



GUIDELINES FOR PREPARATION AND SUBMISSION OF SBIR PHASE II PROPOSALS TO THE OFFICE OF NAVAL RESEARCH (ONR)

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INTRODUCTION

The Office of Naval Research Small Business Innovation Research (ONR SBIR) program is managed by the Office of Transition SBIR/STTR Division (ONR 03TSB) in conjunction with Navy & Marine Corps Science & Technology (S&T) Programs as described on the ONR SBIR Home Page <http://www.onr.navy.mil/en/Science-Technology/Directorates/Transition/SBIR-STTR.aspx>. The following guidelines are provided for ONR SBIR sponsored topics only.

ELIGIBILITY AND LIMITATIONS

To protect small companies from expending unnecessary time and energy on a proposal that is not likely to obtain funding, Phase I companies must be invited to submit a proposal for Phase II consideration. The invitation to submit is offered by the ONR SBIR Program Manager via email. An invitation to submit does not guarantee that a Phase II contract will be awarded. ONR reserves the right to make no award, one award, or more than one award under any topic.

The criteria listed below will be used to determine which Phase I company should be invited to submit a Phase II proposal:

- High quality of Phase I effort
- High scientific and technical merit
- ONR SBIR Program Manager and ONR Technical Program Manager concurrence
- High potential to satisfy an existing or future Naval need or problem
- Potential for transition to Phase III

Note: Any contractor proposing research that requires human, animal and recombinant DNA use is advised to view requirements at <http://www.onr.navy.mil/About-ONR/compliance-protections/Research-Protections.aspx>. This website provides guidance and notes approvals that may be required before contract work may begin.

Each proposing firm must:

- Have been awarded a Phase I contract
- Be invited to submit a Phase II proposal by the ONR SBIR PM
- Continue to qualify as a small business (*defined in the most recent DoD SBIR Solicitation and certify to this on the Cover Sheet of the proposal*)
- Perform a minimum of one-half of the research or research and development effort in house.
- Primarily employ the Principal Investigator at the time of 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*)
- Perform the research or research and development within the United States (*"United States" means the fifty states, the Territories and possessions of the United States, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and the District of Columbia*)
- Complete electronic annual representations and certifications at <http://orca.bpn.gov>. The Online Representations and Certifications Application (ORCA) will be supplemented by

DFARS and contract specific representations and certifications found at [DFARS and Contract Specific Representations and Certifications](#)

- Have a commercialization achievement index (CAI) above 10 percent

PROPOSAL PREPARATION/SUBMISSION

Offerors should adhere to the following ONR technical proposal and cost proposal preparation requirements:

GENERAL REQUIREMENTS -- Submissions to the ONR must comply with all relevant instructions contained in the most recent DoD SBIR solicitation - including those in the Navy section. Electronic submissions of SBIR Phase II proposals to the DoD SBIR /STTR Submission website at <https://www.dodsbir.net/submission/SignIn.asp> are required and must include a Cover Sheet, a Technical Proposal, a Cost Proposal, and a Company Commercialization Report. In addition, each Phase II proposal must contain a Technology Transition Plan as part of the technical proposal. The TTP template can be found under the ONR section of the SYSCOM SBIR Phase II Instructions at <http://www.navysbir.com/phaseii.htm>. The TTP **must** be uploaded as part of the technical proposal submitted to the DoD Submission website, but will not be counted against the page count.

1. *Period of Performance and Funding Limits.* Phase II proposals should have a base period of 18 months for up to \$500K. Base periods can be for less money but will rarely be approved for more than the \$500K level. Companies are encouraged to submit up to 2 options. The first option should have a performance period of 9 months for up to \$250K, and the second option should have a performance period of 18 months for up to \$750K. An updated Technology Transition Plan (TTP), coordinated and signed by the office transitioning the technology, is required prior to exercising the first option. For the second option, companies are required to secure 1:1 cost sharing from a non-SBIR/STTR funding source (e.g. \$375K non-SBIR/STTR funding will be matched with \$375K of SBIR funding) and a signed Technology Transition Agreement (TTA) with a Navy Program Office transitioning the technology. Cost-sharing is a means to help bridge the transition to Phase III and examples of cost-share funding sources are, but not limited to, Future Naval Capability (FNC) offices, acquisition program offices, and prime contractors. The option phases usually include test and evaluation work along with activities required to mature the technology so that it can be implemented into a targeted DoD application.
2. *Scope.* The proposed Phase II effort should be based on further development of the technological innovation performed in Phase I, should stay within the scope of the solicitation topic, and should have high potential to provide new or improved products, processes, or services to the Navy and/or other Defense components with additional benefits to the commercial and the private sector. In assessing the DoD market, offerors are encouraged to use various resources, including the free technical information services available from the Defense Technical Information Center (DTIC) and other information assistance organizations noted in the most recent DoD Solicitation. First-time awardees should register as a Phase I contractor at DTIC to access the DTIC's databases. The

DTIC SBIR Services Internet link is

<http://www.dtic.mil/dtic/aboutus/dodprograms/sbir.html>.

3. *Proposal Evaluation.* An SBIR proposal must provide sufficient information to persuade evaluators that it is worthy of support. The evaluation criteria stated in the most current DoD Solicitation will be used.
4. *Contract Type.* The proposal must be for a Cost Plus Fixed Fee (CPFF) type contract. At the time of award the contractor must have a job-order-based accounting system capable of accruing costs under a government CPFF contract. A list of Defense Contract Management District East and West Associate Small Business Directors can be obtained at <http://www.dcm.mil/DCMAHQ/smallbusiness/contact.cfm>.
5. *Proprietary and Classified Information Markings.* Submissions must comply with all relevant instructions contained in the most recent DoD solicitation on markings required for proprietary and classified information, etc. Do not include proprietary information or classified information in the coversheet abstract or benefits sections (on-line submission).
6. *Format.* Use 1-inch margins and a type size no smaller than 12 pitch or 11 point.
7. *Page Limit.* Limit your technical proposal to 40 pages including the option but excluding the Transition Plan, Supporting Material and Cost Proposal. All pages from the first through the last must be consecutively numbered.
8. *Transition Assistance Program (TAP) Participation.* All Phase II award winners must attend a one-day Transition Assistance Program (TAP) meeting in the Washington D.C. area during the second year of the Phase II effort. If you receive a Phase II award, you will be contacted with more information regarding this program or you can visit <http://www.dawnbreaker.com/navytap/index.php>. Recommend budgeting at least one trip to Washington D.C. in your Phase II cost proposal.

TECHNICAL PROPOSAL -- The technical proposal should consist of the following sections:

1. *Completed Cover Sheet.* The on-line data entry forms are accessible from the DoD SBIR/STTR Submission site at <https://www.dodsbir.net/submission/SignIn.asp>. The abstract should include a brief description of the objectives and proposed approach. Anticipated benefits and commercial applications of the proposed effort should be summarized in the space provided. The data from these coversheets may be accessed by the public, and therefore, must not contain proprietary or classified information.
2. *Identification and Significance of Phase I Work.* (Begin this text on page three of your proposal). Summarize the proposed effort and its actual and/or anticipated results.
3. *Phase II Technical Objectives.* Enumerate the specific objectives of the Phase II work. **Clearly distinguish between the objectives of the basic Phase II and those of the Phase II option.**

4. *Phase II Work Plan.* This section should be the major portion of the technical proposal and propose an advancement over the Phase I results appropriate for Phase II. This section must include a proposed statement of work to delineate clearly and unambiguously what the offeror proposes to do and deliver for the basic effort and for the option(s).
 - a. The proposed statement of work should describe, in chronological order, each task to be performed. Each task description should include: an explanation of the work to be performed; the product of the task (report, hardware, etc.); the roles (if any) of subcontractors and/or consultants; the use of materials, software, special equipment, special tooling, etc. in the performance of the task; the period of performance in days; the number of hours to be allocated to the task by the principal investigator and other principal personnel (by name); other personnel (by labor category); and subcontractors and/or consultants (by name).
 - b. Bidders should anticipate opportunities for the government to augment the proposed level of effort or to initiate follow-on R&D for a specific transition (e.g., an aircraft, ship or missile application). To facilitate such an expansion or transition consider proposing a six- to twelve-month option up to \$150K. Any prerequisite for a concurrent and/or preceding task or option should be specified; e.g., Basic Task 2 and/or Option must be completed before Basic Task 3 is exercised (a flowchart would be helpful). Please note that the statement of work for an option may be overtaken by events during execution of the basic award, and proposed changes may be authorized by the Contracting Officer, if and when exercised, as long as the cost proposal remains valid.
 - c. Logical technical "milestone(s)" should be scheduled to allow the government to assess progress and to consider the exercise of any negotiated option.
5. *Related Work.* This section should demonstrate the offeror's awareness of the state-of-the-art and relevant concurrent efforts. Describe significant activities, including any conducted by the principal investigator, by the proposing firm, consultants, and others. Describe how these activities relate to the proposed effort, and discuss any planned coordination with outside sources.
6. *Relationship with Future Research or Research and Development.* This section should describe the results and opportunities anticipated if the proposed approach is successful. Explain how the Phase II effort will provide a foundation for follow-on research and development.
7. *Potential Post Research or Research and Development Applications.* This section should describe potential naval, defense, government, and private sector applications of the anticipated results.
8. *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. Clearly identify which personnel will perform on the basic effort and which will perform on the option.

9. *Facilities/Equipment.* Describe availability of special instrumentation and physical facilities necessary to carry out the Phase II effort. Items of equipment to be leased or purchased as detailed and priced in the Cost Proposal for the base award and option(s) must be justified under this section. Also state whether or not the facilities where the proposed work will be performed meet federal, state (name) and local government environmental laws and regulations 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.
10. *Consultants/subcontractors.* Involvement of a university, consultant or other subcontractor(s) may be appropriate. Describe here any proposed use of consultants and/or subcontractors priced in the Cost Proposal. Clearly identify the nature of the work and level(s) of effort to be performed by consultants and/or subcontractors for the base award and/or option. Describe their qualifications and provide resumes for key consultants and/or subcontractor personnel, as required.
11. *Prior, Current and/or Pending Support.* If there is no such effort, include the following statement in this section, "No prior, current or pending support for proposed work." Indicate on the coversheet if the proposal is relevant to or substantially the same as that of any completed, ongoing or pending proposal by the offeror and provide the following information in this section:
 - a. Name and address of the federal agency(s) or DoD Component to which the proposal was submitted, or will be submitted, or from which an award is expected or has been solicited.
 - b. Date of award or date of proposal submission.
 - c. Title of proposal.
 - d. Name and title of principal investigator.
 - e. Issuing agency, title, number and date of solicitation(s) under which the proposal was submitted.
 - f. If an award was received, state the contract or grant number.
 - g. Identify the topic number and title for each SBIR proposal submitted and award received.

- h. Attach available documentation of strong third-party interest (including specific funding commitments) --these attachments will be treated as proprietary if so marked.
12. *Company History.* Provide a brief (half to one-page) overview of your company's history, core competencies, and experience with commercialization and/or transition of technology to DoD. Indicate the number of employees in your firm, their skill base, and your organizational structure. If partnering is not anticipated, indicate why your company would be a credible supplier to the Navy. Describe your experience to date with being a supplier of products/services to any market and as appropriate, indicate the cumulative revenues that have resulted from product sales.
13. *Technology Transition Plan (TTP).* This plan should be treated as a living document and updated as the Phase II progresses. It will be reviewed by the appropriate Technical Point of Contacts (TPOCs) and the SBIR PM as a factor in continuing base efforts and the exercising of options. The TTP template can be found under the ONR section of the SYSCOM SBIR Phase II Instructions at <http://www.navysbir.com/phaseii.htm>. The TTP **must** be uploaded as part of the technical proposal submitted to the DoD Submission website, but will not be counted against the page count.
14. *Attachments.* Attach letters of endorsement from within the DoD or private sector which discuss the direct benefit of the technology to them and/or their intent of follow-on funding either during Phase II or under a Phase III award. Letters of endorsement are strongly encouraged and provide validation of interest by others.

COST PROPOSAL -- The on-line data entry forms for the cost proposal are on the DoD SBIR/STTR Submission website at <https://www.dodsbir.net/submission/SignIn.asp>. A thoroughly itemized cost proposal can significantly reduce the amount of time required for contract negotiation. Separate costs **must** be submitted for the Phase II basic effort and for a Phase II option. If an item does not apply to the proposed effort, state, "Not Applicable." Sufficient information should be provided to allow the evaluator to understand planned use of the funds. For proprietary reasons, subcontractors, consultants, or vendors may want to give you only bottom line quotes. In such cases, detailed quotes should be sent directly to the government contracting officer. The following descriptions illustrate the level of cost detail that a Contracting Officer requires before beginning negotiations.

1. *Offeror's Direct Labor.* List all key personnel by name and other personnel by labor category; e.g., senior scientist. Specify the number of hours to be dedicated to the project and hourly costs for each.
2. *Consultants/Subcontractors.* List consultants by name and specify, for each, the number of hours and hourly costs. Detailed quotes from subcontractors should be provided in the same format. Note that a subcontract entered into for performance of research or research and development differs from an arrangement with a vendor to provide a service such as machining, analysis with test equipment, use of computer time, and the like. The costs of such arrangements with vendors should be covered

under Special Tooling, Testing, Test Equipment, and Material or under Other Direct Costs. The subcontractor's cost proposals may be sealed or mailed directly for Government eyes only.

3. *Special tooling, testing, test equipment, and material.* The need for these items, if proposed, will be carefully reviewed. The offeror should provide competitive quotes to support the proposed costs or should justify why only one source is available. Competitive quotes may be signed quotes from vendors or copies of catalogue pages. Normally the costs of any equipment should be quoted on a purchase basis, unless the offeror can demonstrate that lease or rent of the equipment is clearly advantageous to the Government. The Contracting Officer will make the final determination.
4. *Travel costs.* Travel (i.e. airfares, car rental and per diem) must be justifiable in terms of the proposed effort. Specify how many people will travel to what places for how many days. Please note that all Phase II award winners must attend a one-day Transition Assistance Program (TAP) meeting in the Washington D.C. area during the second year of the Phase II effort. If you receive a Phase II award, you will be contacted with more information regarding this program or you can visit <http://www.dawnbreaker.com/navytap/index.php>. Recommend budgeting at least one trip to Washington, DC.
5. *General & Administrative (G&A).* If applicable, include your G&A rate and its application base consistent with your approved accounting system.
6. *Facility Capital Cost of Money (FCCM).* If applicable, include your FCCM rate(s) and its application base consistent with your approved accounting system.
7. *Fixed Fee/Profit.* If applicable, include the proposed fixed fee/profit.
8. *Approved Accounting System.* If you have an approved accounting system, and your indirect costs have been reviewed by a Government auditor, provide the name, address, and telephone number, of that auditor. If your accounting system has not been approved by the Government auditor, please provide: a description of your accounting system, and the method you used to compute your indirect costs. (Include the details of indirect cost pools and the base against which they are applied as summarized above.)

COMPANY COMMERCIALIZATION REPORT -- All SBIR and STTR proposals must be accompanied by an on-line report that summarizes the "value" of all prior SBIR & STTR awards to the offeror. The on-line data entry forms for the Company Commercialization Report are accessible from the DoD SBIR/STTR Submission website at <https://www.dodsbir.net/submission/SignIn.asp>.

Any relevant success story(ies) which resulted directly from a Phase I or Phase II award may be summarized briefly and submitted separately through the Navy SBIR website at <http://www.navysbir.com/navysuccess.htm>. A Navy success story is any follow-on funding that a firm has received based on technology developed from a Navy SBIR or STTR Phase II award.

The success stories should be included as appendices to the proposal. The success story information will be used as part of the evaluation of the third criteria, Commercial Potential which includes the Company's Commercialization Report and the strategy described to commercialize the technology discussed in the proposal. The Navy is very interested in companies that transition SBIR efforts directly into Navy and DoD programs and/or weapon systems. If a firm has never received a Navy SBIR Phase II it will not count against them. Phase III efforts should also be reported to the Navy SBIR program office.