



Small Business Innovation Research (SBIR) & Small Business Technology Transfer (STTR)

Phase II Proposal Instructions

DARPA Small Business Programs Office
March 13, 2020
sbir@darpa.mil
Approved for Public Release, Distribution Unlimited

IMPORTANT NOTE REGARDING THESE INSTRUCTIONS

THESE INSTRUCTIONS ONLY APPLY TO PROPOSALS SUBMITTED IN RESPONSE TO A PHASE II PROPOSAL SUBMISSION NOTIFICATION.

Proposers that are responding to a topic that was posted on <https://beta.sam.gov> must follow ALL the instructions provided in the corresponding SBIR or STTR Opportunity (SBO) announcement under the DARPA Broad Agency Announcement (BAA), AND the supplementary instructions contained in this section.

Introduction

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

The responsibility for implementing DARPA's SBIR and STTR Programs rests with the Small Business Programs Office.

DEFENSE ADVANCED RESEARCH PROJECTS AGENCY

Attention: DIRO/SBPO

675 North Randolph Street

Arlington, VA 22203-2114

Help Desk: sbir@darpa.mil

<http://www.darpa.mil/work-with-us/for-small-businesses>

System Requirements

Proposers are required to authenticate into the DARPA SBIR/STTR Information Portal (SSIP), via the DARPA Extranet, to retrieve the selection decision notice and technical evaluation narrative, and to upload reports (for proposals that receive an award). Use of the SSIP is MANDATORY.

DARPA SBPO will automatically create an extranet account for new users and send the SSIP URL, authentication credentials, and login instructions with the selection decision notice email. DARPA extranet accounts will ONLY be created for the individual named as the Corporate Official on the Proposal Cover Sheet. Proposers may not request accounts for additional users at this time.

WARNING:

The e-mail address of the Corporate Official from the Proposal Cover Sheet will be used to create a DARPA Extranet account. Updates to this e-mail address after proposal submission may cause significant delays to communication retrieval and contract negotiation (if selected).

Notification of Proposal Receipt

Within 7 business days after the announcement closing, the individual named as the Corporate Official on the Proposal Cover Sheet will receive a separate e-mail from sbir@darpa.mil acknowledging receipt for each proposal received. Please make note of the topic number and proposal number for your records. The Corporate Official should add this address to their address book to ensure all communications are received.

Notification of Proposal Status

The selection decision notice will be available no later than 90 days after proposal receipt. The individual named as the Corporate Official on the Proposal Cover Sheet will receive an email for each proposal submitted, from sbir@darpa.mil with instructions for retrieving their official notification from the SSIP. Please read each notification carefully and note the proposal number and topic number referenced. The Corporate Official must retrieve the letter

from the SSIP within 30 days from the date the e-mail is sent. After 30 days the Corporate Official must make a written request to sbir@darpa.mil for the selection decision notice. The request must explain why the proposer was unable to retrieve the selection decision notice from the SSIP within the original 30 day notification period.

Technical Evaluation Narrative

In accordance with the SBA Policy Directive, Appendix I, paragraph 4. Method of Selection and Evaluation Criteria, subparagraph (d) Release of Proposal Review Information, DARPA will provide the proposer a technical evaluation narrative (referred to as a “debriefing” in the DoD SBIR/STTR BAA) for each proposal submitted in response to a topic. The selection decision notice contains instructions for retrieving the technical evaluation narrative.

Protest Procedures

Agency protests regarding the selection decision should be submitted to:

DARPA

Contracts Management Office (CMO)

675 N. Randolph Street

Arlington, VA 22203

E-mail: scott.ulrey@darpa.mil **and** sbir@darpa.mil

Proposer Eligibility and Performance Requirements

Proposers must qualify as a small business at time of award for research or research and development and certify to this in the Cover Sheet section of the proposal. For additional information refer to the eligibility section of the applicable DOD SBIR/STTR or DARPA BAA.

ALL proposers that plan to use foreign nationals MUST follow the applicable DoD SBIR/STTR or DARPA BAA, and disclose this information regardless of whether the topic is subject to ITAR restrictions.

The performer shall comply with all U. S. export control laws and regulations, including the International Traffic in Arms Regulations (ITAR), 22 CFR Parts 120 through 130, and the Export Administration Regulations (EAR), 15 CFR Parts 730 through 799, in the performance of this contract.

Organizational Conflicts of Interest (OCI)

In accordance with FAR 9.5, proposers are required to identify and disclose all facts relevant to potential OCIs involving the proposer’s organization and any proposed team member (sub-awardee, consultant). Under this Section, the proposer is responsible for providing this disclosure with each proposal submitted to the DoD SBIR/STTR or DARPA BAA. The disclosure must include the proposer’s, and as applicable, proposed team member’s OCI mitigation plan. The OCI mitigation plan must include a description of the actions the proposer has taken, or intends to take, to prevent the existence of conflicting roles that might bias the proposer’s judgment and to prevent the proposer from having unfair competitive advantage. The OCI mitigation plan will specifically discuss the disclosed OCI in the context of each of the OCI limitations outlined in FAR 9.505-1 through FAR 9.505-4.

In addition, DARPA has a supplemental OCI policy that prohibits contractors/performers from concurrently providing Scientific Engineering Technical Assistance (SETA), Advisory and Assistance Services (A&AS) or similar support services and being a technical performer. Therefore, as part of the FAR 9.5 disclosure requirement above, a proposer must affirm whether the proposer or any proposed team member (sub-awardee, consultant) is providing SETA, A&AS, or similar support to any DARPA office(s) under: (a) a current award or sub-award; or (b) a past award or sub-award that ended within one calendar year prior to the proposal’s submission date.

If SETA, A&AS, or similar support is being or was provided to any DARPA office(s), the proposal must include:

- The name of the DARPA office receiving the support;
- The prime contract number;
- Identification of proposed team member (sub-awardee, consultant) providing the support; and

- An OCI mitigation plan in accordance with FAR9.5.

In accordance with FAR 9.505-1 through FAR 9.504-4, the Government will evaluate OCI mitigation plans to avoid, neutralize or mitigate potential OCI issues before award and to determine whether it is in the Government's interest to grant a waiver. The Government will only evaluate OCI mitigation plans for proposals that are determined selectable under the DoD SBIR/STTR or DARPA BAA evaluation criteria and funding availability.

The Government may require proposers to provide additional information to assist the Government in evaluating the proposer's OCI mitigation plan. If the Government determines that a proposer failed to fully disclose an OCI; or failed to provide the affirmation of DARPA support as described above; or failed to reasonably provide additional information requested by the Government to assist in evaluating the proposer's OCI mitigation plan, the Government may reject the proposal and withdraw it from consideration for award.

Human and/or Animal Use

Your topic may have been identified by the program manager as research involving Human and/or Animal Use. In accordance with DoD policy, human and/or animal subjects in research conducted or supported by DARPA shall be protected. Although these protocols were most likely not needed to carry out the Phase I, significant lead time is required to prepare the documentation and obtain approval in order to avoid delay of the Phase II award. Please visit <http://www.darpa.mil/work-with-us/for-small-businesses/participate-sbir-sttr-program> and click on the Human Research Guidelines link or the Animal Research Guidelines link to understand what is required to comply with human protocols and animal protocols.

Proposers are encouraged to separate research tasks and tasks involving human and/or animal use in the Technical Volume and Cost Volume in order to avoid delay of contract award.

Phase II Award Information

- Number of Phase II Awards.** The number of Phase II awards will depend upon the results of the Phase I efforts and the availability of funds. DARPA reserves the right to select and fund only those proposals considered to be of superior quality and highly relevant to the DARPA mission. As a result, DARPA may fund multiple proposals in a topic area or it may not fund any proposals in a topic area.
- Different Types of Contracts.** There are three primary types of contracts that DARPA may award: Cost-Plus-Fixed-Fee, Firm-Fixed-Price or Other Transaction Agreement (OTA). Performers that choose to collaborate with a University must highlight the research activities that are being performed by the University and verify that the work is FUNDAMENTAL RESEARCH.
 - **Cost-Plus-Fixed-Fee:** Phase II contractors MUST have an acceptable accounting system and cost data, including procedures for job costing and time record keeping. Items such as overhead and G&A rates WILL require logical supporting documentation during the DCAA review process. Visit www.dcaa.mil and download the "Information for Contractors" guide for more information.
 - **Firm-Fixed-Price:** The Contracting Officer may use a Firm-Fixed-Price contract when proposers are unable to obtain a positive DCAA review of their accounting system.
 - **Other Transaction Agreement (OTA):** Small Business Concerns that do not often do business with the Government but have or are conducting research on technology that could have DoD applications are ideal candidates for OTs.
 - Information on Other Transactions for Prototype Projects is available at: <https://acquisitioninnovation.darpa.mil>
 - DARPA Other Transactions for Prototype Fact Sheet and SBIR Other Transactions for Prototypes Agreement Template are available at: <http://www.darpa.mil/work-with-us/for-small-businesses/participate-sbir-sttr-program>.
- Average Dollar Value.** The value of a DARPA Phase II award is typically \$1,500,000. Please refer to the applicable SBO instructions for other specific cost structure and breakdown.
- Timing.** The DoD goal for Phase II award is within 180 calendar days from the proposal receipt deadline. Phase II contract award may be delayed if the proposer does not have an adequate accounting system or fails

to include sufficient documentation to support its cost proposal.

Communication with DARPA Program Managers (PM)

Phase I performers are advised to work closely with their DARPA PM in advance of Phase II proposal preparation. Performers should have a solid understanding of the feasibility of their approach and whether or not the work performed under Phase I is sufficient enough to warrant a potential Phase II. Questions regarding Phase II proposal preparation should be limited to specific information related to improving the understanding of DARPA objectives. Proposers may not ask for advice or guidance on solution or technical approach.

Transition and Commercialization Support Program (TCSP)

DARPA will provide services to Phase II awardees upon contract execution through the Transition and Commercialization Support Program (TCSP) at no cost. The TCSP goal is to maximize the potential for SBIR/STTR companies to move their technology beyond Phase II and into other research and development programs for further maturity, or into solutions or products for DoD acquisition programs, other Federal programs, and/or the commercial market. Please visit <http://www.darpa.mil/work-with-us/for-smallbusinesses/commercialization-continued> for more information on DARPA TCSP.

Phase II Option

DARPA has implemented the use of a Phase II Option that may be exercised at the DARPA Program Manager's discretion to continue funding Phase II activities that will further mature the technology for insertion into a larger DARPA Program, DoD Acquisition Program, other Federal agency, or commercialization into the private sector. The statement of work for the Phase II Option should be included with the Phase II Technical Volume and should describe Phase II activities, over a 12 month period, which may lead to the successful demonstration of a product or technology. The statement of work for the option counts toward the 40-page limit for the Phase II Technical Volume. If selected, the government may elect not to include the option in the negotiated contract.

PHASE II PROPOSAL INSTRUCTIONS

Each Phase II proposal must be submitted by the deadline stated in the submission notification letter. The proposal must be submitted via the Defense SBIR/STTR Innovation Portal (DSIP) located at <https://www.dodsbirsttr.mil/submissions/login>. It is recommended that you log in to the DSIP as soon as possible to ensure that you have access and that your company information is correct. You are strongly encouraged to review the training material for proposal submissions provided at <https://www.dodsbirsttr.mil/submissions/learning-support/training>. Late or incomplete proposals will not be accepted. You are responsible for timely submission of your proposal, and you are strongly encouraged to allow sufficient time in the process. For any technical issues with the Defense SBIR/STTR Innovation Portal (DSIP), contact the Help Desk at 703-214-1333 (9am to 5pm EST) or by e-mail DoDSBIRSupport@reisystems.com.

A complete Phase II proposal consists of the following Volumes:

- Volume 1: Proposal Cover Sheet
- Volume 2: Technical Volume (40 page maximum)
- Volume 3: Cost Volume (excel version)
- Volume 4: Company Commercialization Report
- Volume 5: Supporting Documents (as required)
- Volume 6: Fraud, Waste and Abuse Training (optional)

a. Proposal Cover Sheet (Volume One)

Prepare the Proposal Cover Sheet in accordance with the applicable DOD or DARPA SBIR/STTR BAA Instructions.

b. Technical Volume (Volume Two)

- Begin on page 1 and number all pages of your Technical Volume consecutively. Use no type smaller than 10-point on standard 8-1/2" x 11" paper with one inch margins. The header on each page of the Technical Volume should contain your company name, topic number, and proposal number assigned by DSIP. The header may be included in the one-inch margin.
- DO NOT INCLUDE marketing material. Marketing material will NOT be evaluated.
- Do NOT lock or encrypt the uploaded file. Do not include or embed active graphics such as videos, moving pictures, or other similar media in the document.
- Maximum page length for technical proposal is 40 pages.
- The Technical Volume should cover the following items in the order given below:
 - 1) **Significance of the Problem.** Define the specific technical problem or opportunity addressed and its importance. Discuss the objective of the Phase I effort, the type of research conducted, findings or results of this research and technical feasibility.
 - 2) **Phase II Technical Objectives.** Enumerate the specific objectives of the Phase II work, and describe the technical approach and methods to be used in meeting these objectives.
 - a. **Phase II Statement of Work.** The statement of work should provide an explicit, detailed description of the Phase II approach, indicate what is planned, how and where the work will be carried out, a schedule of major events and the final product to be delivered. The methods planned to achieve each objective or task should be discussed explicitly and in detail. This section should be a substantial portion of the total proposal.
 - b. **Human/Animal Use:** Proposers are encouraged to separate research tasks from tasks involving human and/or animal use in the technical proposal and cost proposal in order to avoid potential delay of contract award.
 - c. **Phase II Option Statement of Work.** The statement of work should provide an explicit, detailed description of the activities planned during the Phase II Option, if exercised. Include how and where the work will be carried out, a schedule of major events and the final product to be delivered. The methods planned to achieve each objective or task should be discussed explicitly and in detail.
 - 3) **Related Work.** Describe significant activities directly related to the proposed effort, including any conducted by the principal investigator, the proposer, consultants or others. Describe how these activities interface with the proposed project and discuss any planned coordination with outside sources. The proposal must persuade reviewers of the proposer's awareness of the state of the art in the specific topic. Describe previous work not directly related to the proposed effort but similar. Provide the following: (1) short description, (2) client for which work was performed (including individual to be contacted and phone number) and (3) date of completion.
 - 4) **Relationship with Future Research or Research and Development.**
 - a. State the anticipated results of the proposed approach if the project is successful.
 - b. Discuss the significance of the Phase II effort in providing a foundation for Phase III research and development or commercialization effort.
 - 5) **Key Personnel.** Identify key personnel who will be involved in the Phase II effort including information on directly related education and experience. A concise resume of the principal investigator, including a list of relevant publications (if any), must be included. All resumes count toward the page limitation. Identify any foreign nationals you expect to be involved on this project, country of origin and level of involvement.
 - 6) **Facilities/Equipment.** Describe available instrumentation and physical facilities necessary to carry out the Phase II effort. Items of equipment to be purchased (as detailed in the cost proposal) shall be justified under this section. Also state whether or not the facilities where the proposed work will be performed meet environmental laws and regulations of federal, state (name) and local Governments for, but not limited to, the following groupings: airborne emissions, waterborne effluents, external radiation levels, outdoor noise, solid and bulk waste disposal practices and handling and storage of toxic and hazardous materials.
 - 7) **Sub-contractors/Consultants.** **THE FOLLOWING PERTAINS TO SBIR ONLY:** Involvement of a university or other subcontractors or consultants in the project may be appropriate. If such involvement is intended, it should be

described in detail and identified in the cost proposal. A minimum of one-half of the research and/or analytical work in Phase II, as measured by direct and indirect costs, must be carried out by the proposer, unless otherwise approved in writing by the Contracting Officer. SBIR efforts may include subcontracts with Federal Laboratories and Federally Funded Research and Development Centers (FFRDCs). A waiver is no longer required for the use of federal laboratories and FFRDCs; however, proposers must certify their use of such facilities on the Cover Sheet of the proposal. The Small Business Administration (SBA) requires that SBIR/STTR Phase I and Phase II contracts are awarded to the Small Business Concerns (SBCs) for R/R&D. The awardee of the contract and recipient of program funding must be the organizational entity that qualifies as an SBC at all pertinent times. The Agency cannot send SBIR/STTR funding directly to the Federal Laboratory or FFRDC. It is recommended that the SBC establish an appropriate contract mechanism with the Federal Laboratory or FFRDC. Subcontracts with other federal organizations are not permitted.

THE FOLLOWING PERTAINS TO STTR ONLY: Involvement of other subcontractors or consultants in the project may be appropriate. If such involvement is intended, it should be described in detail and identified in the cost proposal. A minimum of 40% of the research and/or analytical work in Phase II, as measured by direct and indirect costs, must be carried out by the proposer and a minimum of 30% must be performed by the Research Institution (RI), unless otherwise approved in writing by the Contracting Officer. STTR efforts may include subcontracts with Federal Laboratories and Federally Funded Research and Development Centers (FFRDCs). A waiver is no longer required for the use of federal laboratories and FFRDCs; however, proposers must certify their use of such facilities on the Cover Sheet of the proposal. Subcontracts with other federal organizations are not permitted.

- 8) **Prior, Current or Pending Support of Similar Proposals or Awards.** Warning -- While it is permissible, with proposal notification, to submit identical proposals or proposals containing a significant amount of essentially equivalent work for consideration under numerous federal program announcements, it is unlawful to enter into contracts or grants requiring essentially equivalent effort. If there is any question concerning this, it must be disclosed to the soliciting agency or agencies before award.

c. Transition and Commercialization Strategy (Include in Volume Two)

To prepare your strategy, use the Transition and Commercialization Strategy Development Guide located at <https://www.darpa.mil/work-with-us/for-small-businesses/commercialization-continued>

DARPA is equally interested in dual use commercialization of SBIR/STTR project results to the U.S. military, the private sector market, or both, and expects explicit discussion of key activities to achieve this result.

The Phase II Transition and Commercialization Strategy should be included at the end of the Technical Volume, should not exceed 5 pages, and will NOT count against the 40-page proposal limit.

OPTIONAL:

- Advocacy Letters—Feedback received from potential Commercial and/or DoD customers and other end-users regarding their interest in the technology to support their capability gaps.
- Letters of Intent/Commitment—Relationships established, feedback received, support and commitment for the technology with one or more of the following: Commercial customer, DoD PM/PEO, a Defense Prime, or vendor/supplier to the Primes and/or other vendors/suppliers identified as having a potential role in the integration of the technology into fielded systems/products or those under development.

Advocacy Letters and Letters of Intent/Commitment are optional, do NOT count against any page limit, and should ONLY be submitted to substantiate any transition or commercialization claims made in the commercialization strategy. Please DO NOT submit these letters just for the sake of including them in your proposal. Letters that are faxed or e-mailed will NOT be accepted. Please note: In accordance with section 3-209 of DOD 5500.7-R, Joint Ethics Regulation, letters of endorsement from government personnel will NOT be accepted.

d. Cost Volume (Volume 3)

Proposers are **REQUIRED** to use the **Cost Volume template (Excel Spreadsheet)** on the DARPA website (<http://www.darpa.mil/work-with-us/for-small-businesses/participate-sbir-sttr-program>) for the Phase II and Phase II Option costs.

The Cost Volume (and supporting documentation) DOES NOT count toward the 40-page limit of the Technical Volume. Phase II awards and options are subject to the availability of funds.

The Phase II Cost Volume should not exceed the maximum dollar amount of \$1,500,000 and maximum duration of 36 months including the proposed Option(s). The typical structure is a 24-month, \$1,000,000 Base and a 12-month, \$500,000 Option. Alternative structures may be proposed and accepted if the duration and cost is appropriate to the DARPA Program Manager.

PLEASE REFER TO THE APPLICABLE SBO INSTRUCTIONS FOR OTHER SPECIFIC COST STRUCTURE AND DURATION

ALL proposed costs should be accompanied by documentation to substantiate how the cost was derived. For example, if you proposed travel cost to attend a project-related meeting or conference, and used a travel website to compare flight costs, include a screen shot of the comparison. Similarly, if you proposed to purchase materials or equipment, and used the internet to search for the best source, include your market research for those items. You do not necessarily have to propose the least expensive item or supplier, but you should explain your decision to choose one item or supplier over another. It's important to provide enough information to allow DARPA contracting personnel to understand how the proposer plans to use the requested funds. If selected for award, failure to include the documentation with your proposal will delay contract negotiation, and the proposer will be asked to submit the necessary documentation to the Contracting Officer to substantiate costs (e.g., cost estimates for equipment, materials, and consultants or subcontractors). **It is important to respond as quickly as possible to the Contracting Officer's request for documentation.** Some items in the Cost Breakdown Guidance may not apply to the proposed project. If such is the case, there is no need to provide information on each and every item.

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

e. Company Commercialization Report (CCR) (Volume 4)

All proposers are required to prepare a CCR through DSIP. List in the CCR, the quantitative commercialization results of the proposer's prior Phase II projects, including the items such as sales revenue, additional investment, as well as other information relative to the proposer's commercialization track record. All prior Phase II projects must be reported, regardless of whether the project has any commercialization to date. The results are compared to the historical averages for the DoD SBIR or STTR Programs to calculate a Commercialization Achievement Index (CAI) value. Only proposers with four or more completed Phase II projects will receive a CAI score; otherwise the CAI is N/A.

Additional explanatory material relating to the firm's record of commercializing its prior SBIR or STTR projects may be included in the Commercialization Track Record Narrative section of the Company Commercialization Report.

Examples of the additional information include: commercialization successes (in government and/or private sector markets) that are not fully captured in the quantitative results (e.g. commercialization resulting from the proposer's prior Phase I or Phase II projects); any mitigating factors that could account for low commercialization; and recent changes in the proposer's organization or personnel designed to increase the proposer's commercialization success. The CCR and additional explanatory material (if any) will not be counted toward the page limit for Phase II proposals.

PHASE II EVALUATION CRITERIA

Phase II proposals will be evaluated in accordance with the applicable DoD or DARPA SBIR/STTR BAA.

The proposer's attention is directed to the fact that non-Government advisors to the Government may review and provide support in proposal evaluations during selection decision. Non-government advisors may have access to the proposer's proposals, may be utilized to review proposals, and may provide comments and recommendations to the Government's decision makers. These advisors will not establish final assessments of risk and will not rate or rank proposer's proposals. They are also expressly prohibited from competing for DARPA SBIR or STTR awards in the SBIR/STTR topics they review and/or provide comments on to the Government. All advisors are required to comply with procurement integrity laws and are required to sign Non-Disclosure Agreement and Rules of Conduct/Conflict of Interest statements. Non-Government technical consultants/experts will not have access to proposals that are labeled by their proposers as "Government Only."

Proposal titles, abstracts, anticipated benefits, and keywords of proposals that are selected for contract award will undergo a DARPA Policy and Security Review. Proposal titles, abstracts, anticipated benefits, and keywords are subject to revision and/or redaction by DARPA. Final approved versions of proposal titles, abstracts, anticipated benefits, and keywords may be publicly released.

SECURITY REQUIREMENTS

Classified proposals are not accepted under the DoD SBIR/STTR Program. If a proposed effort is classified or classified information is involved, the proposer must have, or obtain, a security clearance in accordance with the Industry Security Manual for Safeguarding Classified Information (DOD 5220.22M).