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TRANSITIONS

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Introduction

ACCELERATING TRANSITION TO PHASE III

If you are not going forward, you're either standing still or going in reverse. Well, the Navy is definitely going forward. In this issue, John Williams, Director of the Navy Small Business Innovation Research (SBIR) program outlines key events that will shape the future direction of the Navy SBIR program: (1) Dr. Delores Etter, ASN(RDA), signed the first new SBIR instruction since 1996, (2) The FY06 National Defense Appropriation Act, launched a four-year DoD SBIR Commercialization Pilot Program, (3) and the Navy Opportunity Forum, showcasing 160 opportunities will be held June 5-7, 2006, which will include speeches from Assistant Secretary Etter and Senator John Kerry, Ranking Member, U.S. Senate Small Business and Entrepreneurship Committee.

Dr. Delores Etter, ASN(RDA)

Changes occur not only in policies, but also in the infrastructure that supports SBIR. Carol VanWyk has recently assumed a new role that will enable her to influence transitions of SBIR technology to Phase III, while Janet McGovern will continue to support the NAVAIR office, as the SBIR Program Manager. When moving into new roles, it takes time to assess the situation and map out a plan for future growth. In an interview with Paul Lambert, the MARCOR SBIR program manager, Paul describes the changes that he is putting in place to facilitate transitions of MARCOR-funded technology.

A primary objective of the Transitions newsletter is to provide insight into the roles that affect the success of SBIR-funded technology. In this issue, we have focused on aviation technologies. You will find an interview with Rear Admiral Dave Venlet, the Program Executive Officer for Tactical Air Programs, PEO (T); an interview with Dr. James Alper, the S&T Coordinator for the Joint Strike Fighter (JSF); and an interview with Rich Hendel from The Boeing Company.

As companies mature, a transition path sometimes chosen by a company for its associated technologies may be acquisition. We end this issue by highlighting a recent success, the acquisition of Benthos, Inc. by Teledyne Technologies, Inc.

In each spring edition of Transitions you will find a list of Phase III awards made directly by the Navy to small businesses. These awards do not include subcontracts from primes, but are direct awards made by the Navy to small business.

Enjoy the articles, and plan on attending the Navy Opportunity Forum. As one registrant said, "First a postcard, then a phone call – it must be Spring and time for the Navy Opportunity Forum." It is indeed time for the Forum and we look forward to seeing you there!

Navy Opportunity Forum 2005

NAVY SBIR 2006

John Williams
Director, Navy SBIR Program

As we move into spring, there is heightened interest in the defense/SBIR world. How high will we raise the bar with the next Navy Opportunity Forum? What will Congress do to encourage the transition of SBIR technologies into acquisition platforms, addressing the nation's pressing defense and security needs? What can Navy SBIR do to support the innovative technology agenda? Several factors lead us to think that there are exciting things to come for the Navy SBIR program as 2006 progresses.

» On Dec. 23, 2005, Dr. Delores Etter, ASN(RDA) signed the first new SBIR Instruction since 1996. The new Instruction details the numerous SBIR practice innovations put in place by the Navy over the past decade -- practices that have encouraged small business to make the Navy the Department of Defense's highest SBIR commercialization performer.

» Congress, in its FY2006 National Defense Appropriation Act, launched a four-year DoD SBIR Commercialization Pilot Program to increase SBIR transitions into Major Defense Acquisition Programs and the SBIR involvement of the PEO, PM and prime community.

» The '06 Navy Opportunity Forum -- with 160 opportunities to be presented, a strong anticipated attendance of the defense industry, and key Congressional and Navy leaders- may be the nation's highest profile SBIR event this year.

Unfortunately, not all of our news is good. This year, the SBIR community is losing one of its most effective leaders – Carol VanWyk, one of the most creative, dedicated and caring Navy SYSCOM SBIR program managers. Since 1996, she's been the congenial face of the NAVAIR SBIR program, and a true SBIR innovator with her IDIQ Phase III contract vehicles, her SBIR Topic development workshops that work with promising defense engineers and her consistent focus on "out-of-the-box" technology transition solutions. With her accession in March 2006, to a new position as Director of Naval Aviation Science and Technology, Carol will still have one foot in our Navy SBIR world – and her trusted principal deputy, Janet McGovern, can be counted on to lead the NAVAIR SBIR program forward. Carol will be sorely missed.

Now, let's take a more in depth look at some of the 2006 SBIR key events:

1. DoD SBIR Commercialization Pilot Program (CPP)

CPP is just one component of the NDAA's four-part Section 252, which emphasizes Congressional intent that the DoD SBIR programs deliver more and better, as regards to "commercialization," i.e., the maturation and transition of SBIR program improves its commercialization, i.e. the maturation and transition of SBIR technologies, that address current and future high priority national DoD requirements. But CPP itself indeed marks a new day of opportunity: Congress wants DoD to accelerate our process for Phase III transition; they want us to develop a more formal process which ties acquisition program and military requirements to the SBIR program and Phase III; and, they want us to plan for and track our new process, the money we spend and all related activities. Here are the key CPP components for this four year pilot:

» SECDEF and each DoD military department is authorized to create and run a CPP to accelerate the transition of select SBIR technologies into Phase III, including acquisition.

» Participating SBIR programs (and projects) must have the potential for rapid transition to Phase III and meet high priority military requirements of the departments.

» To administer CPP, one percent of DoD SBIR funds annually is authorized.

» Comprehensive reporting to Congress is required on funds used; CPP activities undertaken by acquisition PMs, PEOs and prime contractors; and on CPP results including the number of small businesses assisted and the number of Phase III projects.

While it will take some time to develop and implement the new procedures which will make this law reality, I anticipate an early and positive response from the defense community. Sec. 252, also incorporates the 2004 Executive Order 13329, "Encouraging Innovation in Manufacturing," which promotes small manufacturing enterprises, into 15 U.S.C. 638 – the Small Business Act – so that we anticipate increased collaborations between MANTECH and SBIR along with a concentrated focus on manufacturing related SBIR topics. More importantly for SBIR, Con-

gress also specifically encourages testing and evaluation awards as appropriate use of SBIR Phase II and III, which should help the Acquisition program offices to reduce the technology risk level of SBIR projects and thus shorten the bridge for technology insertion. This new legislation will push the DoD to increase its focus on Phase III and help ensure that our SBIR firms play a larger role in future defense acquisitions.

2. 2006 Navy Opportunity Forum (June 5-7)

This is our sixth year in presenting the Navy Opportunity Forum, what's become a "destination event" in the defense community. What do I mean by that? Well in numbers alone, SBIR awardees presenting at the last three Forums have together generated more than $384M in follow-on R&D funding, investment, and sales. In 2005, more than 900 attended our Forum, including, defense acquisition managers, R&D managers, prime contractors, 1st and 2nd tier suppliers, and professional service providers. This year 160 SBIR projects will be showcased. Each presenting firm has a Phase III Transition plan that charts a course to defense applications, a technical brief, a core capabilities brochure, and other highly relevant collateral - much of which is now available online at **www.navyopportunityforum.com**. Moreover, the Forum is wholly consistent with the Congressional objectives of Sec. 252 of the Defense Act, to "accelerate the transition of technologies, products, and services developed under the Small Business Innovation Research Program to Phase III, including the acquisition process." With a beautiful, convenient new Forum venue at the Hilton Washington Hotel, we anticipate another significant success.

All in all, the Navy Opportunity Forum helps the defense community to:

» Identify technologies that can directly address current and future program requirements.

» Review the status of funded R&D that is at various TRLs.

» Initiate relationships with small businesses that have capabilities and technologies that supplement the use of IRAD funds.

» Identify new defense and commercial sector investment opportunities in small businesses that understand investor risk parameters.

» Preview numerous opportunities, in relevant technology clusters, in three days or less, at one convenient national site.

» Take advantage of space provided for one-on-one, high-level conversations with company representatives.

3.Navy SBIR Program Instruction (SECNAVINST 4380.7B)

Program Instructions are core directives that define our programs, their parameters, and their principal elements. So in effect, the 1996 Navy SBIR Program Instruction – already nine years old when I became Director – characterized a much different program, one that has been continuously refined and improved, beginning with the increased PEO and PM involvement, strong SYSCOM SBIR leadership, Phase III focus and innovative Transition Assistance Program.

SECNAVINST 4380.7B, draws a new line in the sand to describe a Navy SBIR program focused on assisting our innovative small businesses to develop and transition new technologies to our fleet or achieve what is termed by Congress as "Commercialization" (follow-on non SBIR funded sales and investment). Here are some key elements of **SECNAVINST 4380.7B:**

» Navy SBIR program goals are taken directly from Public Law 106-554 and SBA's 2002 Final (SBIR) Policy Directive, specifically including the commercialization goal.

» Phase III-Commercialization is treated as an integral part of the SBIR Phase I-II-III process, and explicitly defined as it contrasts with Phases I-II. Phase III awards, the Instruction notes, must contain SBIR data rights clauses FAR 52.227-20 and DFARS 252.227-7018.

» The Instruction mandates that each Navy SYSCOM – and its associated Program Executive Offices – appoint an SBIR lead and, respectively, a Technology Manager responsible for advocating SBIR product transitions to PEO platforms or systems.

» Fiscally, Navy SBIR is funded through a 2.5% assessment of extramural RDT&E Budget Activities 6.1-6.7 – so that Navy focuses its SBIR programs on more than 6.1-6.2 early research.

» The Navy SBIR program allows for Phase II Enhancement Incentives for SBIRs with a Phase III award while the Phase II contract is still open.

» In addition to SBIR topic, proposal, award and project monitoring tasks, Navy SBIR program work includes Phase III transition planning and award tracking, as well as comprehensive reporting of SBIR award data to the Navy, OSD, SBA and to Congress.

» Clearly delineates responsibilities of SYSCOM and PEO SBIR leads, tasking PEO–level SBIR Technology Managers with coordination work from development of Topics addressing military requirements to acquisition planning and budgeting for Phase III awards.

I regard **SECNAVINST 4380.7B** as a solid foundation on which the continually improving Navy SBIR program is built.

Together, we will keep the innovative style of the Navy SBIR program thriving. I look forward to working with many of you over the next year and hope to see you at the Navy Opportunity Forum.

Regards,

John Williams
Director, Navy SBIR Program

The 2006 Forum is certain to be an exciting sell-out event. Be certain to register today at *www.navyopportunityforum.com* or call 585.595.9281.

JOINT STRIKE FIGHTER PROGRAM

Employed at the NAVAIR/NAWCAD for the last 24 years, Dr. Jim Alper's distinguished career has included stints as Principal Investigator and Program Manager on programs dealing with Smart Structures, experimental techniques for materials and structures, and composite material structural design. He has served as the manager of the NAWCAD Structural Test Facility and was the chairman of the American Society of Mechanical Engineers (ASME) Philadelphia Section Applied Mechanics Committee. He is also the author and co-author of a number of publications and technical reports on experimental evaluation of composite materials and smart structures.

An overhead view of F-35A-1 shows the canopy and rear of the plane just installed. Photo courtesy of Lockheed Martin.

Currently, Dr. Alper is the Navy S&T Coordinator for the Joint Strike Fighter Program (JSF). In this position, he facilitates the JSF process for endorsing and maintaining connectivity with SBIR programs, is responsible for all JSF TPOCs, and assists in the preparation of the JSF S&T Planning Document and in developing the JSF S&T Roadmap.

Recently, Transitions had the opportunity to sit down with Dr. Alper to discuss his views on the SBIR program and its impact on JSF.

***Transitions:** What is your general perspective on the SBIR program?*

Dr. Alper: The SBIR program is an integral part of our technology and R&D efforts. In general, the SBIR program provides the JSF program a valuable tool to mitigate development risks and to begin looking at emerging technologies for technology insertion and aircraft upgrades.

In regard to the Navy S&T needs for the JSF, we have been able to utilize SBIR investments to address program needs in environmental coatings, propulsion issues, Prognostic Health Monitoring (PHM), as well as a number of other areas. PHM is an especially attractive area for SBIR participation, because of the great number of potential applications, and it has allowed us to address several different approaches to a problem by using multiple SBIR projects.

***Transitions:** What is the process for topic identification and selection within the JSF program?*

Dr. Alper: Within the JSF Program Office, I interface with the JSF Program Tier 2 Integrated Project Team's (IPT) Deputies. There are three product oriented Tier 2 IPTs: (1) Air Vehicle, (2) Autonomic Logistics, and (3) Propulsion and several Air System related IPTs which are responsible for various aspects of system integration.

When the NAVAIR SBIR Program Manager issues a call for SBIR topics, I forward the request to the JSF IPT technical members. During this initial round of topic generation, we encourage submission of all topics so that we can collect a broad range of potential topics for JSF. We then forward the JSF topics to the NAVAIR SBIR Program manager so that other Aircraft Program Offices can review our JSF specific topics. In many cases, we find that the JSF topics gain additional support and sponsorship from other platforms that have similar technology needs and interests.

When the NAVAIR SBIR Program Manager has received all of the topics being submitted for the topic call, they will forward all of the topics back to us (not just those submitted by JSF). Then I coordinate the dissemination of all the topics to the appropriate IPT for a prioritization review. After each of the IPTs has prioritized their respective topics, I meet with the Tier 2 IPT Deputies to prioritize a final JSF SBIR topic submission.

Our experience with this process is that we get higher quality SBIR topics by including both JSF and other platform topics into our process. We have found that we are able to leverage the best technology innovations across several platforms and gain a greater probability of success in fielding a particular technology for the JSF program.

In many cases, we find that the JSF topics gain additional support and sponsorship from other platforms that have similar technology needs and interests.

***Transitions:** Has the JSF program initiated any "best practices" or program-wide processes for technology insertion?*

Dr. Alper: Besides our topic generation and prioritization process, we have begun to address our technology needs by utilizing a "multiple" project approach in the Phase II portion of the program. What we are attempting to do is to identify complimentary solutions for a technology need by supporting two or more SBIR approaches. What we hope to achieve is an optimal solution to a problem, especially when the technologies are risky or immature.

Transitions: *As the JSF Navy S&T Coordinator, what do you consider your greatest challenge in meeting the needs of the JSF program through the SBIR program?*

All technology and engineering efforts are focused on design and manufacturing problem solving, risk reduction and mitigation, rather than technology development.

Dr. Alper: At this particular time, the JSF Program is completing its Critical Design Review (CDR). All technology and engineering efforts are focused on design and manufacturing problem solving, risk reduction and mitigation, rather than technology development. The program is focused on developing and delivering the base line aircraft for manufacturing, first flight and Initial Operational Capability (IOC). Consequently, our SBIR interest in the near term will be focused in these areas.

In the long term, we will begin looking at new technologies, increased capabilities and spiral developments into JSF. So at this particular point in time, my challenge is to balance the need for near term risk mitigation type of R&D efforts with beginning the identification and development of future technologies.

Transitions: *Can you share any JSF SBIR "success stories?"*

Dr. Alper: A recent example of a JSF sponsored SBIR success is Adaptive Technologies, Inc, (SBIR Topic N01-162 Hearing Protection). Under this JSF sponsored SBIR, ATI developed QuietComm™ Technologies for Enhanced Noise Attenuation and Communication in Extreme Noise Environments. Utilizing this technology, the company has developed the QuietComm™ Digital Active Noise Reduction earplug and the QuietComm™ Digital Noise Canceling Microphone to benefit personnel working around jet engines at Navy and Air Force installations throughout the world.

Transitions: *What tips do you have for SBIR small businesses who want to work within the JSF Program?*

Dr. Alper: I would advise the SBIR companies to establish early and effective communication with their JSF POCs in order to gain an in-depth understanding of the JSF Program needs and to keep the program abreast of their project's progress. It will be critical that the project principals work with the POC to build a convincing business case for their project which addresses areas such as producibility, affordability and weight saving. In addition, the company will need to develop a good working relationship with the JSF System Integrator and other major primes in order to be successful.

The 2006 Forum is certain to be an exciting sell-out event. Be certain to register today at *www.navyopportunityforum.com* or call 585.595.9281.

Program Manager Corner

THE NEW MARCOR PERSPECTIVE

The following is based on an interview with Paul Lambert, the SBIR program manager for MARCOR. Paul Lambert began his career in acquisition in 1980 as a Captain, USMC. He has managed the Marine Corps' Laser Target Designator and Unmanned Aerial Vehicle Systems and was the head of the Fire Support Section, MARCORSYSCOM. Later SYSCOM tour assignments included, serving as the program manager for the Anti-Armor Systems Program Office and the Marine Enhancement Program.

He continued in the Research, Development and Acquisition profession after retirement as logistics manager, Space Shuttle Main Engine Program, Rocketdyne Division, Boeing. Lambert has also supported U.S. Air Force Space Surveillance Squadron, Maui, Hawaii. He then returned to MARCORSYSCOM, serving first as logistics manager/project officer for Assault Amphibious Vehicle Program, then assuming his current duties as PM, SBIR in March 2004.

The SBIR program, through Phase I, Phase II and Phase II option awards, was developed to provide a small business with a process and with the funding to complete research, development, testing, and evaluation (RDT&E) for a new technology. At that point, the technology is ready for procurement or continued funding with non-SBIR dollars (Phase III). While the program is often successful and assists many small businesses and all System Commands, there is often a gap in time, often referred to as the "Valley of Death," between the end of RDT&E and procurement due to budget constraints or program changes. This lull creates challenges for both the small business and the DoD commands. Small companies have to sustain operations and avoid technology obsolescence until procurement orders are received. For the Marine Corps, and other DoD commands, this delays, and may ultimately prevent, deployment of new technology that could improve warfighter effectiveness. "One of my top priorities as the SBIR program manager for MARCORSYSCOM, is to put in place mechanisms to help companies' bridge the 'Valley of Death,'" said Lambert.

Since each topic represents a significant portion of the SBIR budget, successful transition is critical for the program to be of benefit to the warfighter.

At the time that he assumed his duties as program manager, the MARCOR pipeline was full of previously selected topics, so he held off introducing new topics for a little over a year. Lambert took this time to evaluate his program and using his extensive background in acquisitions, made plans to change some of MARCOR's SBIR program focus and procedures. His plan emphasizes the efficient and effective use of SBIR funds to benefit the Marine Corp. and strives to eliminate the "Valley of Death."

The Few and the Deployable

Lambert's goal is to have the MARCOR SBIR program participate in two solicitations per year, with about a half dozen topics per solicitation. Typically two Phase I contracts will be awarded per topic, thus enabling diversity in approaches. This is followed by a down-select in Phase II, to one award per topic. "Since each topic represents a significant portion of the SBIR budget, successful transition is critical for the program to be of benefit to the warfighter," he explained.

The key to efficient and effective transitioning of SBIR technology, according to Lambert, is "to put in place a plan for acquisition - should the technology be successful - at the onset of topic submission by the MARCOR project officer, the TPOC," and not waiting until it is too late.

Major hurdles are time and the budgeting cycle. "Current SBIR funds come out of a budget that was submitted two years ago. To complete Phase II takes another two years," Lambert commented. Therefore, a minimum of four years elapse before the technology is ready for transition. If there is not a line item already included in the budget at the time Phase II is complete, then it will take another two years before funds can be made available. Another hurdle is the nature of the SBIR projects. "These technologies tend to be components or add-ons of larger systems that are enhancements or improvements and therefore not always viewed as mission critical," he went on. "An example is a rifle versus a rifle enhancement." For that reason, it is hard to justify giving them the same time and attention that is given to other programs, but that doesn't mean that Lambert plans to devote less time to making a success of the MARCOR SBIR program. He is devoted to educating his team, submitting topics that will best enhance the life of the warfighter and assisting small businesses in taking advantage of the options available to them.

Successful companies in Phase I typically go the extra mile - so that at the Phase I final review they have something tangible - not a prototype but a 'touchy-feely'- to show for the effort

A Culture Change

As Lambert moves forward in his plan to improve MARCOR's SBIR transition success, bringing it to the next level, his first priority is to familiarize Program Managers with the unique parameters of the SBIR program and how it can be leveraged to provide the warfighter with the best equipment available, "efficiently and for the best value possible." He plans to attend a Product Group Director meeting a couple months before the next topic call and he said, "with this assembly of program managers – who are really key in this whole process – I plan to give an overview of SBIR, the parameters, and what I expect out of it." His objective is to, "raise awareness of the four-year planning cycle required to successfully transition SBIR technologies and to emphasize the importance of a plan for acquisition when the topic is submitted." He is hopeful that distributing detailed information concerning the four-year planning cycle will cut down on the effects of the "Valley of Death."

Success to Build On

Lambert certainly has a strong, if not large foundation on which to build his program. A recent MARCOR success in transitioning SBIR technology illustrates the effectiveness of planning for acquisition. Craig Harvey, Technology Program Manager EFV, requires an acquisition plan for each EFV SBIR topic when it is submitted. GS Engineering has just completed a Phase II SBIR project for a new EFV road wheel to replace the standard wheel that weighs 85 lbs. Utilizing advanced materials technology the company developed a new wheel that is half the weight and lower in cost. The company has worked closely with the Prime contractor, General Dynamics, during Phase II. After rigorous on-vehicle testing and evaluation, General Dynamics chose GS Engineering as the source of supply for EFV wheels. This rapid transition was possible because the vehicle for transition was already in place.

Tips for SBIR Companies

When asked what advice he would give to small businesses looking to work with MARCOR, he emphasizes that he, "isn't looking for science projects. I am looking for real solutions that I can bring about with my budget." He adds that, "working with the TPOC is critical to connecting with primes and moving the project forward but," he advises, "businesses should also remember to work on commercialization on their own as well." Lambert says that his biggest tip is to be aware that, "successful companies in Phase I typically go the extra mile - so that at the Phase I final review they have something tangible - not a prototype but a 'touchy-feely'- to show for the effort," he remarks. "Especially when considering two or more companies for the same topic, the guy that brings the 'toy' wins."

MARCOR may not have the largest SBIR program, but it can provide system components to enable fielding the best equipment, for the best value possible, to best meet the needs of the warfighter and in the end, that is really what matters.

TIBBETTS AWARDS NOMINATIONS

Tibbetts Awards, an initiative of the non-profit organization, the Small Business Technology Council, are given to recognize outstanding achievements in small business innovation. These awards, named for Roland Tibbetts, the "Father" of the SBIR Program, are given to those small firms, projects, organizations and individuals judged to exemplify the best in SBIR achievement. Judging for the awards is focused on four main factors: economic impact of technological innovation, business achievement and collaborations, demonstrated state/regional impact, and proven support.

New award categories are being added this year, including Prime Contractor of the Year and Sub Contractor of the Year. Opening date for nomination submission is May 15, 2006, the closing date is July 15, 2006. Award recipients will honored at a ceremony held in Washington D.C. on Sept. 26, 2006. For more information, visit the Tibbetts Awards website at *www.tibbettsawards.org.*

CHANGES IN THE NAVAIR SBIR PROGRAM

Sometimes change takes just the right person, at just the right time. When Carol VanWyk became the NAVAIR SBIR Program Manager in 1998, changes were needed and looking back now, hindsight shows us that she was the right person at the right time.

When John Douglass, ASN(RDA) said to get the programs more involved, she did. When Congress sent down the order that there were to be more transitions, she worked to make it happen. The changes in the SBIR program which she was asked to bring about – specifically, topic reduction; increasing alignment of SBIR to the PMAs; as well as the IDIQ process – have made tremendous headway in transitioning technology.

In March, Carol was named Director, Naval Aviation Science and Technology. This move will provide her with the opportunity to explore new avenues to facilitate transition to Phase III. Transitions has asked a few of the people influenced by the NAVAIR SBIR Program during Carol's tenure to comment on what has been accomplished and what it has meant to their organization.

Topic Reduction

NAVAIR-funded companies are closely aligned with Acquisition command through the topic generation process that Carol re-engineered when she assumed the role of NAVAIR SBIR program manager. At that time, there were, on average, 70 topics in a solicitation. Having so many topics made it difficult to ensure sufficient funding to transition technologies of importance. That number has been reduced to 50 or less.

Carol took issues on and was instrumental in initiating improvements in the NAVAIR SBIR processes. These improvements included, inclusion of the Program Management Offices (PMOs) in the topic generation process, a PMO prioritization voting process and a dramatic improvement in communication with the PMs and PEOs that has resulted in SBIR topics focused on program requirements and the real technology needs of Naval Aviation.

Rear Admiral William E. Shannon III, USN
Director, Naval Aviation Enterprise
Total Force Readiness

IDIQ Process

Re-engineering of the program occurred not only on the front end of the process, but also on the back end with the IDIQ process that was put in place to assist those companies that developed technologies for which there was an internal champion and sponsor.

Don Damm, a former Colonel USAF and JENTEK's Director of Programs, and I began discussions with Carol just before we received our first IDIQ contract in 2000 from NAVAIR. Through these discussions, and with Carol's assistance, our SBIR experience was changed. The new NAVAIR emphasis on transition, our first IDIQ contract, and Phase II enhancement dollars to match program dollars provided the combination of tools we needed to get our technology to the aircraft maintainers and provide NAVAIR with real return on its SBIR dollars. First, the matching funds were necessary as a catalyst to encourage programs to take a chance on our advanced inspection systems; but, after several successes many programs continue to fund Phase III tasks, even without matching dollars.

In one recent success, several engine disks with significant macro-cracks in regions with fretting damage, that were not rejected by conventional eddy current testing and liquid penetrant inspections, were correctly rejected by JENTEK's MWM-Array systems at the NADEP – these engines disks were, otherwise, going back on-aircraft. This clear safety impact, along with other successes, would not have happened without the IDIQ and Phase II enhancement initiatives.

Neil Goldfine, Ph.D.
President, JENTEK Sensors, Inc.

Increasing Alignment of SBIR to the PMAs

Numerous small businesses have developed technology with SBIR funding that has truly helped the Navy and DoD in reaching their objectives. Many small businesses that have worked with NAVAIR in Carol's tenure have found the success that all parties are looking for.

Over the past six years, I have had the privilege of working with Carol VanWyk as Logis-Tech continued its efforts to execute SBIR developed Controlled Humidity Protection technology within the Department of the Navy and the United States Marine Corps. With Carol's guidance, Logis-Tech successfully worked with the Naval Air Systems Command for the award of an SBIR Phase III contract. As a result, Logis-Tech has received task orders totaling over $5.3 million dollars, while providing a return on investment to the U.S. Navy and Marine Corps of over 9-to-1.

Logis-Tech's success in the overall commercialization of its technology, which to date total over $100 million dollars in orders, was directly influenced by Carol's work. She has always been willing to "go the extra mile" to help her small business partners and her effort at showcasing SBIR technologies to Navy and Marine Program Managers is outstanding.

John T. Senter
Senior Vice President, Business Development
Logis-Tech, Inc.

Though Carol has moved on to explore new opportunities, she has not left the NAVAIR SBIR program office completely. Her former Deputy, Janet McGovern, took the reigns as the NAVAIR SBIR Program Manager upon Carol's departure and Carol will be only a phone call away, willing to lend a helping hand, as is her style.

THE BOEING COMPANY

"Thanks to our partnership with Boeing, today Scientific Systems is in the unique positioning of implementing one technology on the Tomahawk platform while planning for the transition of a second technology next year. Boeing's strong relationship with PMA-281, their intimate knowledge of the Tomahawk platform, and the TMP team's willingness to take calculated risks on new technologies has been crucial to these successes. We look forward to a long and successful relationship with Boeing."

– Raman K. Mehra, President and CEO, Scientific Systems Company, Inc.

The following article is based on an interview with Rich Hendel, Principal Specialist, SBIR Program Manager & Supplier Diversity Programs. Hendel is located in St. Louis, Mo., and works with both the Phantom Works and Integrated Defense Systems business unit locations throughout the country.

A unit of The Boeing Company, Boeing Integrated Defense Systems (IDS) is one of the world's largest space and defense businesses. Headquartered in St. Louis, Boeing Integrated Defense Systems is a $30.5 billion business. It provides network-centric system solutions to its global military, government, and commercial customers. It is a leading provider of intelligence, surveillance and reconnaissance systems; the world's largest military aircraft manufacturer; the world's largest satellite manufacturer and a leading provider of space-based communications; the primary systems integrator for U.S. missile defense; NASA's largest contractor; and a global leader in sustainment solutions and launch services.

Because of this position in the industry, Boeing is a natural customer for the many new products and technologies being developed under the government's, and especially the Department of Defense's, Small Business Innovation Research (SBIR) Program.

F/A-18 Super Hornet

Involving Small Business

Boeing is a participant in the Department of Defense Comprehensive Subcontract Plan (CSP) program and has annual goals that relate to subcontracting to small and diverse suppliers. These goals are developed in all of our programs and have the support of management. Boeing looks outside to fulfill technology needs when the company does not have the specific technology know-how in house. Boeing also looks outside when the capabilities are available in-house but cannot be utilized within the time frame needed. The company examines all potential partnerships and collaborations to determine what makes good business sense.

Boeing is proactive with the Small Business Innovation Research (SBIR) program and views SBIR as a rich resource of companies and technologies. Small businesses have proven themselves to be cost competitive and responsive and have a keen ability to deliver quality, on-time products. Typically, small firms can react more quickly than large organizations and are very innovative. At Boeing, our programs make every effort to include small businesses in competitions for work that they are subcontracting.

If a small (or diverse) business has the capacity and capability to do the job, and demonstrates that they understand the requirements of the job, Boeing considers it a "win-win" to award the work to a small business. Each company Boeing decides to support on an SBIR proposal is evaluated by technical personnel and by our contracts organization. There must be alignment on the proposed research project from a technical standpoint, and the company also needs to be solid from a contractual and fiscal standpoint. When Boeing enters into these relationships, the desire is to see the company succeed in Phase I and move onto Phases II and III. Supporting the small business, ensuring SBIR success, becomes a win-win for all parties – the small business, Boeing and the customer.

Boeing also utilizes many small businesses active in the SBIR program as subcontractors on our own programs, be they in our defense, commercial or development units. "We recently took a look at the Navy's SBIR award database and compared the companies listed against our internal purchasing database. We found that, over the last six years, Boeing had utilized more than 140 of those companies as subcontractors with awards totaling in excess of $250 million," said Hendel.

Boeing had utilized more than 140 of those companies as subcontractors with awards totaling in excess of $250 million.

A Successful History

Boeing first became involved in the Small Business Innovation Research (SBIR) program in the 1993-94 timeframe. Since that time, the company has been a dedicated supporter of the SBIR program. Our technologists and programs have provided letters of interest, study reports, materials for use in testing, test beds, and the utilization of labs and simulators. The vast majority of these interactions occurred in the Phantom Works business unit, Boeing's research and development organization and span the interactions with SBIR-funded companies during Phases I, II, and III.

Boeing has also consistently participated in national and regional SBIR conferences. "We are there to meet with small businesses, discuss their capabilities, and, hopefully, point them in the right direction regarding whom they should talk to within Boeing," Hendel remarked. Boeing has been a sponsor of many of these conferences and has participated on panels focused on how to increase partnerships between small businesses and primes contractors under SBIR.

Harpoon Block II missile

One of the Boeing Company's goals in 2006, is to expand the awareness of the SBIR program into their various DoD programs. "Transitioning SBIR-developed technology to production programs is the challenge. We need to become smarter in taking technology at TRL levels 4 and 5 and finding ways to move it along to a level of 8 or 9," Hendel said. "This is where we need to work closely with our customers to find the fit on a platform, and to locate sources of Phase III funding. Our goal is to enhance our processes whereby R&D worked on with small businesses under SBIR is moved from our technologists to the appropriate production program on a recurring basis." Boeing believes that this will require early involvement with the small business, with Boeing customers, and the program executive officers. This three-way partnership will insure more involvement and successes.

Developing business relationship is like running a marathon or losing weight; you have to begin with the end in mind and have that vision.

Success with Small Firms

To date, the most common method for beginning a relationship with and an SBIR-funded firm has been as a subcontractor to the small business. Over the years, Boeing has worked with more than 100 companies on over 200 individual projects, teaming with small businesses to pursue complimentary work that flowed from or was an offshoot of SBIR contracts, and they have acquired a few companies that were active in the SBIR program.

In the last 10 years, Boeing has developed strong, successful relationships with numerous companies. "We have worked with many companies multiple times and have worked with them through all three phases of the program. Currently, we are working with Scientific Systems Company, Inc. on a Navy Phase III implementation contract," Hendel said. Boeing's relationship on that particular SBIR award started in 1999. Under this project, a software package is being added to the Tomahawk Mission Planning System program to enhance routing scenarios.

In another instance, Boeing worked with Microvision, Inc. under an Army SBIR Phase III award that involved the development of a virtual cockpit. This was being flight tested in Army helicopters. Again, this relationship started in Phase I. At the present time Boeing is working with companies on 30 SBIR contracts – 25 Phase IIs and one Phase III. "Our Missile Defense Systems organization has become a very active participant with small businesses in MDA SBIR projects and has had Phase III successes," Hendel commented. "We have also funded companies through Fast Track."

Be Persistent

Relationships develop over time, and one success leads to another. Boeing has seen the momentum that good relationships bring in the number of collaborations their technologists have formed. Over time confidence and trust develops, and this makes it possible to pursue not only SBIR projects, but other government funding, jointly. Companies need to be persistent in marketing themselves, their technologies and their capabilities. Ongoing communication is critical.

Boeing encourages both small businesses and their own staff to sign non-disclosure agreements early in the process to facilitate open discussions and to insure data and intellectual-property rights are protected and any issues are resolved. "There needs to be a good match between the topic, the proposed technology to be developed, and the Boeing strategic technology areas/needs in order for us to get involved. There should be an application to one of our various military and space platforms," stated Hendel.

F/A-18 Super Hornet

Expressing Interest

There are a number of ways that a company may become involved with Boeing. Mr. Hendel's office in Supplier Diversity is the recommended first point of contact. He can direct individuals to the appropriate contacts within the technical community so they may initiate discussions. If there appears to be a good match, the parties would sign non-disclosure agreements and proceed with more detailed discussions. On the other hand, if one knows technologists at Boeing, they could certainly discuss this opportunity directly with the technologist and his/her management to find the right technology area or program to continue these discussions.

"We also express our interest directly," Hendel continued. "Each time a solicitation comes out from relevant agencies, we ask our technologists to review the topics. We compile those responses and share them with small businesses via various SBIR conferences and through e-mails." This process provides small businesses with the name of a contact within Boeing who has indicated potential interest in a topic and with whom they can begin a dialogue to determine if there is further potential. If the small business decides to submit a proposal they may ask Boeing for a letter of interest. On Boeing's part, they may want to just track the progress - should the small business win a Phase I. If the small business wants Boeing to do some work for them, there is a negotiation between the parties.

C-17 Globemaster III

Boeing has also developed a website where companies can submit information about their firms, their areas of expertise and other pertinent information. Non-proprietary information can be sent, without attachments, to any number of Boeing technologists - depending upon the number of technology areas they select at the website. The website is *www.boeing.com/edu*. The user name and password are both sb.

The government's Small Business Innovation Research program is a tremendous vehicle for basic research and development, advancing new technologies and enhancing the capabilities of the platforms that these new technologies end up in, be it in the commercial marketplace or on a Department of Defense or NASA program. Small businesses are the true innovators. They are the engines that drive the economy and create new jobs. Boeing is proud to be associated with the many small businesses who are our suppliers and especially those with whom we collaborate under the SBIR program.

PEO/PMA Corner

REAR ADMIRAL DAVE VENLET

Rear Admiral Dave Venlet was named Program Executive Officer, Tactical Air Programs in the fall of 2004. His distinguished career includes serving as the commander of Naval Air Warfare Center, Weapons Division where he was responsible for Navy weapons and systems RDT&E as well as fleet support capabilities at China Lake and Point Mugu, Calif.

His tours in the Naval Air Systems Command include NAVAIR Assistant Commander for Test and Evaluation and for Shore Installation Management; Executive Assistant to the Commander, Naval Air Systems Command; the F/A-18 program in various capacities including Class Desk Officer and Deputy Program Manager; and PMA-259, Program Manager for Air-to-Air Missiles involving AIM-9X development.

Transitions recently met with Rear Admiral Venlet to discuss the SBIR program, its process and its importance to PEO (T).

Transitions: *Adm. Venlet, what is your general perspective on the SBIR program?*

Adm. Venlet: The SBIR program plays an important part in the overall acquisition strategies of our acquisition programs. Some of the nation's most innovative and high technology research and development initiatives occur within the small business community. The SBIR program provides the Navy access to leading edge technologies and innovation by providing high-tech small businesses the necessary funding to pursue technology research and development. From my perspective, the Navy's SBIR Program is primarily a mission-oriented program. That is to say, PEO (T) is interested in those SBIR

projects that either address a mission need, increase a weapon system's warfighting capability, mitigate design risk in a developmental program or reduce a weapon system's Total Ownership Cost (TOC).

We contribute about 2.5% of our Research and Development dollars to the program.

Transitions: *In relative terms, how important is the SBIR program to PEO (T)?*

Adm. Venlet: In relative terms, we contribute about 2.5% of our Research and Development (R&D) dollars to the program - so in terms of total dollars it would be a small part of the over all budget. However, the relative importance of the SBIR program should not be based on dollars alone, but on the impact and leverage that a particular technology or project has on a specific program. For example, one of PEO (T)'s SBIR success stories involves a project sponsored with Aztex, Inc., a small privately held company located in Waltham, Massachusetts. The Aztex project involved advanced composite manufacturing techniques for the F/A-18 E/F. The effort leveraged a modest investment in an SBIR project that resulted in significant design improvements to the aircraft's composite inlet duct that resulted in weight savings of 60lbs/ aircraft and projected program cost savings of $140 M. Additionally, the composite manufacturing technique developed under this project is being incorporated into the JSF airframe design. Results such as this represent a significant positive impact upon a program.

Overall, I would characterize the SBIR program as an important tool for our acquisition Program Managers to solve problems, mitigate risks, and to increase their systems' operational capabilities.

Transitions: *What is the PEO (T) process for SBIR topic identification and selection?*

Adm. Venlet: PEO (T) Program Managers and program engineers are continuously assessing the program's technology needs relative to program requirements. SBIR topics are identified through several means. The first is a direct submission of proposed topics by the program office to the NAVAIR SBIR Program Manager in response to a SBIR topics call. In addition to the direct submission of relevant SBIR topic, the other activity that indirectly feeds SBIR topic identification and selection resides in the NAVAIR Advanced Technology Review Board (ATRB) process.

PEO (T) co-chairs the Strike Aircraft/Weapons ATRB. The ATRB facilitates an organized process to communicate our Naval Aviation program's technology needs and desires to industry. The ATRB process was implemented to improve the transition of science and technology (S&T) initiatives to Naval Aviation product and platform end-users. In effect, it forms a communication and planning bridge between the technology development and the acquisition communities enabling each to better understand and address the unique requirements and constraints of the other and subsequently enhance technology transition. Through this process, technology needs of our various programs are collected and disseminated to industry by Call Letters to industry requesting data sheets on technology initiatives that have potential for transition to Naval Aviation systems.

It doesn't really matter whether a company is a SBIR company or a Tier One Prime, the company must have the capability to deliver technologies or products that perform as advertised are delivered on time and delivered within the project budget.

The technologies identified through the ATRB process are not exclusively SBIR technologies; rather they address a broad range of technology needs identified by the Program Managers. However, the NAVAIR SBIR Program Manager is involved in the ATRB process and works to identify the subset of technology requirements that may be addressed by a SBIR project. As we refine and improve the NAVAIR ATRB process, the linkup with the SBIR topic generation process will be strengthened. By improving the linkup between the ATRB and SBIR program, the SBIR program will benefit from increased visibility and support among the Program Managers, and our acquisition programs will benefit from having their R&D dollars invested in SBIR projects that are focused on relevant program requirements.

Transitions: What advice would you give to SBIR companies?

Adm. Venlet: First, it doesn't really matter whether a company is a SBIR company or a Tier One Prime, the company must have the capability to deliver technologies or products that perform as advertised, are delivered on time and delivered within the project budget. The decision to proceed with a SBIR project will ultimately be based on technical risk, cost and the company's ability to successfully meet the requirement or solve a problem for that program. The most critical measure of success will be the company's ability to perform and deliver.

Finally, I would strongly advise the SBIR company to communicate early and regularly with their program Technical Points of Contact (TPOCs) to ensure that the Program Office and the SBIR company are on the same page as to the project status, funding and schedule.

Photo courtesy of Northrop Grumman.

Northrop Grumman delivered the ICAP III Prowler to the United States Navy on April 25, 2005.

BENTHOS, INC. AND TELEDYNE TECHNOLOGIES, INC.

On Jan. 30, 2006, Teledyne Technologies, Inc., a leading provider of electronic components, instruments and communication products, announced the completion of its acquisition of Benthos, Inc.

Founded 44 years ago to supply underwater instrumentation to Woods Hole Oceanographic Institute and MIT, Benthos, a small, formerly publicly held company, has built a successful business around its initial underwater sensor technology. Currently, Benthos is focused on developing and marketing systems and sensors for undersea applications, including communication devices, navigation aids, pingers, transducers and oceanographic sensor systems as well as producing industrial sensing products used for package inspection – verifying proper pressure, vacuum, and seal integrity for items such as beverage cans, medical packages and commercial packages.

A key, early innovation and development success that set the company apart was an efficient and cost-effective method of producing 13 – 17" glass spheres that maintain 1 atmosphere barometric pressure from the surface to full ocean depth. This technology provided a key competitive advantage as Benthos leveraged this technology in flotation devices and for deep-sea protective casings for electronics and modems.

The SBIR program has been instrumental in Benthos' growth. According to Benthos Chief Scientist, Dale Green, the company has been very successful developing technologies sponsored by DoD small business funding. These unique technologies and the data rights associated with them "have contributed substantially to the success of the company and were critical in Teledyne's consideration of the value of Benthos as a partner and potential merger candidate."

"The government small business work formed the entire basis of our acoustic communications capability," said Green. "This product line started with SBIR funding and our existing commercial work is augmented with additional funding to this day." Green continued, "We have a 5 year, Phase III delivery contract in place with NUWC that comes with SBIR protections attached. This pre-negotiated work is critical to our business and it will continue to be as we operate as a business unit of Teledyne."

In addition, Green believes Teledyne is interested in more than just Benthos' unique technology. "We developed a reputation within the Navy that people could rely on us to get the job done – a strong reputation is invaluable. Companies are motivated to purchase your customer relationships, years of experience in your market niche and maybe most important of all, your reputation."

Both companies expect to benefit greatly from this new relationship. The acquisition is a key strategic fit with, and continues the expansion of, Teledyne's underwater acoustic instruments product line. Benthos will benefit from technical collaboration with other Teledyne divisions enabling development of new products that will expand the company's success in underwater sensors and enable entry into new markets. All in all, a win - win acquisition, due in part to the Navy SBIR.

Teledyne Technologies is a leading provider of sophisticated electronic components, instruments and communication products, systems engineering solutions, aerospace engines and components and on-site gas and power generation systems. Teledyne Technologies has operations in the United States, the United Kingdom, Mexico and Canada.

For more information, visit the Teledyne Technology website at *www.teledyne.com.*

NAVY SBIR COMPANIES RECENTLY ACQUIRED

COMPANY NAME	ACQUIRED BY	DATE
Alphatech, Inc.	BAE Systems Advanced Information Technologies	November 8, 2004
Benthos, Inc.	Teledyne Technologies, Inc.	January 30, 2006
Cyrano Sciences, Inc.	Smiths Detection, Inc.	March 1, 2004
Dynamics Technology, Inc.	Applied Signal Technology, Inc.	July 1, 2005
Foster-Miller, Inc.	QinetiQ	September 8, 2004
Jered Industries, Inc.	PaR Systems, Inc.	August 17, 2005
Neptune Sciences, Inc.	Planning Systems, Inc.	November 4, 2004
Noesis, Inc.	ITS Corp.	December 1, 2005
Q-DOT, Inc.	Hittite Microwave Corp.	August 30, 2005
Vexcel	Microsoft Corp.	March 17, 2006

NAVY PHASE III OBLIGATIONS DURING FY05

TOTAL COMMAND DOLLARS OBLIGATED TO PHASE III PROJECTS IN FY05 AS REPORTED ON THE DD350

Topic Number	Company Name	Phase III Sponsor	Contract	OBLIG$ in FY05
MARCOR				
N02-117	K&M ENVIRONMENTAL, INC.	MARCOR	M6700405C0051	$207,160
CBD00-207	SCENTCZAR CORPORATION	MARCOR (AAAV)	M6785404C3099	$249,023
			MARCOR total	**$456,183**
ONR				
D98-027	21ST CENTURY SYSTEMS, INC	ONR	N0001404C0252	$1,074,190
D98-027	21ST CENTURY SYSTEMS, INC	ONR	N0001404C0367	$3,834,000
N01-137	21ST CENTURY SYSTEMS, INC	ONR	N0001405C0035	$3,714,748
N02-T015	ADVANCED CERAMICS RESEARCH, INC	ONR	N0001403D0247	$2,406,727
N99-037	ARETE ASSOCIATES	ONR	N0001403C0301	$524,771
N99-037	ARETE ASSOCIATES	ONR	N0001404C0011	$1,447,510
N99-037	ARETE ASSOCIATES	ONR	N0001405C0042	$800,000
multiple	DIGITAL SYSTEM RESOURCES, INC.	ONR	N0001401D0225	$11,295,554
N00-107	DYNAMICS TECHNOLOGY INC	ONR	N0001404C0612	$735,000
N02-063	IMPACT TECHNOLOGIES, LLC	ONR	N0001404C0389	$2,600,136
N02-T015	INNOVATIVE CONCEPTS INC	ONR	N0001405C0303	$939,930
N96-T004	NEKTON RESEARCH LLC	ONR	N0001405C0277	$250,000
N02-T005	NVIS, INC	NRL	N0017305C2024	$81,800
N95-074	OCEAN POWER TECHNOLOGIES INC	ONR	N0001402C0053	$899,976
N95-074	OCEAN POWER TECHNOLOGIES INC	ONR	N0001405C0384	$2,799,405
N02-198	POLATOMIC, INC	ONR	N0001403C0388	$1,416,500
N99-025	SCENPRO, INC.	ONR	N0001405C0069	$1,348,201
N01-T002	SCIENTIFIC SOLUTIONS INC.	ONR	N0001404C0451	$2,512,705
BMDO01-014	SEMISOUTH LABORATORIES INC.	ONR	N0001403C0359	$1,961,027
N03-138	THORPE SEE-OP CORPORATION	ONR	N0001405C0175	$235,000
OSD98-043	TOUCHSTONE RESEARCH LABORATORY	ONR	N0001402C0392	$1,800,000
N01-136	TRIDENT SYSTEMS INCORPORATED	ONR	N0001404C0352	$595,060
N02-079	TRIVERUS, LLC	ONR	N0001405C0067	$2,397,927
			ONR total	**$45,670,167**
NAVSEA				
N02-139	ACULIGHT CORPORATION	NSWC Crane	N0016405C8916	$1,136,617
N97-090	ADVANCED ACOUSTIC CONCEPTS, INC	NAVSEA	N0002400D6106	$9,091,703
N97-090	ADVANCED ACOUSTIC CONCEPTS, INC	NAVSEA	N0002402C6311	$8,821,321
N97-114	AEPTEC MICROSYSTEMS, INC.	NSWC Carderock	N0016700D0097	$100,000
multiple	AEPTEC MICROSYSTEMS, INC.	NAVSEA	N0024401D0036	$7,019,295
N99-224	APPLIED HYDRO-ACOUSTICS RESEARCH	NAVSEA	N0002403C6302	$200,000
N96-268	APPLIED ORDNANCE TECHNOLOGY, INC	NSWC Dahlgren	N0017804D1025	$4,032,118
multiple	CHESAPEAKE SCIENCES CORP	NAVSEA	N0002400C6230	$11,019,614
multiple	CHESAPEAKE SCIENCES CORP	NAVSEA	N0002498C6203	$2,447,585
A96-176	DCS CORPORATION	NAVSEA IH	N0017401D0001	$95,000
multiple	DIGITAL SYSTEM RESOURCES, INC.	NAVSEA	N0002401C6235	$4,706,000
N98-072, multiple	DIGITAL SYSTEM RESOURCES, INC.	NAVSEA	N0002401C6316	$5,865,000
N91-133	DIGITAL SYSTEM RESOURCES, INC.	NAVSEA	N0002403C5136	$21,299,448
multiple	DIGITAL SYSTEM RESOURCES, INC.	NAVSEA	N0002403C5439	$18,454,655
N91-135, 133	DIGITAL SYSTEM RESOURCES, INC.	NAVSEA	N0002404C6205	$42,529,787
multiple	DIGITAL SYSTEM RESOURCES, INC.	NAVSEA	N0002405C6244	$5,598,238

NAVY PHASE III OBLIGATIONS DURING FY05

TOTAL COMMAND DOLLARS OBLIGATED TO PHASE III PROJECTS IN FY05 AS REPORTED ON THE DD350

Topic Number	Company Name	Phase III Sponsor	Contract	OBLIG$ in FY05
NAVSEA (cont.)				
N01-077	MAYFLOWER COMM. COMPANY	NSWC Dahlgren	N0017802C1053	$4,573,522
N02-025	MIKEL INC	NAVSEA	N0002405C6236	$480,023
OSD99-008	OCEANA SENSOR TECHNOLOGIES, INC	NSWC Carderock	N0016704D0058	$10,000
N98-128	PLANNING SYSTEMS INCORPORATED	NAVSEA	N0002404C6200	$2,246,931
N96-278	PROGENY SYSTEMS CORPORATION	NAVSEA	N0002400C6226	$8,024,000
N98-122	PROGENY SYSTEMS CORPORATION	NAVSEA	N0002403C6201	$2,733,224
N00-049	PROGENY SYSTEMS CORPORATION	NAVSEA	N0002403C6219	$13,545,509
N98-122	PROGENY SYSTEMS CORPORATION	NAVSEA	N0002404C6201	$2,044,000
N99-200	SCIENTIFIC APPLICATIONS & RESEARCH	NSWC Dahlgren	N0017804C3043	$2,814,541
N98-072, 077	SOLIPSYS CORPORATION	NAVSEA	N0002405C5115	$3,760,400
N01-065	SORDAL, INC	NSWC Carderock	N6554005C0013	$100,000
N03-064	TANNER RESEARCH, INC.	NSWC Dahlgren	N0017804C1033	$99,993
N01-120	TOYON RESEARCH CORP	NSWC Dahlgren	N0017804C1083	$497,337
N92-095	TPL, INCORPORATED	NSWC Crane	N0016401C4701	$700,000
N92-095	TPL, INCORPORATED	NSWC Crane	N0016402C4703	$17,109
N93-101	TRIDENT SYSTEMS INCORPORATED	NSWC Dahlgren	N0017800D3007	$165,767
N96-087, N99-144	TRITON SYSTEMS INC	NSWC Dahlgren	N0017803D1014	$730,000
N00-121	WASTECH INTERNATIONAL INC	NSWC Crane	N0016405C6089	$877,108
			NAVSEA total	**$187,328,154**
NAVAIR				
N90-074	A T K MISSILE SYSTEMS COMPANY	NAVAIR	N0001903C0353	$58,870,622
N02-151	ADAPTIVE TECHNOLOGIES INC	NAWC Lakehurst	N6833505D0018	$134,998
N00-101	ADVANCED CERAMICS RESEARCH, INC	NAWC Lakehurst	N6833504D0018	$4,939,485
N01-109	ADVANCED ROTORCRAFT TECHNOLOGY	NAWC Lakehurst	N6833505D0001	$282,015
N87-190	AEROVIRONMENT, INC	NAWC Lakehurst	N6833505C0356	$571,905
AF97-043	ANDRO COMPUTATIONAL SOLUTIONS, INC	NAWC Lakehurst	N6833505D0007	$300,873
N00-013	APPLIED HYDRO-ACOUSTICS RESEARCH	NAWC Lakehurst	N6833502D0022	$415,000
N02-080	CARMEL APPLIED TECHNOLOGIES, INC	NAWC Lakehurst	N6833505C0363	$583,255
AF93-158	CPU TECHNOLOGY, INC.	NAVAIR Pax	N0042101D0300	$4,079,045
N04-024	DIGITAL AUTHENTICATION TECHNOLOGY	NAWC Lakehurst	N6833505D0012	$594,802
N03-008, 009	DIGITAL SYSTEM RESOURCES, INC.	NAWC Lakehurst	N6833503D0105	$76,321
MDA02-005	EDO M. TECH	NAVAIR	N0001905C0026	$10,988,437
N01-018	FORM FIT AND FUNCTION LLC	NAWC Lakehurst	N6833504D0014	$458,443
N92-138	FOSTER-MILLER INC	NAVAIR Pax	N0042100C0441	$282,107
N00-078	FOSTER-MILLER INC	NAWC Lakehurst	N6833503D0101	$3,210,160
N03-058	GENEVA AEROSPACE, INC	NAWC Lakehurst	N6833505D0013	$618,656
N97-029	HOOD TECHNOLOGY CORPORATION	NAVAIR Pax	N0042103D0064	$168,216
N00-001	IMPACT TECHNOLOGIES, LLC	NAWC Lakehurst	N6833504D0010	$144,000
A03-202	INNALABS, INC	NAWCTSD	N6133905C0075	$751,379
N90-264	ISERA GROUP, LLC	NAWCTSD	N6133905C0037	$1,026,901
N98-160	ITCN INC	NAWC Lakehurst	N6833502D0021	$968,881
N95-033	JENTEK SENSORS, INC.	NAWC Lakehurst	N6833500D0463	$555,493
N01-024	LAMBDA RESEARCH INC	NAWC Lakehurst	N6833504D0001	$560,948
N90-085	LOGIS-TECH	NAWC Lakehurst	N6833504D0002	$1,343,688
N03-022	MAK TECHNOLOGIES INC	NAWCTSD	N6133905C0125	$324,556
N98-149	MATERIALS RESEARCH & DESIGN	NAWC Lakehurst	N6833502D0027	$115,000
N98-157	MICRO ANALYSIS AND DESIGN, INC	NAWCTSD	N6133905C0129	$200,000

NAVY PHASE III OBLIGATIONS DURING FY05

TOTAL COMMAND DOLLARS OBLIGATED TO PHASE III PROJECTS IN FY05 AS REPORTED ON THE DD350

Topic Number	Company Name	Phase III Sponsor	Contract	OBLIG$ in FY05
NAVAIR (cont.)				
N94-178	NAVMAR APPLIED SCIENCES CORP.	NAWC Lakehurst	N6833505D0020	$8,478,106
A98-149	OPTICAL SCIENCES CORPORATION	NAWCTSD	N6133904C0090	$145,111
A98-149	OPTICAL SCIENCES CORPORATION	NAWCTSD	N6133905D0001	$508,707
N98-057	ORGANIZATIONAL STRATEGIES INC	NAWC Lakehurst	N6833505D0010	$849,698
N95-005	PHOENIX SCIENCE & TECHNOLOGY, INC	NAWC Lakehurst	N6833500D0471	$875,976
N02-153, N03-188	PHOENIX SCIENCE & TECHNOLOGY, INC	NAWC Lakehurst	N6833505D0016	$297,945
N99-053	PHYSICAL SCIENCES INC.	NAWC Lakehurst	N6833503D0099	$838,334
N97-006	R L ASSOCIATES INC	NAWC Lakehurst	N6833504D0011	$1,161,620
N99-189	RADIX TECHNOLOGIES INC	NAWC Lakehurst	N6833505D0004	$749,981
N98-035	RDA INC	NAWC Lakehurst	N6833502D3109	$2,866,390
N96-061	REYNOLDS SYSTEMS, INC.	NAWC Lakehurst	N6833502D0025	$78,861
AF99-185	REYNOLDS SYSTEMS, INC.	NAWC China Lake	N6893605D0030	$166,314
A01-209	SAN DIEGO RESEARCH CENTER, INC	NAWCTSD	N6133904D0039	$15,033,210
N92-152	SEA SYSTEMS GROUP INC	NAWC Lakehurst	N6833504D0007	$48,715
N02-166	SYS	NAWC Lakehurst	N6833505P0741	$25,000
N99-050	SYSTEMS AND MATERIALS RESEARCH	NAWC Lakehurst	N6833505D0002	$280,000
N99-193	TOYON RESEARCH CORP	NAWC Lakehurst	N6833503D0147	$100,000
SOCOM03-004	TRIDENT SYSTEMS INCORPORATED	NAWC Lakehurst	N6833505D0025	$4,941,497
N95-156	TRITON SYSTEMS INC	NAWC Lakehurst	N6833501D0125	$158,805
N99-184	VIRTUAL TECHNOLOGY CORPORATION	NAWCTSD	N6133904C0109	$160,205
N03-022	VIRTUAL TECHNOLOGY CORPORATION	NAWCTSD	N6133905C0113	$99,990
N98-043	ZIMMERMAN ASSOCIATES INC	NAWC Lakehurst	N6833505D0008	$1,059,208
			NAVAIR total	**$139,829,767**
NAVFAC				
N02-006	POLYMERIGHT, INC.	NAVFAC	N6871105C0057	$120,000
N02-006	POLYSPEC L.P.	NAVFAC	N6871105C0058	$120,000
N96-005	ROBOTEK ENGINEERING INC	NAVFAC	N6871105D0008	$483,860
N97-140	SEILER INTERNATIONAL CORP	NAVFAC	N4740804C7519	$1,504,111
			NAVFAC total	**$2,227,971**
SPAWAR				
N98-106	ADVANCED ACOUSTIC CONCEPTS, INC	SPAWAR	N6660401D4218	$1,325,039
multiple	CHESAPEAKE SCIENCES CORP	SPAWAR	N6523605C8134	$1,011,862
multiple	CHESAPEAKE SCIENCES CORP	SPAWAR	N6523605C8136	$926,646
N99-110	DARLINGTON INCORPORATED	SPAWAR	N6600103D7000	$1,244,598
N96-246	INFRARED FIBER SYSTEMS, INC	SPAWAR	N0003905D0005	$285,000
N02-170	PROGENY SYSTEMS CORPORATION	SPAWAR	N0003905C0011	$900,000
N99-167	PROMIA INCORPORATED	SPAWAR	N0003901C3167	$2,411,483
multiple	VIASAT, INC	SPAWAR	N6600199D7000	$244,800
			SPAWAR total	**$8,349,428**

Total Command Dollars Obligated to Phase III Projects in FY05 as Reported on the DD350

89 Firms & 129 Contracts $383,861,670

***as of February 1, 2006

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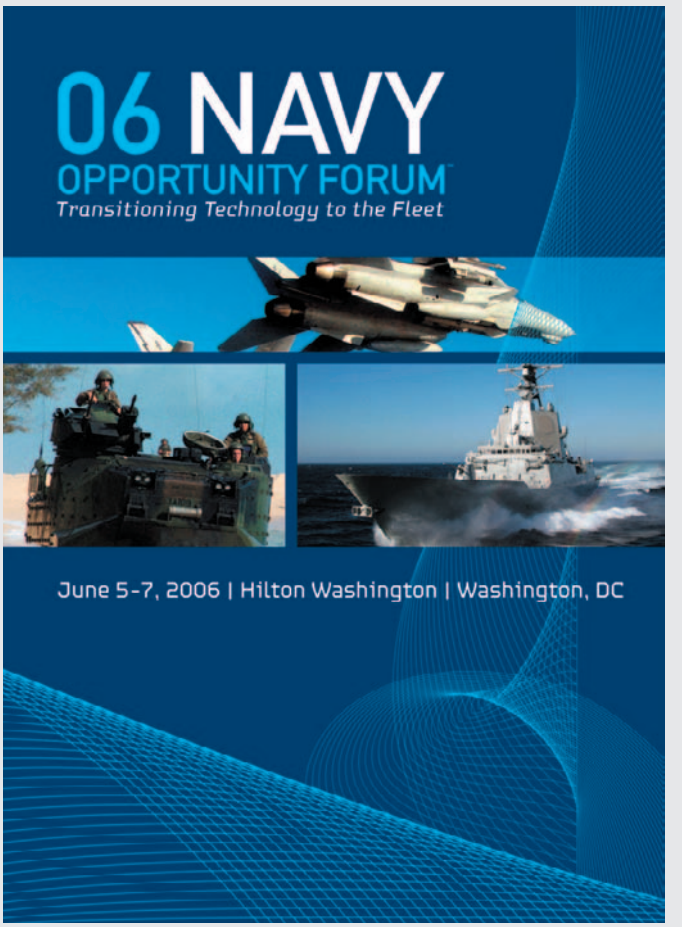

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