

**U.S. ARMY SMALL BUSINESS TECHNOLOGY TRANSFER (STTR) PROGRAM  
INSTRUCTIONS FOR SUBMITTING PHASE II PROPOSALS**

January 2014

**1. INTRODUCTION**

Small businesses that received a Phase I award are eligible to submit a Phase II proposal in the Army STTR Program. The maximum dollar amount for an Army Phase II award for companies with Phase I awards from solicitation cycles prior to FY13 is currently \$750,000. Phase II awards stemming from FY13 Phase I awards will have a maximum amount of \$1 million over two years.

**2. WHERE AND WHEN TO SUBMIT YOUR PROPOSAL**

Submit the entire proposal (consisting of Cover Pages, Technical Volume, Cost Volume and Company Commercialization Report using the online system at (<http://www.dodsbir.net/submission>). This website will lead you through the preparation of these forms and the upload of the Technical Proposal. Hardcopies and signatures are not required for evaluation purposes. Proposals must be received no later than 6 a.m. EST on 07 May, 2014 to be accepted for consideration. There are no provisions for late receipt of Phase II proposals. If you encounter technical issues in uploading your proposal, you may contact the DoD SBIR/STTR help desk at 1-866-724-7457. Due to the high volume of proposals, those not conforming to the above deadline or proper format will not be evaluated or considered for award. Selections will be announced 90 days after proposal receipt.

**3. GENERAL CONSIDERATIONS**

A. Phase II proposers must submit a concise, informative and complete research and development proposal. The maximum proposal length, including all attachments, is **38 single-sided pages** numbered consecutively. This includes the Technical Volume and any enclosures and attachments (e.g., letters of endorsement, resumes). All documentation uploaded should have no smaller than type 11 point on a standard 8.5" x 11" paper with one-inch margins. Since proposals are required to be submitted in Portable Document Format (PDF), it is the responsibility of those submitting the proposal to ensure any PDF conversion is accurate and does not cause the proposal to exceed the 38-page limit. Note that the Cost Volume and Company Commercialization Report are not counted against the 38-page limit.

B. Address all items listed in Section 4 of these Instructions in the order given. The proposal should address the potential Phase III commercial applications or Government use of the proposed research or research and development.

C. A database containing all DoD STTR and SBIR abstracts and award data is at the DoD SBIR/STTR Website (<http://www.acq.osd.mil/osbp/sbir/awards/index.shtml>). This link provides information that may be of use to you as you prepare your Phase II proposal. Because abstracts of selected proposals are posted on this public domain website, the abstract should not contain any classified or proprietary information. The Army does not accept classified proposals.

**4. PROPOSAL FORMAT (38 pages maximum)**

A. **Cover Pages** (<http://www.dodsbir.net/submission>). As instructed on the website, prepare a Proposal Cover Sheet (often two pages), include a brief description of the problem or opportunity, objectives, effort and anticipated results. Expected benefits and Government or private sector applications of the proposed research should also be summarized in the space provided. The Project Summary of successful proposals will be submitted for publication with unlimited distribution. Therefore, the summary should not contain classified or proprietary information.

**U.S. ARMY SMALL BUSINESS TECHNOLOGY TRANSFER (STTR) PROGRAM  
INSTRUCTIONS FOR SUBMITTING PHASE II PROPOSALS**

January 2014

- B. Results of the Phase I Work.** Discuss the objectives of your Phase I effort, the research conducted, findings or results, and estimates of technical feasibility. As stated in the original solicitation, if you have not completed your Phase I effort, language used to report Phase I progress in a Phase II proposal may be used verbatim in the Phase I final report. Changes should be made to accommodate results after Phase II proposal submission and modifications required to integrate the final report into a self-contained, comprehensive, and logically structured document.
- C. Phase II Technical Objectives and Approach.** List the specific technical objectives of the Phase II research and describe the technical approach in detail to be used to meet these objectives.
- D. Phase II Work Plan.** Provide an explicit, detailed description of the Phase II approach. The plan should indicate what is planned, how and where the work will be carried out, a schedule of major events, and the final product to be developed. A Phase II effort should attempt to accomplish the technical feasibility demonstrated in Phase I, including potential commercialization of results. Phase II is the principal research and development effort and is expected to produce a well-defined deliverable product or process.
- E. Related Work.** Describe significant activities directly related to the proposed effort, including those conducted by the Principal Investigator, the proposing firm, consultants, or others. Report how the activities interface with the proposed project and discuss any planned coordination with outside sources. The proposers' awareness of the state-of-the-art in the technology and associated science must be demonstrated.
- F. Relationship with Future Research or Research and Development.** State the anticipated results of the proposed approach if the project is successful. Discuss the significance of the Phase II effort in providing a foundation for a Phase III research or research and development effort.
- G. Technology Transition and Commercialization Strategy.** Describe your company's strategy for converting the proposed STTR research, resulting from your proposed Phase II contract, into a product or non-R&D service with widespread commercial use -- including private sector and/or military markets. Note that the commercialization strategy is separate from the Commercialization Report described in Section 4.l below. The strategy addresses how you propose to commercialize this research, while the Company Commercialization Report covers what you have done to commercialize the results of past Phase II awards. Historically, a well-conceived commercialization strategy is an excellent indicator of ultimate Phase III success. The commercialization strategy must address the following questions:
1. What is the first product that this technology will go into?
  2. Who will be your customers, and what is your estimate of the market size?
  3. How much money will you need to bring the technology to market, and how will you raise that money?
  4. Does your company contain marketing expertise and, if not, how do you intend to bring that expertise into the company?
  5. Who are your competitors, and what is your price and/or quality advantage over your competitors?
- H. Key Personnel.** Identify key personnel, including the Principal Investigator, who will be involved in the Phase II effort. List directly related education and experience and relevant publications (if any) of key personnel. A concise resume of the Principal Investigator(s) must be included.
- I. Facilities/Equipment.** Describe available instrumentation and physical facilities necessary to carry out the Phase II effort. Justify items of equipment to be purchased (as detailed in the cost proposal) here, including Government Furnished Equipment (GFE). All requirements for government furnished equipment or other assets, as well as associated costs, must be determined and agreed to during Phase II contract negotiations. State whether or not the facilities where the proposed work will be performed meet environmental laws and regulations of federal, state (name) and local governments for, but not limited to, the following groupings: airborne emissions, waterborne effluents, external radiation levels, outdoor noise, solid and bulk waste disposal practices, and handling and storage of toxic and hazardous materials.
- J. Consultants.** Involvement of university, academic institution, or other consultants in the project may be appropriate. If such involvement is intended, it should be described in detail and identified in the cost

**U.S. ARMY SMALL BUSINESS TECHNOLOGY TRANSFER (STTR) PROGRAM  
INSTRUCTIONS FOR SUBMITTING PHASE II PROPOSALS**

January 2014

proposal. Note that the small business must perform at least 40% of the work and the research institute (listed on the cover page) must perform at least 30% of the work.

K. **Cost Volume** (\$750,000 maximum for Phase I work prior to FY13, \$1 mil maximum for proposals stemming from an FY13 Phase I). A detailed, firm-fixed-price or cost-plus-fixed-fee Phase II cost proposal/volume must be submitted online and in the proper format shown in the Cost Breakdown Guidance in Section 5.4 d of the DoD STTR Solicitation. Some items in the cost proposal template may not apply to the proposed project. If such is the case, there is no need to provide information for each and every item. Provide enough information to allow the Army evaluators to assess the proposer's plans to use the requested funds if the contract is awarded. Phase II proposers should provide cost data based upon a contract award date six months after submission of the Phase II proposal. Phase II contracts are awarded for a two year development and prototype production. Indicate funding requirements for "Year 1" and "Year 2" in the cost proposal.

1. List all key personnel by name as well as number of hours dedicated to the project as direct labor.
2. Special Tooling, Test Equipment, and Materials Costs:
  - a. Special tooling, test equipment, and materials costs may be included under Phase II. The inclusion of equipment and material will be carefully reviewed relative to need and appropriateness for the work proposed; and
  - b. The purchase of special tooling and test equipment must, in the opinion of the Contracting Officer, be advantageous to the Government and should be related directly to the specific effort. This may include such items as innovative instrumentation and/or automatic test equipment. Title to property furnished by the Government or acquired with Government funds will be vested with the Department of the Army; unless it is determined that transfer of title to the contractor would be more cost-effective than recovery of the equipment by the Army.
3. Cost for travel funds must be justified and related to the needs of the project. Cost-sharing is permitted; however, cost-sharing is not required nor will it be an evaluation factor in the consideration of a proposal.

L. **Commercialization Report.** All Phase II proposals must include a Company Commercialization Report (CCR). This required proposal information does not count against the 38-page limit. The CCR is generated by the submission website based on information provided by the firm through the "Company Commercialization Report" tool. This report will list the name of the awarding agency, date of award, contract number, topic or subtopic, title, and award amount for each STTR Phase II project performed by the company. The Commercialization Report, separate from the commercialization strategy described in Section 4.G, covers what you have done with past Phase II awards. Complete and accurate reporting of Phase III performance data by all participating companies is critical to the future success of the STTR Program.

## 5. PROPOSAL EVALUATION

A. **Evaluation Criteria.** All proposals will be reviewed for overall merit based on the evaluation criteria published in the DoD STTR Program Solicitation:

1. The soundness, technical merit, and innovation of the proposed approach and its incremental progress toward topic or subtopic solution;
2. The qualifications of the proposed principal/key investigators, supporting staff, and consultants. Qualifications include not only the ability to perform the research and development, but also the ability to commercialize the results; and,

**U.S. ARMY SMALL BUSINESS TECHNOLOGY TRANSFER (STTR) PROGRAM  
INSTRUCTIONS FOR SUBMITTING PHASE II PROPOSALS**

January 2014

3. The potential for commercial (Government or private sector) application and the benefits expected to accrue from this commercialization. 4. A proposal's commercial potential will be evaluated using the criteria in the DoD STTR Program Solicitation and may include as applicable:
- a. The small business' record of commercializing STTR (as reflected in your Company Commercialization Index (CAI) or other research. Firms with a CAI at the 20th percentile or below may receive no more than half of the evaluation points available for the commercial potential criteria. CAI is fully explained in the DoD SBIR Solicitation;
  - b. The existence of second phase funding commitments from private sector or non- STTR funding sources;
  - c. The existence of Phase III follow-on commitments for the subject of the research; and
  - d. The presence of other indicators of commercial potential of the idea, including the commercialization strategy.

**B. Evaluation Review.** Phase II proposals will be subjected to a detailed technical evaluation by technology experts in the Army Laboratories and Centers and by a second, independent review conducted by a panel of senior Army scientists and technologists. Final decisions will be based upon the senior panel's recommendations in light of the scientific and technical evaluations and other factors, including a commitment for co-funding or follow-on funding, possible duplication of other ongoing research or research and development, overall program balance, budget limitations, and the potential of a successful Phase II effort leading to a product of continuing interest to the Army and DoD.

## 6. FUNDING CRITERIA

**A. Co-Funding for Phase II Efforts.** If Phase II co-funding is anticipated, the specific amount and period of funding must be indicated. This commitment must also specify the technical objectives upon which the committed funding will be exercisable by the small business.

**B. Phase III Follow-on Funding.** Commitment must provide, if possible, letters or other documentation that indicate Phase III funds will be made available to, or by, the small business, and indicate the approximate dates the funds will be made available. It must also contain specific technical objectives that, if achieved in Phase II, will make the commitment exercisable by the small business. The terms cannot be contingent upon the obtaining of a patent due to the length of time this process requires.

**C. Funding Commitment for Phase II and III.** Provide copies of non-Federal commitments for follow-on funding for continued development or production. Commitments may include any of the following: third-party financing; self-commitment by the proposing firm; intent on the part of the proposing firm to borrow funds; and State or local government financing.

**D. STTR funds may not be used for a Phase III Effort.**

## 7. CONTRACTUAL CONSIDERATIONS

**A. Awards.** The number of Phase II awards made will depend upon the quality of the Phase I efforts, the quality of the Phase II proposals, and the availability of funds. Each Phase II proposal selected for award will be funded under a negotiated contract to be signed by both parties before work begins. Phase II awards will be made to small businesses based on results of the Phase I effort and the scientific, technical, and commercial merit of the Phase II proposal. Phase II proposers who wish to maintain project continuity must submit their proposals **no later than** 6 a.m. EST on 07 May, 2014.

### **B. Reports**

1. For incrementally funded Phase II projects an interim, midterm written report may be required (at the discretion of the awarding agency) 30 days prior to the conclusion of the first incrementally-funded period. The balance of the interim report should discuss, in detail, the project objectives, work carried out, and results obtained to date.

**U.S. ARMY SMALL BUSINESS TECHNOLOGY TRANSFER (STTR) PROGRAM  
INSTRUCTIONS FOR SUBMITTING PHASE II PROPOSALS**

January 2014

2. Copies of a final report on the Phase II work must be submitted to the sponsoring organization in accordance with the negotiated delivery schedule. The final report shall include a single page Project Summary as the first page identifying the purpose of the work, a brief description of the work carried out, the findings or results, and potential applications of the effort. The summary may be published by DoD and, therefore, must not contain proprietary or classified information. The balance of the report should indicate, in detail, the project objectives, work carried out, and results obtained.

**C. Payment Schedule.** Per DoD STTR Program Solicitation.

**D. Markings of Proprietary Information.** Per DoD STTR Program Solicitation, section 5.3. The Army does not accept classified proposals.

**F. Copyrights, Patents and Technical Data Rights.** Per DoD STTR Program Solicitation.

**G. Joint Ventures or Limited Partnerships.** Per DoD STTR Program Solicitation.

**H. Contractor Commitments.** The information in the DoD STTR Program Solicitation is applicable to the types of provisions that may be included in a Phase II contract.

**8. REPORTING OF PHASE III COMMERCIALIZATION EFFORTS**

A. Accordingly, each small business receiving a Phase II award is required to report all Phase III activities on their Company Commercialization Report at <http://www.dodsbir.net/submission/SignIn.asp> and through the Army STTR Program Management Office at the following address:

U.S. Army Research Office  
ATTN: Dr. Brad Guay  
P.O. Box 12211  
Research Triangle Park, North Carolina 27709-2211  
919-549-4258  
[usarmy.rtp.aro.mbx.sttr-pmo@mail.mil](mailto:usarmy.rtp.aro.mbx.sttr-pmo@mail.mil)

B. Reportable activities include: sales revenue from new products and non-R&D services resulting from the Phase I-II project; additional investment from sources other than the federal STTR program in activities that further the development and/or the commercialization of the Phase II technology; the portion of additional investment representing clear and verifiable investment in the future commercialization of the technology (i.e. "hard investment"); whether the Phase II technology has been used in a fielded DoD system or acquisition program and, if so, which system or program; the number of patents resulting from the contractor's participation in the SBIR/STTR program; growth in number of firm employees, and; whether the firm completed an initial public offering (IPO) of stock resulting in part from the Phase II project.