



Headquarters
Department of the Army
Washington, DC
1 August 2024

Army Regulation 70–79

Effective 1 September 2024

Research, Development and Acquisition Army Small Business Innovation Research and Small Business Technology Transfer Programs

By Order of the Secretary of the Army:

RANDY A. GEORGE
General, United States Army
Chief of Staff

Official:


MARK F. AVERILL
Administrative Assistant to the
Secretary of the Army

History. This publication is a new Department of the Army regulation.

Authorities. This regulation implements 15 USC 638, the Small Business Administration Small Business Innovation Research and Small Business Technology Transfer Program Policy Directive, DoDI 4205.01, and AR 70–78.

Applicability. This regulation applies to the Regular Army, the Army National Guard/Army National Guard of the United States, and the U.S. Army Reserve, unless otherwise stated.

Proponent and exception authority. The proponent of this publication is the Assistant Secretary of the Army for Acquisition, Logistics and Technology. The proponent has the authority to approve exceptions or waivers to this publication that are consistent with controlling laws and regulations. The proponent may delegate this approval authority, in writing, to a division chief within the proponent agency or its direct reporting unit or field operating agency in the grade of colonel or the civilian equivalent. Activities may request a waiver to this publication by providing justification that includes a full analysis of the expected benefits and must include a formal review by the activity's senior legal officer. All waiver requests will be endorsed by the commander or senior leader of the requesting activity and forwarded through their higher headquarters to the policy proponent. Refer to AR 25–30 for specific requirements.

Army internal control process. This regulation contains internal control provisions in accordance with AR 11–2 and identifies key internal controls that must be evaluated (see appendix B).

Suggested improvements. Users are invited to send comments and suggested improvements on DA Form 2028 (Recommended Changes to Publications and Blank Forms) directly to usarmy.pentagon.hqda-as-a-alt.mbx.army-applied-sbir-program@army.mil.

Distribution. This regulation is available in electronic media only and is intended for the Regular Army, the Army National Guard/Army National Guard of the United States, and the U.S. Army Reserve.

SUMMARY

AR 70–79

Army Small Business Innovation Research and Small Business Technology Transfer Programs

This new publication, dated 1 August 2024—

- Makes reference to a new publication AR 70-XX(78) which is currently with OTJAG for a legal review (title page, summary page, para 1–1, and appendix A).
- Implements Section 638, Title 15 United States Code for the U.S. Army, Small Business Administration Small Business Innovation Research and Small Business Technology Transfer Program Policy Directive, DoDI 4205.01, and AR 70–78 (para 1–1).
- Prescribes Department of the Army policies and responsibilities for the Small Business Innovation Research and Small Business Technology Transfer Programs with the domestic small business economy (para 1–1).
- Provides policies and operational guidelines for the Army to strengthen the role of innovative small businesses in federally funded research and development (para 1–1).

Contents (Listed by chapter and page number)

Summary of Change

Chapter 1

Introduction, *page 1*

Chapter 2

Responsibilities, *page 1*

Chapter 3

Small Business Innovation Research and Small Business Technology Transfer Policy, *page 4*

Chapter 4

Active Management and Transition Broker Teams, *page 9*

Appendixes

A. References, *page 12*

B. Internal Control Evaluation, *page 14*

Figure List

Figure 3–1: Types of Transition, *page 7*

Figure 4–1: Transition Broker Team Management Construct, *page 11*

Glossary of Terms

Chapter 1

Introduction

1–1. Purpose

This regulation implements Title 15 United States Code, Section 638 (15 USC 638), Small Business Administration (SBA) policy, DoDI 4205.01, and AR 70–78. It prescribes Department of the Army (DA) policies and responsibilities for the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Programs with the domestic civilian small business sector. Specifically, it provides policies and operational guidelines for the Army to strengthen the role of innovative small businesses in federally funded research and development (R&D). While this regulation provides policy and guidance concerning the SBIR and STTR Programs, general DA R&D policy is found in AR 70–1, technology transfer policy and policy governing the transfer of intellectual property (IP) between the military and civilian communities is found in AR 70–57, DA policy concerning the legal aspects of IP is found in AR 27–60, and trademark licensing is governed by AR 601–280.

1–2. References, Forms, and Explanation of Abbreviations

See appendix A. The abbreviations, brevity codes, and acronyms (ABCAs) used in this electronic publication are defined when you hover over them. All ABCAs are listed in the ABCA directory located at <https://armypubs.army.mil/>.

1–3. Associated Publications

This section contains no entries.

1–4. Responsibilities

Responsibilities are listed in chapter 2.

1–5. Records Management (Recordkeeping) Requirements

The records management requirement for all record numbers, associated forms, and reports required by this publication are addressed in the Records Retention Schedule–Army (RRS–A). Detailed information for all related record numbers, forms, and reports are located in the Army Records Information Management System (ARIMS)/RRS–A at <https://www.arims.army.mil>. If any record numbers, forms, and reports are not current, addressed, and/or published correctly in ARIMS/RRS–A, see DA Pam 25–403 for guidance.

Chapter 2

Responsibilities

2–1. Assistant Secretary of the Army (Acquisition, Logistics and Technology)

The ASA (ALT) is designated as the science advisor to the Secretary of the Army and senior R&D official for the DA. The ASA (ALT) is designated the single office in Headquarters, Department of the Army (HQDA) responsible for the acquisition and R&D functions for DA. This includes the responsibility for developing and supervising the policies and programs for the Army's scientific and technical programs. The ASA (ALT) is responsible for overseeing Army R&D, including science and technology (S&T) efforts and associated resourcing decisions.

- a. The ASA (ALT) will develop and oversee policies for the Army SBIR and STTR Programs.
- b. On behalf of the ASA (ALT), the Deputy Assistant Secretary of the Army for Research and Technology (DASA (R&T)) will—
 - (1) Provide guidance regarding governance, management, and resourcing decisions for all Army SBIR and STTR Programs.
 - (2) Champion the Army SBIR and STTR Programs within the S&T, acquisition, and sustainment communities.
 - (3) Coordinate support across the Army advanced development community, including all program executive offices (PEOs) and ASA (ALT) direct reporting units (DRUs) to ensure transition pathways for SBIR and STTR Program-derived technologies.

- (4) Provide guidance on integrated planning, programming, budgeting, and source selection for the SBIR and STTR Programs.
- (5) Provide customer expectations and feedback to the Army SBIR/STTR Contracting Center of Excellence (CCoE) in accordance with the Army SBIR Memorandum of Agreement (MOA).
- (6) The DASA (R&T) will appoint and delegate authorities to an Army SBIR/STTR Program Director. The Army SBIR/STTR Program Director will—
 - (a) Establish program goals, objectives, and measures for the Army SBIR/STTR Program.
 - (b) Execute investment authority for all SBIR/STTR Phase I and Phase II awards.
 - (c) Coordinate topics and awards among all Army stakeholders and SBIR/STTR portfolios to ensure collaboration.
 - (d) Designate portfolio manager(s), if applicable, for the Army SBIR and STTR portfolios.
 - (e) Develop metrics and procedures to measure program performance for the Army SBIR and STTR Programs, and design and execute continuous improvement plans and activities.
 - (f) Assist in developing policies governing the overarching Army SBIR and STTR Program structure.
 - (g) Provide coordination with the SBA, the Office of the Secretary of Defense (OSD), and Congress regarding governmental and congressional inquiries for the Army SBIR and STTR Programs.
 - (h) Provide coordination with the SBA regarding deviations from the maximum SBIR/STTR award size.
 - (i) Coordinate with the Director of Small Business Programs (SBP) for SBIR/STTR Program outreach.
 - (j) Plan and manage overall operations, priorities, and execution of the Army SBIR/STTR Program focused on sustainable innovation and commercialization, brokering relationships and transition opportunities for emerging technologies with Army, ASA (ALT), PEOs, and U.S. Army Futures Command (AFC) priorities.
 - (k) Ensure compliance with law, and SBA and U.S. Department of Defense (DoD) policies, including, but not limited to, experienced firm limitations; foreign ownership, control, or influence (FOCI) considerations; the Army SBIR/STTR due diligence process; and cybersecurity hygiene review.
 - (l) Annually submit the SBIR administrative funding request to the SBA. Evaluate year-to-year individual and shared resource needs and adjust allocations to meet the overall Army SBIR/STTR strategy.
 - (m) Establish and maintain a business process automation tool that provides program data, activity, and effectiveness, automates the required reporting of Army SBIR/STTR contracts and SBIR/STTR IP including inventions/patents to the OSD, and allows for HQDA reviews, and create a system of records to collect and maintain the program data, Army contracts, and IP in accordance with AR 25–400–2.
 - (n) Supervise transition broker teams (TBTs), which maximize the effectiveness and impact of Army SBIR/STTR funds to reduce technical and execution risk in Army acquisitions programs.
 - (o) Produce reports; manage the topic development, solicitation, and source selection processes for the Army SBIR/STTR Program.
 - (p) Respond to requests for information regarding governmental, public, and congressional inquiries, legal issues, and protests for the Army SBIR/STTR Program.
 - (q) Coordinate with other military departments and/or other governmental agencies to sponsor joint SBIR/STTR topic areas.
 - (r) Assist in the development of processes for commercializing and transitioning technology; conduct outreach and education to the small business community and private sector.
 - (s) Assist in developing and documenting standard operating procedures and operational processes.
 - (t) Function as the source selection authority for the Army SBIR/STTR awards.
 - (u) Perform programming and financial management activities.
 - (v) Coordinate activities across the Army's participating organizations and programs, including but not limited to the Army Contracting Command, AFC laboratories and centers, Army Manufacturing Technology Program, Army Logistics Innovation Agency, Army PEOs, the U.S. Army Rapid Capability and Critical Technologies Office, the U.S. Army Corps of Engineers, Space and Missile Defense Command, Army Research Institute, and Army Test and Evaluation Command.
 - (w) Be accountable for maximizing program effectiveness in keeping with congressional legislation, DoD policy, national strategy, and Army leadership direction.
 - (x) Ensure synchronization between the Commanding General (CG), AFC, and ASA (ALT) to maximize program effectiveness and address Army capability gaps.
 - (y) Ensure the Army SBIR/STTR Due Diligence Program is in compliance with all applicable laws, policies, and guidance, to include privacy, civil liberties, and intelligence oversight requirements.
 - (z) Charter and chair the Army SBIR/STTR Due Diligence Risk Mitigation Review Board.

(aa) Establish MOAs and resourcing for SBIR/STTR due diligence services provided to other DoD components.

c. On behalf of the ASA (ALT), the Deputy Assistant Secretary of the Army for Procurement (DASA (P)), or their designee, will—

- (1) Serve as the head of contracting activity and procurement authority for the SBIR/STTR CCoE.
- (2) Ensure the Army contracting community reports all Army SBIR or STTR Phase III awards, including the originating SBIR or STTR Phase I or Phase II award.
- (3) Institute uniform contracting clauses for the U.S. Army Materiel Command (AMC) depots and arsenals allowing participation in the Army SBIR/STTR Programs.

d. The ASA (ALT) will authorize up to 20 continuous learning points per 2-year training cycle for all Army Acquisition Workforce professionals performing activities in support of the Army SBIR and STTR Programs, such as participation in TBTs, SBIR/STTR Program development, SBIR/STTR proposal reviews, and/or SBIR/STTR project technical management.

2-2. Director, Small Business Programs

The Director, SBP will—

- a. Serve as a liaison for the SBIR and STTR Programs, coordinating inquiries from across the small business ecosystem, including but not limited to Army senior leadership, other government agencies, small business owners, Army stakeholders, and integrators.
- b. Provide educational resources to all Army SBIR and STTR firms, including information about eligibility for SBPs.
- c. In coordination with the ASA (ALT), encourage SBIR and STTR participation from underrepresented and underserved small business entities, including but not limited to, qualified non-traditional defense firms, small disadvantaged business (SDB), historically underutilized business zone (HUBzone), Veteran-owned small business (VOSB)/Service-disabled Veteran-owned small business (SDVOSB), and Women-owned small business (WOSB) firms.

2-3. Deputy Chief of Staff, G-2

The DCS, G-2 will support the SBIR and STTR secondary reviews of the Due Diligence Program in accordance with policies set forth in this regulation. The DCS, G-2, or their designee, will—

- a. Coordinate with ASA (ALT) to develop policy, minimum standards, and information-sharing requirements for secondary reviews (for example, counterintelligence (CI) reviews) executed by the U.S. Army Intelligence and Security Command (INSCOM) to support the Army's SBIR/STTR Due Diligence Program.
- b. Ensure secondary reviews conducted by INSCOM are in compliance with all applicable laws, regulations, directives, and policies, to include privacy, civil liberties, and intelligence oversight requirements.
- c. Oversee the transfer of ASA (ALT) resourcing to INSCOM in support of the Army SBIR/STTR Due Diligence Program.

2-4. Director, U.S. Army Criminal Investigation Division

The Director, USACID will ensure the implementation and execution of the SBIR and STTR procurement fraud reviews, in support of the Due Diligence Program. The Director, USACID, or their designee, will—

- a. In coordination with the Army SBIR/STTR Program Director, provide procurement fraud reviews for select Army SBIR/STTR firms to support the Army SBIR/STTR Due Diligence Program.
- b. Provide a representative for the Army SBIR/STTR Due Diligence Risk Mitigation Review Board to present procurement fraud information, as applicable.

2-5. Commanding General, Army Futures Command

The CG, AFC is responsible for operation of Army research laboratories and centers. The CG, AFC will—

- a. Ensure transition opportunities for Army SBIR and STTR Program-derived technologies to Army research laboratories.
- b. Require AFC research laboratory staff scientists, engineers, and acquisition enterprise employees to participate in the Army SBIR and STTR Programs, including, but not limited to, membership in TBTs, topic development, proposal reviews, program coordination, technical points of contact, contracting officer's representatives (COR) and/or small business mentorship.

c. Designate AFC SBIR/STTR Program lead(s) to liaise and coordinate activities with the Army SBIR/STTR Program Director. The program lead(s) will—

(1) Provide recommendations regarding Army SBIR and STTR topic development and selection criteria to the Army SBIR/STTR Program Director for projects pertaining to the future operational environment, emerging threats, and technology concepts needed to dominate a future battlefield.

(2) Coordinate Army SBIR and STTR Program engagement across AFC's participating organizations and programs including, but not limited to, AFC laboratories and centers, Army Open Campus sites, and the Army Artificial Intelligence Integration Center.

(3) Integrate Army SBIR/STTR activities with the AFC Office of Small Business Programs.

(4) Report to the Army SBIR/STTR Program Director on all SBIR and STTR matters such as pilot initiatives, program impact and effectiveness, and technology transition successes for inclusion in an annual report.

2-6. Commanding General, Army Intelligence and Security Command

The CG, INSCOM will ensure the implementation and execution of the SBIR and STTR secondary reviews of the Due Diligence Program set forth in this regulation. The CG, INSCOM, or their designee, will—

a. In support of the Army SBIR/STTR Due Diligence Program, execute secondary reviews in accordance with law and Army policy.

b. Support ASA (ALT) in developing MOAs to provide secondary reviews for other DoD agencies, and execute those secondary reviews, as required.

c. Support all SBIR/STTR CI annual reporting requirements.

d. Ensure secondary reviews are in compliance with all applicable laws, regulations, directives, and policies, to include privacy, civil liberties, and intelligence oversight requirements.

e. Provide a non-voting representative for the Army SBIR/STTR Due Diligence Risk Mitigation Review Board when a secondary review has been conducted by INSCOM.

2-7. Commanders of Army Commands, Army Service Component Commands, Direct Reporting Units, and Field Operating Agencies, Army Program Executive Officers, and Heads of Army Agencies responsible for Technology Research, Development, and Acquisition Activities

CGs, commanders, directors, and joint program executive officers of Army commands, Army service component commands, field operating agencies, PEOs, DRUs, and heads of other technology research, development, and acquisition (RDA) agencies or Army laboratories and sustainment commands will ensure the execution of the policies set forth in this regulation within their command or agency. They will—

a. Require staff scientists, engineers, and acquisition enterprise employees to participate in the Army SBIR and STTR Programs including, but not limited to, membership in TBTs, topic development, proposal reviews, program coordination, technical point of contact, COR, and/or small business mentorship.

b. Ensure that SBIR/STTR Programs have tenable, timely, and realistic technology transition strategies to support RDA agency technical capability gaps; technology insertion or upgrade opportunities; and risk reduction for future research, development, test, and evaluation (RDT&E) programs in accordance with DoDI 5000.02 and DoD 7000.14-R, Volume 2B.

c. Plan to match non-SBIR funds, as required, for Phase II enhancement projects.

d. Maximize, to the greatest extent practicable, the use of SBIR Phase III awards for follow-on RDA activities. Ensure SBIR/STTR-generated technologies are considered during RDA program development.

e. Designate an SBIR/STTR Program coordinator to liaise and coordinate activities with the Army SBIR/STTR Program Director. This individual may also serve as the R&D program manager.

f. Integrate SBIR/STTR Program activities with command-level offices of SBP.

Chapter 3

Small Business Innovation Research and Small Business Technology Transfer Policy

3-1. Small Business Administration Small Business Innovation Research and Small Business Technology Transfer Policy Directive

SBA develops and publishes a policy directive regarding the operation, management, and execution of the SBIR and STTR Programs. This regulation implements the SBA Policy Directive within the Army.

3–2. Small Business Research and Development

The Army SBIR and STTR Programs provide small, high-tech businesses the opportunity to propose innovative R&D solutions in response to critical Army needs or opportunities. Specific program purposes are to—

- a. Stimulate small business technological innovation.
- b. Use small businesses to meet Army R&D needs.
- c. Foster and encourage participation in Army R&D by small business concerns, to include: SDB concerns, VOSB, SDVOSB concerns, WOSB concerns, and HUBZone small business concerns.
- d. The Army focuses the SBIR and STTR Programs on dual-use applications in both the military and private sector, investing in private sector technology domains with unrivaled technological subject-matter expertise for Army use, while offering strong business-value propositions for small business innovators. The Army must embrace emerging technologies to become a more effective and efficient force that can project power in all operational domains, including cyberspace, to defend our networks, systems, data, and Soldiers.

3–3. Small Business Eligibility

a. *General requirements.* Eligibility and application (proposal) requirements are prescribed in the U.S. Small Business Administration Directive and 13 CFR 121.701 through 121.705. A small business must meet the following eligibility requirements at the time of Phase I and II awards:

- (1) Except for small agricultural concerns, must be a business entity organized for-profit, with a place of business located in the United States, and which operates primarily within the United States or which makes a significant contribution to the U.S. economy (see 13 CFR 121.105).
- (2) Be a concern that is more than 50 percent directly owned and controlled by one or more individuals who are citizens or permanent resident aliens of the United States, or by other small business concerns that are each more than 50 percent directly owned and controlled by one or more individuals who are citizens or permanent resident aliens of the United States.
- (3) No more than 500 employees, including affiliates (see 13 CFR 121.702).
- (4) Joint ventures may qualify for the SBIR/STTR Program if they satisfy the requirements to submit an offer for a procurement as set forth in 13 CFR 125.8.
- (5) Exceptions to affiliation coverage are granted for business concerns owned and controlled by Indian Tribes, Alaska Native Corporations (ANCs) organized pursuant to the Alaska Native Claims Settlement Act, Native Hawaiian Organizations (NHOs), Community Development Corporations (CDCs) or wholly owned entities of Indian Tribes, ANCs, NHOs, or CDCs who are not considered affiliates of such entities (see 13 CFR 121.103).

b. *Majority-owned venture capital firms.* Pursuant to 15 USC 638(dd), the DA permits small business concerns majority-owned by multiple venture capital, hedge funds, or private equity firms to participate in the Army SBIR Program. As required by statute, the cumulative investment in any awards resulting from this authority will not exceed 15 percent of the total Army SBIR Program budget per fiscal year (see SBA Policy Directive).

c. *Project transition rates.* The Army SBIR and STTR Programs are focused on transitioning developed products, processes, technologies, and services to Army customers. Accordingly, companies with multiple SBIR/STTR awards must meet benchmarks to be eligible to apply for a new Phase I or direct to Phase II award. These requirements aim to ensure that Phase I applicants that have won multiple prior SBIR/STTR awards are making progress toward commercializing the work done under those awards. The Phase I to Phase II transition rate addresses the extent to which an awardee progresses a project from Phase I to Phase II. The commercialization benchmark addresses the extent to which an awardee has moved past Phase II work toward commercialization. The Phase I to Phase II transition rate requirement applies only to SBIR and STTR Phase I applicants that have received more than 20 Phase I awards over the past 5 fiscal years, excluding the most recent year. These companies must meet the required benchmark rate of transition from Phase I to Phase II: An awardee must have received an average of one Phase II for every four Phase I awards received during the most recent 5-year time period (which excludes the most recently completed fiscal year) to be eligible to submit a proposal for a new Phase I (or Direct to Phase II) award. The ratio of Phase II to Phase I awards must be at least 0.25 (see 15 USC 638 and 77 FR 63410).

d. *Commercialization benchmark.* The commercialization benchmark requirement applies only to SBIR and STTR Phase I applicants that have received more than 15 Phase II awards over the past 10

fiscal years, excluding the last 2 years. These companies must have achieved at least the minimum required levels of commercialization activity resulting from their past Phase II work in order to be eligible to submit a proposal for a new Phase I (or Direct to Phase II) award. The current commercialization benchmark requirement is that the awardee applicant must have received, to date, an average of at least \$100,000 of sales and/or investments per Phase II award received or have received a number of patents resulting from the SBIR work equal to or greater than 15 percent of the number of Phase II awards received during the period (see 15 USC 638 and 78 FR 48537).

3–4. Program Resourcing

After the annual defense appropriation is signed, the Deputy Assistant Secretary of the Army (Budget) determines the percentage of the extramural Army RDT&E funds will be used for awards to small business concerns under the SBIR and STTR Programs in accordance with 15 USC 638(f) and 15 USC 638(n).

a. Army Small Business Technology Transfer Program. The Army STTR Program will be resourced in accordance with 15 USC 638(n) for budget activity (BA)1 through BA8 program elements.

b. Army Small Business Innovation Research Program. The Army SBIR Program will be resourced in accordance with 15 USC 638(f) for BA1 to BA8 program elements.

c. Program resource allocations. The Army SBIR and STTR Programs are Armywide programs and should address emerging and enduring Army needs from across the Army enterprise, including: discovery, enabling technologies and technology push from S&T organizations such as Army labs and centers, Army Cross-Functional Teams, and others; innovation and technology transition from small businesses to Army customers that may include, but are not limited to, Army PEOs, project managers (PMs) and product managers, Army depots and arsenals, Army Centers of Excellence, Army Combatant Commands, AMC, the Army Secretariat, and others; and foundational total Army principles including people, modernization, and readiness.

3–5. Project Phases

a. Small Business Innovation Research and Small Business Technology Transfer projects. Typically, SBIR and STTR projects are organized into stages—

(1) Phase I: Proof of concept demonstration, typically up to \$250,000 and between 3 and 12 months in duration.

(2) Phase II: Prototype RDT&E, commercialization, and transition, typically up to \$1,900,000 and normally not exceeding 24 months in duration.

b. Maximum funding amount. The maximum dollar value per phase is posted at www.sbir.gov and is adjusted annually with inflation, in accordance with the SBA Policy Directive. If there is a conflict between the maximum dollar values and/or periods of performance listed herein and those dictated by the SBA Policy Directive, then the SBA Policy Directive prevails. Deviations from the maximum award size will be coordinated by the Army SBIR/STTR Program Director in consultation with the SBA. Army programmatic needs and technology transition milestones should dictate award length. The acquisition strategy for all SBIR and STTR projects, including technical objectives, project duration, project scope, and project cost, should be closely synchronized with the SBIR or STTR transition partner(s). Transition encompasses all Army RDT&E investments, from BA1 to BA8, and can include but is not limited to— knowledge transitions, requirements development and prototype transition.

3–6. Technology Transition

The Army SBIR and STTR Programs invest in the development and transition of critical emerging technologies to support the Army mission. The innovation framework, in concert with deliberate critical technology focus areas and transition-focused investments, will bolster the Army's comparative advantages rather than engaging in wasteful technology races. In addition, the SBIR and STTR Programs will create, transform, and field capabilities at speed and scale by fostering a more vibrant defense innovation ecosystem, accelerating the transition of new technology into the field, and communicating effectively inside and outside the DA. Prior to execution, all SBIR and STTR projects will have a technology transition plan, with known technology stakeholder(s), transition milestone date and technology transition modality. Technology transition can comprise many different modalities (see fig. 3–1), including—

a. Design, develop, and produce new system hardware, software, or detailed specifications for an Army program.

- b. Design, develop, and produce new hardware or software, and integrate into a pre-existing system to meet emerging or objective requirements.
- c. Develop or modify existing hardware or software to upgrade or improve an existing system.
- d. Develop a new hardware or software technology upgrade strategy that can upgrade an existing system.
- e. Hardware or software that can transition to multiple programs of record.
- f. Develop system or software that can transition or meet the needs of multiple indirect systems or programs.
- g. Hardware or software that is transitioned to industry or another government agency.
- h. Commercial system modified to meet Army needs.
- i. Transitioning technical knowledge to inform tactics, techniques, and procedures; future concepts; and concepts of operation.
- j. Technology knowledge used to develop new requirements, standards, or regulations.

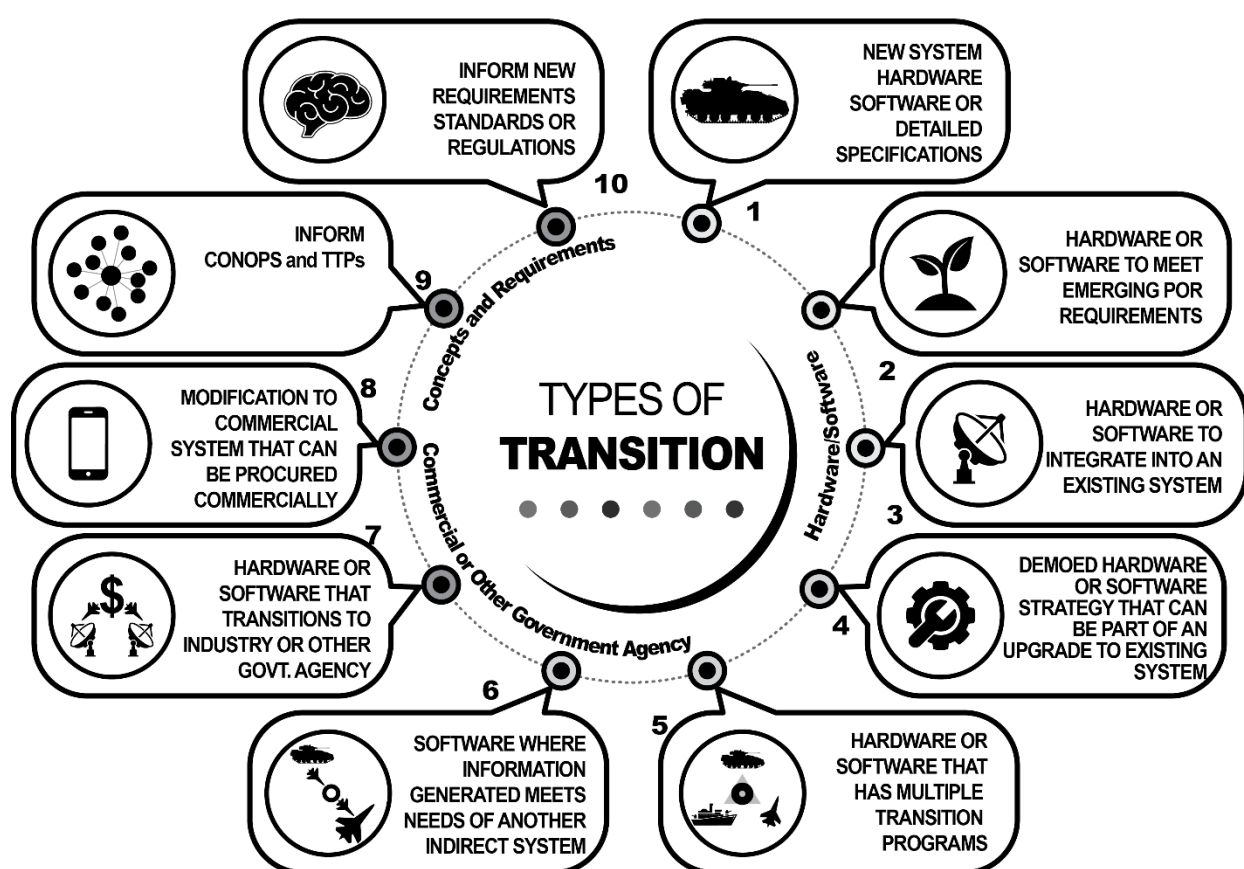


Figure 3–1. Types of Transition

3–7. Phase III Projects

Army SBIR/STTR Phase III work may be for products, production, services, Research I/R&D, or any such combination. Phase III awards may comprise commercial applications of SBIR/STTR Program-funded R/R&D that are funded by non-federal sources of capital, or where products, services, or further research intended for use by the federal Government are funded by non-SBIR/STTR sources of federal funding. Any small business that has received a prior SBIR/STTR Phase I an/or Phase II award is eligible for a

Phase III award. SBIR/STTR Phase III awards must derive from, extend, or complete efforts made under prior SBIR/STTR funding agreements and are authorized pursuant to 15 USC 638(r)(4). Further justification is not needed to satisfy competition requirements. Sole-source awards may be issued without further justification to the SBIR and STTR awards recipients that developed the technology. A Phase III award is, by its nature, a SBIR/STTR award, has SBIR/STTR status, and must be accorded SBIR/STTR data rights protection.

a. An Army SBIR/STTR Phase III award—

(1) Significantly reduces time to award by funding only the efforts of a small business concern that derive from, extend, or complete prior SBIR/STTR Phase I and Phase II funding agreements.

(2) Does not require a justification and approval (J&A).

(3) Does not require publication of a notice of solicitation (see SBA Policy Directive 2(j)(4)(iii)).

(4) Does not require cost or pricing data and certification (Truth in Negotiations), or an independent Government cost estimate.

b. The head of the RDA will ensure that the SBIR/STTR Phase III contracting package provided to the Army contracting office consists of—

(1) RDA requirement/need for customer.

(2) RDA proposal from SBIR/STTR firm.

(3) A memorandum validating that the new RDA requirement derives from, extends, or completes the work accomplished during the SBIR/STTR Phase I or II award.

(4) Any additional Federal Acquisition Regulation (FAR) requirements to support RDA proposal in accordance with the new contract award strategy.

3–8. Centralized Contracting Policy

The CCoE is established under ASA (ALT) and the DASA (P) is the head of contracting activity and the procurement authority for the SBIR/STTR CCoE. The DASA (P) will exercise all available acquisition authorities to simplify and streamline Army SBIR and STTR awards. The DASA (P) will—

a. Centralize oversight of and synchronize the execution of Army Phase I and Phase II SBIR and STTR contracts.

b. Award, administer, and close out Army Phase I and Phase II SBIR and STTR contracts.

c. Specialize in the unique needs of small businesses to break down barriers and help them overcome the inherent disadvantages faced in performing R&D contracts, when compared to large businesses.

d. Through quality contracting, foster the stimulation of economic growth and technological innovation that will help the Army meet its R&D needs.

e. Assist in developing and implement contracting processes and procedures to increase efficiencies, enhance streamlining initiatives, and minimize acquisition lead time.

3–9. Intellectual Property Transfer and Reporting

Army IP provided to an SBIR/STTR awardee will be transferred in accordance with the SBA Policy Directive and applicable statutes, regulations, and DoD and Army policy (see DoDI 5535.08 and AR 70–57).

a. All SBIR/STTR awardees must provide periodic reporting on the utilization of SBIR Inventions and Other SBIR IP in accordance with 37 CFR 401.

b. As prescribed in FAR 27.303(b)(1), clause 52.227–11, “Patent Rights — Ownership by the Contractor,” will be included in all SBIR and STTR contracts. As prescribed in Defense Federal Acquisition Regulation Supplement (DFARS) 227.303 (1), clause 252.227–7039, “Patents – Reporting of Subject Inventions,” will be included in all SBIR and STTR contracts. The DASA (P) may include in SBIR and STTR contracts a clause requiring awardees to report inventions through the Edison Invention Reporting System at www.iedison.gov or other Army systems.

3–10. Rights in Noncommercial Technical Data and Computer Software

a. In accordance with DFARS 227.7104, contracts for SBIR Phase I, II, and III awards will include a clause stating the Government obtains SBIR data rights in technical data and computer software generated under the contract and marked with the SBIR data rights legend. SBIR data rights provide the Government limited rights in such technical data and restricted rights in such computer software during the SBIR data protection period commencing with contract award and ending 5 years after completion of the

project under which the data were generated. Upon expiration of the 5-years restrictive license, the Government has unlimited rights in the SBIR technical data and computer software.

b. During the SBIR data protection period, the Government may not release or disclose SBIR technical data or computer software to any person except as authorized for limited-rights technical data or restricted-rights computer software, respectively.

3–11. Controlled Unclassified Information

Controlled unclassified information (CUI) used in or resulting from SBIR or STTR Programs and the marking and dissemination of such information is controlled by DoDI 5230.24, DoDD 5230.25, and AR 380–5. Release of trade secret, commercial, or financial information that is privileged or confidential under the meaning of 5 USC 552 is governed by the provisions of the Freedom of Information Act (5 USC 552) or, for patent licenses, 15 USC 3710a.

3–12. Conflicts of Interest and Ethics

Actions taken by Army personnel regarding the SBIR and STTR Programs will be accomplished without actual or apparent personal or organizational conflicts of interest that violate statutory or regulatory ethics standards. Refer to FAR Part 3, the Ethics in Government Act of 1978 (PL 95–521), and DoD 5500.7–R.

3–13. Due Diligence Program

a. The Army SBIR/STTR Program Director will administer a Due Diligence Program to assess risks presented by small business concerns seeking a federally funded award. In accordance with 5 USC 638, the Army SBIR/STTR Program Director will—

(1) Assess, using a risk-based approach as appropriate, the cybersecurity practices, patent analysis, employee analysis, and foreign ownership of a small business concern seeking an award, including the financial ties and obligations (which will include surety, equity, and debt obligations) of the small business concern and employees of the small business concern to a foreign country, foreign person, or foreign entity.

(2) Assess awards and proposals or applications, as applicable, using a risk-based approach as appropriate, including through the use of open-source analysis and analytical tools, for the nondisclosures of information required relating to foreign affiliation with any foreign country of concern.

b. The Army tiered risk-based process for the SBIR and STTR Programs will include firms' self-disclosure of known foreign affiliations, a centralized business review, an additional risk assessment review, and an additional security (INSCOM) and/or acquisition fraud (USACID) evaluations. The award decision will be reviewed by the SBIR/STTR risk mitigation review board, which will provide consensus recommendations to the board's chair, the Director of the Army SBIR/STTR Program. Up to 2 percent of the Army SBIR program funds can be used to establish the Due Diligence Program.

Chapter 4

Active Management and Transition Broker Teams

4–1. Active Small Business Innovation Research/Small Business Technology Transfer Portfolio Management

Active management is the methodology by which the Army SBIR/STTR Program reduces risk and improves the chances of technology transition. Active management is conducted across the 3 to 5-year lifecycle of the average SBIR/STTR-funded effort, from award to transition or exit. Consistent with the SBIR/STTR Program's TBT model, active management is a structured process to bring together the collective resources of Army stakeholders to solve problems, mitigate risks, and exploit opportunities to transition technologies into the Army.

4–2. Transition Broker Teams

Subject to Army priorities and DASA (R&T) guidance, the Army SBIR/STTR Program Director allocates SBIR/STTR capital and supervises TBT management of the resulting investments along the entire investment lifecycle to achieve the mission of expediting Army R&D programs and transitioning technologies developed through those SBIR/STTR investments. Each TBT portfolio is focused on a specific technology

and is comprised of multiple potential Army transition partners. TBTs are the primary SBIR/STTR entity for collaboration across all elements of the Army Modernization Enterprise.

a. Transition broker team functions.

(1) TBT are structured to facilitate information exchange between member Army organizations and stakeholders to improve common understanding of technologies and the business cases necessary to attain solutions to Army technology challenges.

(2) TBT members recommend specific SBIR/STTR funding allocations to the Army SBIR/STTR Program Director for Army SBIR/STTR R&D projects to optimize outcomes across the SBIR/STTR R&D portfolio and along the total SBIR/STTR investment lifecycle.

(3) TBT members manage the transition of SBIR/STTR-facilitated technologies to an acquisition program, further Army R&D effort, commercial technology, or inform future technology development (see fig. 3–1).

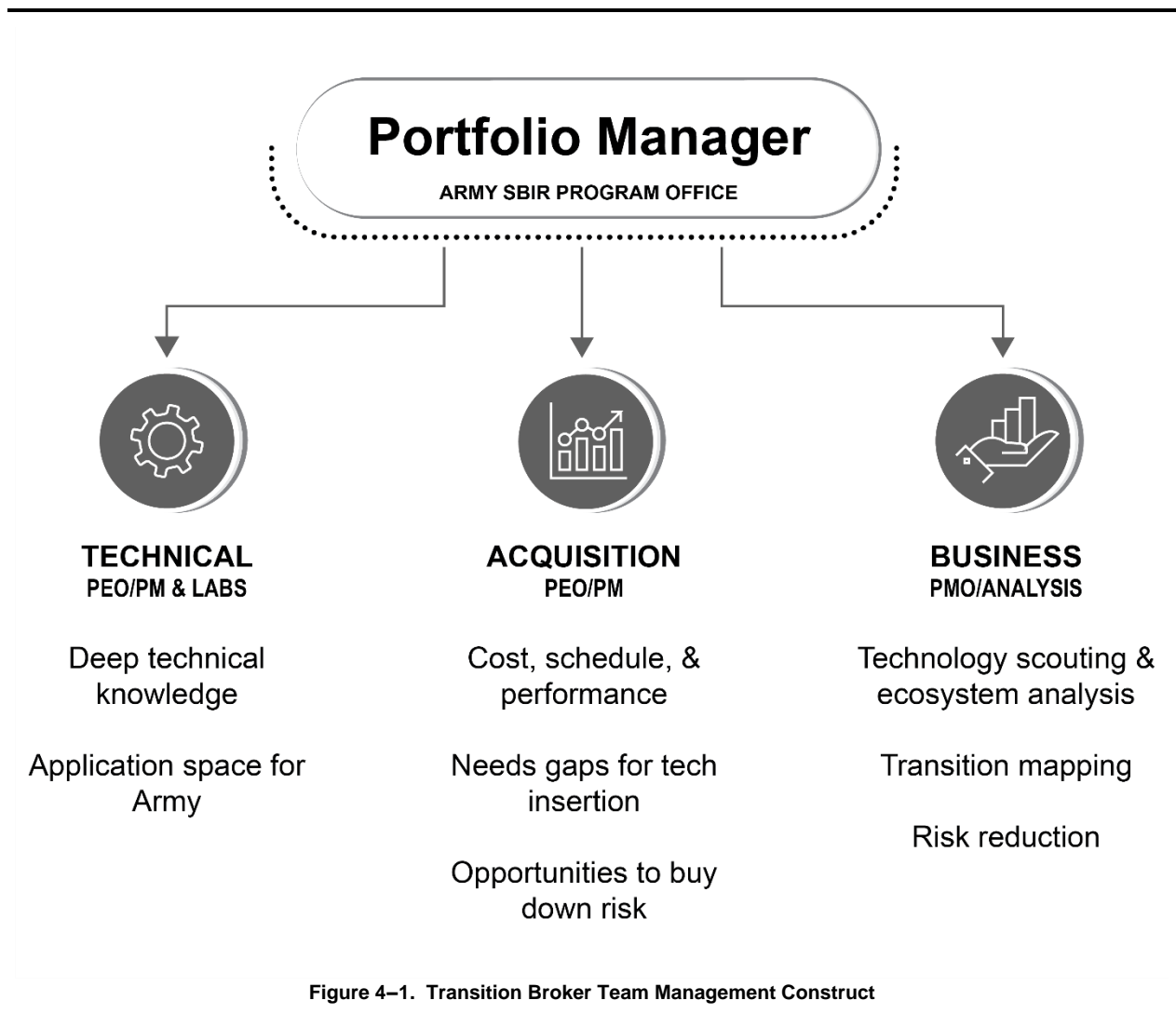
b. Transition broker team management construct and membership. See figure 4–1.

(1) Portfolio manager: Oversees the operations of the TBT; manages the project development process and active management process.

(2) Army acquisition representatives: PM acquisition representatives from the PEO/PM ability and authority to plan technology insertions and technology transition into their programs.

(3) Army technologists: Research center and laboratory program managers with deep scientific knowledge who provide subject-matter expertise and technical advice.

(4) Business analysts: Provide technology scouting and transition-mapping into the private sector.



Appendix A

References

Section I

Required Publications

Unless otherwise indicated, all Army publications are available on the Army Publishing Directorate website at <https://armypubs.army.mil>. DoD publications are available on the Executive Services Directorate website at <https://esd.whs.mil/>. United States Codes are available at <https://uscode.house.gov/>.

AR 11–2

Managers' Internal Control Program (Cited in title page.)

AR 25–400–2

Army Records Management Program (Cited in para 2–1*b*(6)(*m*).)

AR 27–60

Intellectual Property (Cited in para 1–1.)

AR 70–1

Army Operation of the Adaptive Acquisition Framework (Cited in para 1–1.)

AR 70–57

Army Technology Transfer (Cited in para 1–1.)

AR 70–78

Army Small Business Programs (Cited in title page.)

DA Pam 25–403

Army Guide to Recordkeeping (Cited in para 1–5.)

DoD 5500.7–R

Joint Ethics Regulation (JER) (Cited in para 3–12.)

DoDD 5230.25

Withholding of Unclassified Technical Data From Public Disclosure (Cited in para 3–11.)

DoDI 5230.24

Distribution Statements on DoD Technical Information (Cited in para 3–11.)

Memorandum of Agreement

Army Small Business Innovation Research (SBIR) Contracting Center Of Excellence, between DASA (R&T), DASA (P) and USAASC (Cited in para 2–1*b*(5).) (Available at <https://armyeitaas.sharepoint-mil.us/>) (CAC access required.)

U.S. Small Business Administration Directive

Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Program Policy Directive (Cited in para 3–3*a*.) (Available at <https://www.sbir.gov/>.)

13 CFR 121.702

What size and eligibility standards are applicable to the SBIR and STTR Programs? (Cited in para 3–3*a*(3).) (Available at <https://www.ecfr.gov/>.)

37 CFR 401

Rights to Inventions Made by Nonprofit Organizations and Small Business Firms under Government Grants, Contracts, and Cooperative Agreements (Cited in para 3–9*a*.) (Available at <https://www.ecfr.gov/>.)

5 USC 552

Public information; agency rules, opinions, orders, records, and proceedings (Cited in para 3–11.)

15 USC 638

Research and Development (Cited in title page.)

15 USC 3710a

Cooperative research and development agreements (Cited in para 3–11.)

Section II

Prescribed Forms

This section contains no entries.

Appendix B

Internal Control Evaluation

B–1. Function

The function covered by this evaluation is ensuring compliance of the Army SBIR/STTR policies with 15 USC 638 and the SBA Policy Directive.

B–2. Purpose

The purpose of this evaluation is to assist the Army SBIR/STTR stakeholders in evaluating the key internal controls listed. It is intended as a guide and does not cover all controls.

B–3. Instructions

Answers must be based on the actual testing of key internal controls (for example, document analysis, direct observation, sampling, simulation, or other). Answers that indicate deficiencies must be explained and the corrective action identified in supporting documentation. These internal controls must be evaluated at least once every 5 years. Certification that the evaluation has been conducted must be accomplished on DA Form 11–2 (Internal Control Evaluation Certification).

B–4. Test questions

- a. Did DASA (R&T) provide Army stakeholders annual program guidance for the SBIR/STTR Program?
- b. Did the Army SBIR/STTR Program Director comply with all reporting requirements to OSD, the SBA and Congress?
- c. Did all Army RDA personnel comply with the SBIR/STTR Program policies and procedures?
- d. Did socially and economically disadvantaged small businesses, including small businesses that are 51 percent owned and controlled by SDB, HUBzone, VOSB/SDVOSB, and WOSB firms participate in the Army SBIR/STTR Program?
- e. Did the Army SBIR/STTR Program use small business to meet Army R&D needs?
- f. Did the Army SBIR/STTR Program stimulate small business technological innovation?
- g. Did the Army SBIR/STTR Program increase private sector commercialization of innovations derived from federal R&D, thereby increasing competition, productivity, and economic growth?
- h. Did the DASA (R&T) ensure that small business innovations were inserted into Army programs?
- i. Did the active management process reduce risk and increase technology transition into Army programs?
- j. Did the Army SBIR/STTR Program Director establish and administer a due diligence process to assess FOCI risks presented by small business concerns seeking federally funded awards?

B–5. Supersession

Not applicable.

B–6. Comments

Help make this a better tool for evaluating internal controls. Submit comments to the Army SBIR/STTR Program mailbox, usarmy.pentagon.hqda-asa-alt.mbx.army-applied-sbir-program@army.mil.

Glossary of Terms

Acronym

A shorted form of a phrase of words, where the letters of the acronym stand or the terms of its meaning and is also read as a word (for example, ASAP [as soon as possible]) (DoD Dictionary of Military and Associated Terms).

Brevity code

A code word, which provides no security, that serves the sole purpose of shortening of messages rather than the concealment of their content (DoD Dictionary of Military and Associated Terms).

Commercialization

The process of developing products, processes, technologies, or services and the production and delivery (whether by the originating party or others) of the products, processes, technologies, or services for sale to or use by the Federal Government or commercial markets (SBA SBIR and STTR Program Policy Directive).

UNCLASSIFIED

PIN 215841-000