Months	24 Months	24 Months	24 Months	24 Months
OPTION	Max Amount	\$500K	N/A	\$500K	\$500K	\$500K	\$500K	\$500K	\$500K
	Duration	12 Months	N/A	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months

Complete the cost proposal in the format shown in the Cost Breakdown Guidance using the on-line cost volume form on the DoD Electronic Submission Web Site (with detailed backup included in the Technical Volume). Some items in the Cost Breakdown Guidance may not apply to the proposed project. If such is the case, there is no need to provide information on each and every item. What matters is that enough information be provided to allow DARPA to understand how the offeror plans to use the requested funds if the contract is awarded.

1. List all key personnel by name as well as by number of hours dedicated to the project as direct labor.
2. Special tooling and test equipment and material cost may be included. The inclusion of equipment and material will be carefully reviewed relative to need and appropriateness for the work proposed. The purchase of special tooling and test equipment must, in the opinion of the Contracting Officer, be advantageous to the Government and should be related directly to the specific topic. These may include such items as innovative instrumentation and/or automatic test equipment. Title to property furnished by the Government or acquired with Government funds will be vested with the DoD Component, unless it is determined that transfer of title to the contractor would be more cost effective than recovery of the equipment by the DoD Component.
3. Cost for travel funds must be justified and related to the needs of the project.
4. Cost sharing is permitted for proposals under this solicitation; however, cost sharing is not required nor will it be an evaluation factor in the consideration of a Phase II proposal.
5. The Phase II Option costs, if applicable, should be entered separately from the Phase II (base) costs.

When a proposal is selected for award, the offeror should be prepared to submit further documentation to its DoD Contracting Officer to substantiate costs (e.g., a brief explanation of cost estimates for equipment, materials, and consultants or subcontractors). For more information about the Cost Volume and accounting

standards, see the DCAA publication called "Information for Contractors" available at http://www.dcaa.mil/audit_process_overview.html.

e. **Company Commercialization Report (CCR)**

Offerors that submit a Phase II proposal are required to prepare a CCR, whether or not you have previously received SBIR or STTR awards, through the password-protected DoD Electronic Submission Web Site (www.dodsbir.net/submission). As instructed on the Web Site, list in the Report the quantitative commercialization results of the offeror's prior Phase II projects, including the items such as sales revenue, additional investment, as well as other information relative to the offeror's commercialization track record. All prior Phase II projects must be reported, regardless of whether the project has any commercialization to date. The Web Site will then compare these results to the historical averages for the DoD SBIR or STTR Programs to calculate a Commercialization Achievement Index (CAI) value. Only offerors with four or more completed Phase II projects will receive a CAI score; otherwise the CAI is N/A. Offerors with a CAI at the 20th percentile or below may receive no more than half of the evaluation points available for commercial potential criteria. This report need only be prepared once and submitted with all your proposals.

As noted on the Web Site, offerors may also include at the end of the Report additional, explanatory material (no more than five pages) relating to the offeror's record of commercializing its prior SBIR or STTR projects, such as: commercialization successes (in government and/or private sector markets) that are not fully captured in the quantitative results (e.g. commercialization resulting from the offeror's prior Phase I projects); any mitigating factors that could account for low commercialization; and recent changes in the offeror's organization or personnel designed to increase the offeror's commercialization success. The CCR and additional explanatory material (if any) will not be counted toward the page limit for Phase II proposals. A Report showing that an offeror has received no prior Phase II awards will not affect the offeror's ability to obtain a SBIR or STTR award.

Appendix Format

An Appendix contains information that is non-essential to understanding of the proposal, but may present information that further clarifies a point without burdening the body of the technical proposal. An appendix is optional. Each Appendix should be identified by a Roman numeral in sequence, e.g., Appendix I, Appendix II, etc. Each appendix should contain different material. The appendix footer should contain the page number (following the sequence used for the entire proposal) and the appendix label (ex. Appendix I). Please note, only that information provided in the technical proposal (pg. 1-40, including coversheets, cost volume and CCR) will be considered by the evaluator. Evaluator review of any appendix material is optional.

Modifications or Withdrawal of Proposals

Modification

Late modifications of an otherwise scientifically successful proposal, which makes its terms more favorable to the Government, may be considered and may be accepted.

Withdrawal

Proposals may be withdrawn by written notice at any time. Proposals may be withdrawn in person by an offeror or his authorized representative, provided his identity is made known and he signs a receipt for the proposal.

7.8 Phase II Proposal Checklist

The Offeror's proposal should be in accordance with section 7.0. A complete proposal consists of four volumes:

- Volume 1: Proposal Cover Sheet
- Volume 2: Technical Volume
- Volume 3: Cost Volume
- Volume 4: Company Commercialization Report

The following criteria must be met or your proposal may be REJECTED

____1. Number all pages of your proposal consecutively. The cover sheets are pages 1 and 2. The technical volume begins on page 3. Use no type smaller than 10-point on standard 8½" x 11" paper with one-inch margins. The header on

each page of the technical proposal should contain your company name, topic number and proposal number assigned by the DoD Electronic Submission Web site when the cover sheet was created. The header may be included in the one-inch margin.

- ___ 2. Include tasks to be completed during the option period and include the costs in the cost volume.
- ___ 3. Break out subcontractor, material and travel costs in detail. Use the "Explanatory Material Field" in the DoD Cost Volume worksheet for this information, if necessary.
- ___ 4. The base effort does not exceed \$1,000,000, or \$1,010,000 if technical assistance services are proposed.
- ___ 5. The proposed option does not exceed the threshold and duration stated in the table on page 13 under section 7.7(d). The costs for the base and option are clearly separate, and identified on the Proposal Cover Sheet, in the cost volume, and in the statement of work section of the technical volume.
- ___ 6. The technical volume does not exceed forty (40) pages. Any page beyond 40 will be redacted prior to evaluations. REMINDER: The technical volume includes the coversheets but does not include the Company Commercialization Report, the Cost Proposal, or appendices.
- ___ 7. Appendices do not exceed twenty (20) pages. An Appendix contains information that is non-essential to understanding of the proposal, but may present information that further clarifies a point without burdening the body of the technical proposal. An appendix is optional. Each Appendix should be identified by a Roman numeral in sequence, e.g., Appendix I, Appendix II, etc. Each appendix should contain different material. The appendix footer should contain the page number (following the sequence used for the entire proposal) and the appendix label (ex. Appendix I). Please note, only that information provided in the technical proposal (pg. 1-40, including coversheets, cost proposal and CCR) will be considered by the evaluator. **Evaluator review of any appendix material is optional.**
- ___ 8. Upload the Volume 1: Proposal Cover Sheet; Volume 2: Technical Volume; Volume 3: Cost Volume; and Volume 4: Company Commercialization Report electronically through the DoD submission site by the deadline in your Phase II Notification letter or by the DoD solicitation deadline, for Direct to Phase II Offerors responding to a Direct to Phase II Solicitation.
- ___ 9. After uploading your file on the DoD submission site, review it to ensure that all pages have transferred correctly and do not contain unreadable characters. Contact the DoD Help Desk immediately with any problems.
- ___ 10. Submit your proposal. DARPA will NOT accept proposals that have NOT been submitted by or before the stated deadline.

8.0 PHASE II EVALUATION CRITERIA

Phase II proposals will be evaluated based on the criteria outlined below. Selections will be based on best value to the Government considering the following factors which are listed in descending order of importance:

- a. The soundness, technical merit, and innovation of the proposed approach and its incremental progress toward topic or subtopic solution.
- b. The qualifications of the proposed principal/key investigators, supporting staff, and consultants. Qualifications include not only the ability to perform the research and development but also the ability to commercialize the results.
- c. The potential for commercial (Government or private sector) application and the benefits expected to accrue from this commercialization.

Evaluators will base their conclusions only on information contained in the proposal. It cannot be assumed that evaluators are acquainted with the offeror or key individuals or any referenced experiments. Relevant supporting data such as journal articles, literature, including Government publications, etc., should be contained or referenced in the proposal and will count toward the page limit. Where technical evaluations are essentially equal in merit, cost to the Government will be considered in determining the successful offeror.

The offeror's attention is directed to the fact that non-Government advisors to the Government may review and provide support in proposal evaluations during source selection. Non-government advisors may have access to the offeror's proposals, may be utilized to review proposals, and may provide comments and recommendations to the Government's decision makers. These advisors will not establish final assessments of risk and will not rate or rank offeror's proposals. They are also expressly prohibited from competing for DARPA SBIR or STTR awards in the SBIR/STTR topics they review and/or provide comments on to the Government. All advisors are required to comply with procurement integrity laws

and are required to sign Non-Disclosure and Rules of Conduct/Conflict of Interest statements. Non-Government technical consultants/experts will not have access to proposals that are labeled by their offerors as "Government Only."

Please note that qualified advocacy letters will count towards the proposal page limit and will be evaluated towards criterion C. Advocacy letters are not required. Consistent with Section 3-209 of DoD 5500.7-R, Joint Ethics Regulation, which as a general rule prohibits endorsement and preferential treatment of a non-federal entity, product, service or enterprise by DoD or DoD employees in their official capacities, letters from government personnel will NOT be considered during the evaluation process.

A qualified advocacy letter is from a relevant commercial procuring organization(s) working with a DoD or other Federal entity, articulating their pull for the technology (i.e., what need the technology supports and why it is important to fund it), and possible commitment to provide additional funding and/or insert the technology in their acquisition/sustainment program. If submitted, the letter should be included as the last page of your technical upload. Advocacy letters which are faxed or e-mailed separately will NOT be considered.

Limitations on Funding

DARPA reserves the right to select and fund only those proposals considered to be of superior quality and highly relevant to the DARPA mission. As a result, DARPA may fund multiple proposals in a topic area, or it may not fund any proposals in a topic area.

9.0 SBIR PHASE II ENHANCEMENT PROGRAM

To encourage transition of SBIR projects into DoD systems, DARPA's Phase II Enhancement Program provides a SBIR Phase II performer up to \$200,000 of additional Phase II SBIR funding if the performer can match the additional SBIR funds with funds from a DoD acquisition program, a non-SBIR/non-STTR government program or private sector investments. The Phase II Enhancement Program allows for an existing Phase II SBIR to be extended for up to one year per Phase II Enhancement application, to perform additional research and development and further mature the technology. Phase II Transition matching funds will be provided on a one-for-one basis up to a maximum amount of \$200,000 of SBIR or funds in accordance with DARPA Phase II Enhancement policy.

Offerors who wish to submit a Phase II Enhancement (P2E) Application to DARPA must utilize the DARPA P2E application template. Failure to follow these instructions may result in automatic rejection of your application. P2E funding is not guaranteed. Selection and award of a P2E application is not mandated and DARPA retains the discretion not to select or fund any P2E applicants.

- Due to limitations in funding, this program is open to SBIR Phase II awardees only. STTR Phase II awardees are ineligible to apply.
- DARPA encourages SBIR Phase II performers to discuss its intention to pursue P2E funding with the DARPA Program Manager prior to submitting an application.
- SBIR P2E awards are subject to the availability of funds.
- SBIR P2E award amount is not to exceed \$200,000.
- Additional information regarding the DARPA P2E process and application template may be found here, [application instructions](#).
- Guidance regarding what does and does not qualify as outside investment may be found at <http://www.acq.osd.mil/osbp/sbir/fasttrack/index.htm>.

11.0 CONTRACTUAL CONSIDERATIONS

External Certification Authority (ECA)

Effective for the 12.3 SBIR and 12.A STTR solicitations and thereafter, DoD mission partners under contract with DARPA who are not eligible to receive a Common Access Card (CAC) are required to obtain a digital certificate from an approved External Certification Authority (ECA) vendor within 90 days of contract award. DoD Instruction 8520.02 (Public Key Infrastructure (PKI) and Public Key (PK) Enabling, May 24, 2011) requires DoD mission partners to use certificates issued

by the DoD ECA program or a DoD-approved Public Key Infrastructure (PKI) when interacting with the DoD in unclassified domains.

NOTE: Offerors must include, in the ODC line, the cost of each ECA proposed to be purchased in order to be reimbursed for the cost of ECAs. Reimbursement is limited to a maximum of three ECAs per company. Offerors should consider purchasing the ECA subscription to cover the Phase II period of performance, to include the option year. Offerors will only be reimbursed for ECA costs once per subscription. Offerors that previously obtained a DoD-approved ECA may not be reimbursed under any potential SBIR/STTR Phase II contract. Likewise, offerors that are reimbursed for ECAs obtained as a requirement under an SBIR/STTR Phase II contract, may not be reimbursed again for the same ECA purchase under any subsequent government contract.

Small Business Certifications

15 U.S.C. §638(cc), as amended by NDAA FY12 Sec. 5143. Reducing Vulnerability of SBIR and STTR Programs to Fraud, Waste, and Abuse, requires each applicant for and small business concern that receives funding under the SBIR program or the STTR program shall certify whether the applicant or small business concern is in compliance with the laws relating to the SBIR program and the STTR program and the conduct guidelines established under the SBIR Policy Directive and the STTR Policy Directive.

Security Requirements

If a proposed effort is classified or classified information is involved, the offeror must have, or obtain, a security clearance in accordance with the Industry Security Manual for Safeguarding Classified Information (DOD 5220.22M).

Payment Schedule

Payment will be made in accordance with General Provisions FAR 523.216-7, *Allowable Cost and Payments*.

Publication Approval (Public Release)

National Security Decision Directive (NSDD) 189 established the national policy for controlling the flow of scientific, technical, and engineering information produced in federally funded fundamental research at colleges, universities, and laboratories. The directive defines fundamental research as follows: "Fundamental research" means basic and applied research in science and engineering, the results of which ordinarily are published and shared broadly within the scientific community, as distinguished from proprietary research and from industrial development, design, production, and product utilization, the results of which ordinarily are restricted for proprietary or national security reasons."

It is DARPA's goal to eliminate pre-publication review and other restrictions on fundamental research except in those exceptional cases when it is in the best interest of national security. Please visit http://www.darpa.mil/NewsEvents/Public_Release_Center/Public_Release_Center.aspx for additional information and applicable publication approval procedures.

11.3 Copyrights

To the extent permitted by statute, the awardee may copyright (consistent with appropriate national security considerations, if any) material developed with DoD support. DoD receives a royalty-free license for the Federal Government and requires that each publication contain an appropriate acknowledgement and disclaimer statement.

11.4 Patents

Small business concerns normally may retain the principal worldwide patent rights to any invention developed with government support. The Government receives a royalty-free license for its use, reserves the right to require the patent holder to license others in certain limited circumstances and requires that anyone exclusively licensed to sell the invention in the U.S. must normally manufacture it domestically. To the extent authorized by 35 USC 205, the Government will not make public any information disclosing a government-supported invention for a period of five years to allow the awardee to pursue a patent.

11.5 Technical Data

Rights in technical data, including software, developed under the terms of any contract resulting from proposals submitted in response to a DoD SBIR/STTR Solicitation generally remain with the contractor, except that the Government obtains a royalty-free license to use such technical data only for government purposes during the period commencing with contract award and ending five years after completion of the project under which the data were generated. Upon expiration of the five-year restrictive license, the Government has unlimited rights in the SBIR/STTR data. During the license period, the Government may not release or disclose SBIR/STTR data to any person other than its support services contractors, except:

- i. For evolutionary purposes
- ii. As expressly permitted by the contractor
- iii. A use, release, or disclosure that is necessary for emergency repair or overhaul of items operated by the Government. See
- iv. FAR clause 52.227-20, "Rights in Data - SBIR Program" and DFARS 252.227-7018, "Rights in Noncommercial Technical Data and Computer Software - SBIR Program."

11.7 Phase II Reports

All DARPA SBIR and STTR awardees are required to submit reports in accordance with the Contract Data Requirements List – CDRL and any applicable Contract Line Item Number (CLIN) of the Phase I contract. Reports must be provided to the individuals identified in Exhibit A of the contract.

Reports are uploaded to the DARPA SBIR/STTR Information Portal (SSIP). See section "Retrieval of DARPA SBPO Notifications" on page 4 of these instructions.