



SBIR/STTR Phase III

101 Training

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How Phase III Supports Acquisition Transformation

War-Winning Speed and Agility

Phase III awards bridge early-stage R&D to procurement-ready technology, enabling immediate program office adoption. This eliminates traditional procurement delays and accelerates the delivery of critical capabilities to warfighters.

Expanding the Defense Industrial Base

The SBIR/STTR pipeline actively brings non-traditional and commercial innovators into defense problem spaces, diversifying the supplier base and injecting fresh perspectives into complex challenges.

Unified Innovation Ecosystem

Phase III products smoothly transition into operational programs or production, delivering capability from innovation. This creates a seamless pathway from concept to fielded system, ensuring innovations reach operational units.

How Phase III Supports Acquisition Transformation

Continued

Embracing Commercial Innovation

SBIR/STTR Phase III is structured to leverage non-SBIR funding sources to take proven innovations to scale and operational use. This dual-use approach maximizes return on investment while accelerating technology maturation and deployment timelines. By tapping into commercial markets alongside defense applications, Phase III creates sustainable business models that benefit both the private sector and national security objectives.

Creating Repeatable Transition Pathways

Phase III awards and metrics tracking help institutionalize a feedback loop that delivers measurable outcomes:

- Reduces technology risk through proven prototypes
- Signals acquisition demand to industry partners
- De-risks DoD procurement decisions
- Enables metrics-driven outcomes across portfolios

This systematic approach transforms innovation from a one-time event into a repeatable, scalable process.

Unlocking Operational Advantage

Reduces Cost, Schedule, and Risk



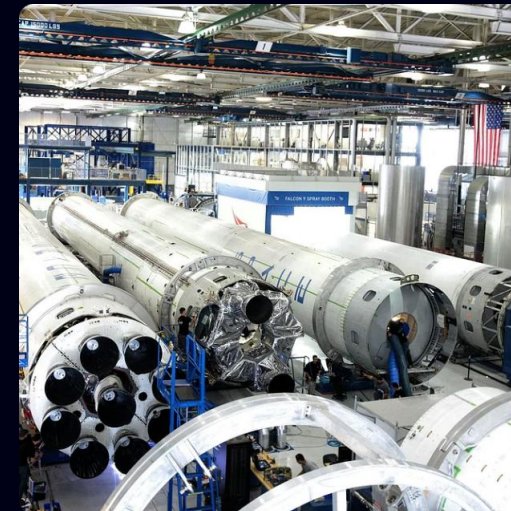
Competition Requirements Satisfied

Gain direct acquisition capabilities for mature technologies, bypassing lengthy and complex traditional procurement processes. The Phase I and II competitions already fulfill statutory competition requirements.



Significant Cost Savings

Leverage prior Government investment in SBIR/STTR Phases I and II, reducing redundant R&D costs and optimizing budget utilization. Every Phase III dollar builds on proven technology foundations.



Accelerated Risk Reduction

Integrate proven, tested technologies into systems faster, minimizing technical and operational risks associated with new deployments. Technology readiness levels are already elevated through prior phase work.

SBIR/STTR Phase III Description

Phase III represents work that **derives from, extends, or completes** an effort made under prior SBIR/STTR funding agreements. Critically, this work is funded by sources **other than SBIR/STTR set-aside funding**, allowing programs to leverage mainstream appropriations.

This unique structure streamlines the transition of Small Business efforts into hardware, software, processes, or services that directly benefit the Department of War and the private sector.

Phase III serves as the critical bridge between innovation and operational capability, transforming promising prototypes into fielded solutions that address real-world mission requirements.



Benefits and Key Features of a Phase III Contract

Phase III contracts offer unprecedented flexibility and streamlined acquisition pathways, designed to accelerate technology transition while maintaining small business engagement.



No J&A Required

No Justification & Approval required per 15 U.S.C. 638(r)(4), eliminating bureaucratic delays



Unlimited Flexibility

No limits on the number, duration, type, or dollar value of awards



Multiple Instrument Types

Could be a contract, task/delivery order, CRADA, Other Transaction, subcontract, or other vehicle



No Size Limitations

Small Business size limitations do not apply, allowing growth without penalty



Counts Towards SB Goals

Awards count towards Small Business contracting goals, benefiting both contractor and agency



20-Year Data Rights

SBIR Data Rights protection period extends for 20 years, safeguarding intellectual property



Additional Advantages: Phase III may be eligible as matching funds when applying for STRATFI/TACFI awards. There is no limit on time that may elapse between Phase I/II and Phase III. Any agency can issue a Phase III award, regardless of which agency funded the original Phase I/II work.

Phase III Competition Requirements

SBIR/STTR Policy Directive, 4.(c)(3)

1

Competition Satisfied

The competitions for SBIR/STTR Phase I and Phase II awards satisfy any competition requirement. No additional competitive processes are needed for Phase III acquisition.

2

Phase III Mandate

Agencies must make a 'good faith effort' to award Phase III contracts to the Small Business that developed the technology during Phase I and II. This protects the innovator's investment.

3

Alternative Award Notification

If an Agency intends to pursue Phase III work with an entity other than the Phase I/II technology developer, they must notify the SBA in writing prior to award, ensuring transparency and accountability.

SBIR/STTR Data Rights

Robust Intellectual Property Protection

DFARS 252.227-7018 (AUG 2025), Rights in Other Than Commercial Technical Data and Computer Software—Small Business Innovation Research Program and Small Business Technology Transfer Program, provides comprehensive protection in accordance with DFARS 227.7104-2. This clause establishes a **20-year SBIR/STTR data rights protection period**, offering small businesses extended control over their innovations and competitive advantages in both defense and commercial markets.



1

20-Year Protection

Extended data rights shield innovations from unauthorized use

2

Government Purpose Rights (GPR)

Government has perpetual GPR upon expiration of protection period, balancing innovation with mission needs

3

All Phases Protected

Applies to Phase I/II/III, TACFI, STRATFI across military and civilian agencies

Phase III Acquisition Planning

Phase III acquisitions follow streamlined planning processes that reduce administrative burden while maintaining appropriate oversight and coordination.



The simplified planning approach eliminates unnecessary bureaucracy while ensuring proper documentation and small business engagement throughout the acquisition lifecycle.

No J&A Required

The PCO, with assistance from the Program Manager, writes a memorandum describing how the Phase III "derives from/extends/completes" previous SBIR/STTR awards. This simple documentation replaces complex justification processes.

Small Business Coordination

Small Business Coordination via DD2579 is required per DAFFARS 5319.201(c)(10)(A), ensuring appropriate engagement with small business offices while streamlining the overall process.

No Synopses Required

FAR Part 5 Synopses (pre-award and post-award) are not required for Phase III contracts, significantly reducing administrative timeline and allowing faster contract award.

Summary

Key Phase III Characteristics



Derives, Extends, Completes
Must relate to prior SBIR/STTR



Maximum Flexibility
Designed for faster award timelines



Simplified Process
No J&A or pre/post award Synopsis



Any Funding Source
Just NOT SBIR set-aside dollars



No Restrictions
Any type, number, duration, or dollar amount



Data Rights Mandatory
SBIR/STTR Data Rights clauses required



Small Business Goals
Helps meet agency SB objectives



Improves ROI
Better return on SBIR funding investment



Any Agency
Cross-agency Phase III awards permitted

Final Thoughts

The Strategic Value of Phase III



Rapid Transition to Operations

Phase III acquisitions can rapidly transition innovative technologies from development into operational deployment, delivering capabilities to warfighters faster than traditional acquisition pathways.



Streamlined Procurement

Because competition requirements are satisfied through Phase I and II, Phase III acquisitions can bypass lengthy and complex traditional procurement processes, eliminating months or years from acquisition timelines.



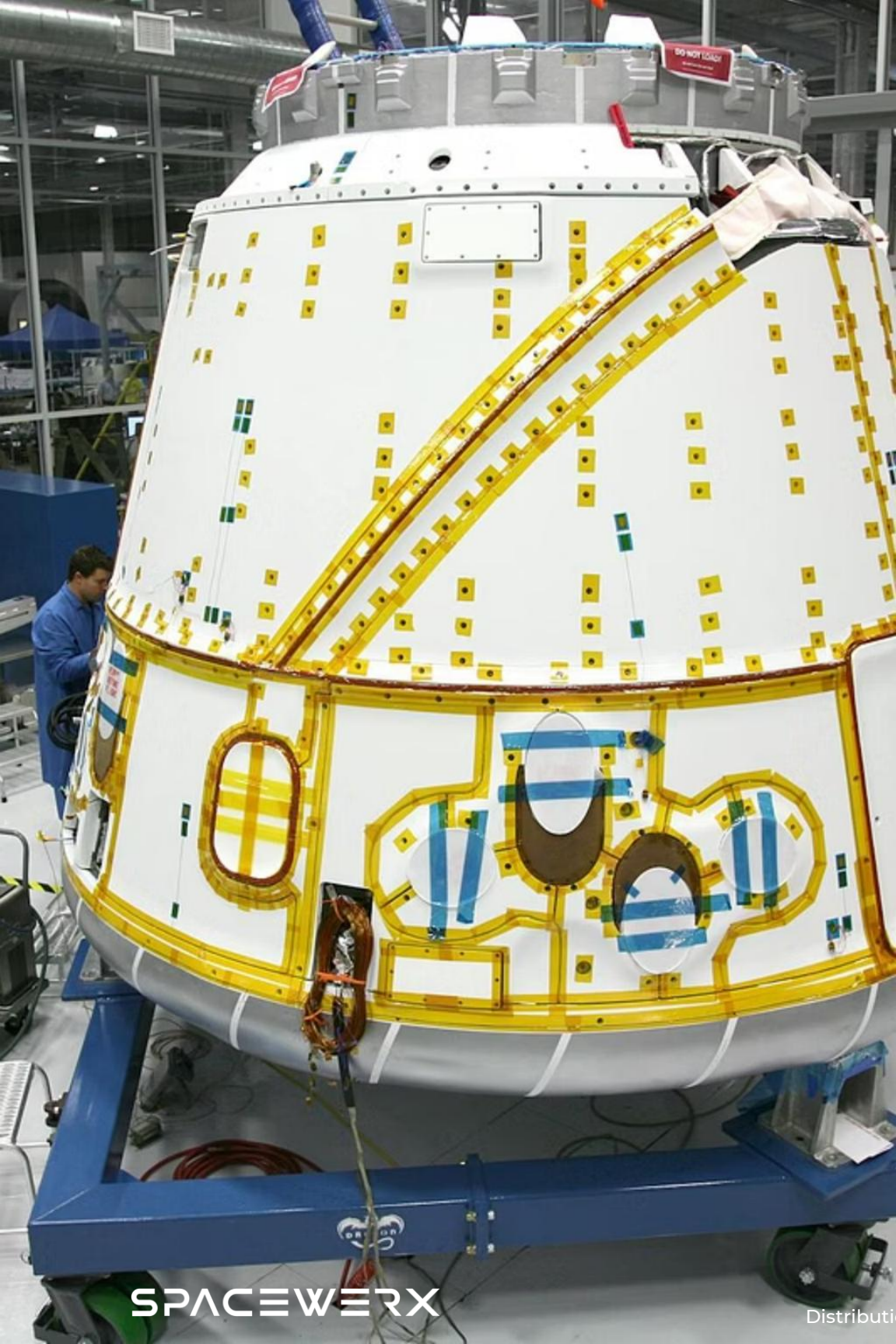
Optimized Investment

Phase III acquisitions leverage prior Government investment, thereby reducing redundant R&D costs and optimizing budget utilization. Every dollar invested in Phase III builds on proven technology foundations.



Minimized Risk

Phase III contracts integrate proven, tested technologies into systems faster, minimizing technical and operational risks associated with new deployments. Technology readiness is already demonstrated through prior phases.



SpaceWERX Phase III Success Stories

The following case studies demonstrate how Phase III contracts have accelerated critical space capabilities, delivering operational advantage while dramatically reducing costs and timelines.

These examples showcase the transformative impact of the SBIR/STTR Phase III pathway in addressing urgent national security challenges.




VARDA SPACE | HYPERSONIC RE-ENTRY CAPSULES

Letting Gravity do the Work: Hypersonics Testing from Orbit

THE THREAT

- China Leads in Hypersonics
- Expanding threat rings threaten INDOPACOM assets

THE CHALLENGE

-  Hypersonic testing prohibitively costly
-  Lack of Testing Facilities
-  Difficulty Recovering Test Vehicles

THE EFFECTS

Testing Costs per Flight

NOW
\$100M+

VARDA
**>6x
CHEAPER**

SIMPLIFIED TESTING
**LOW COST
HIGH CADENCE**



REACHING NEW SPEEDS
MACH 25+

Transition Partners:
Space Vehicles Directorate

THE PARTNERSHIP

\$80M

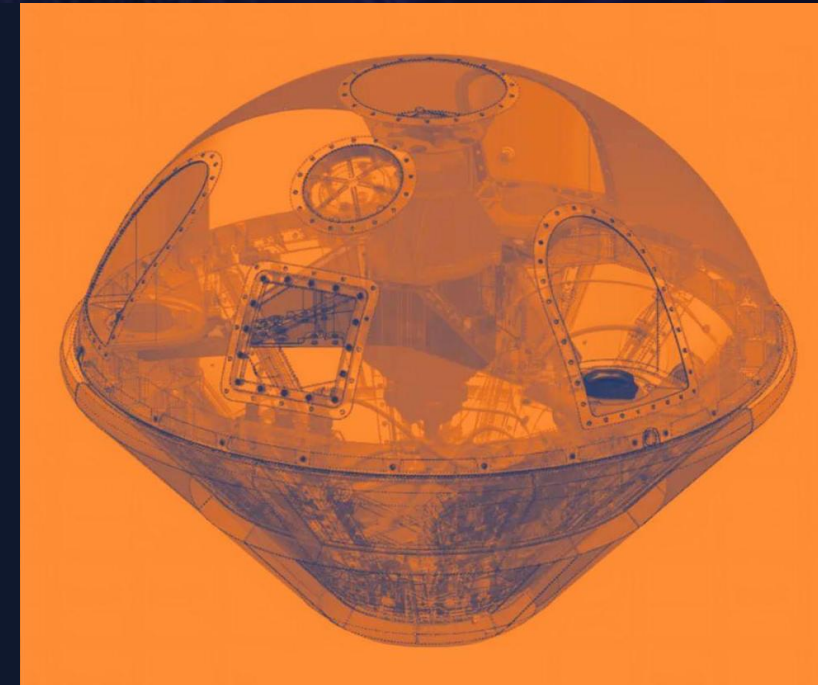
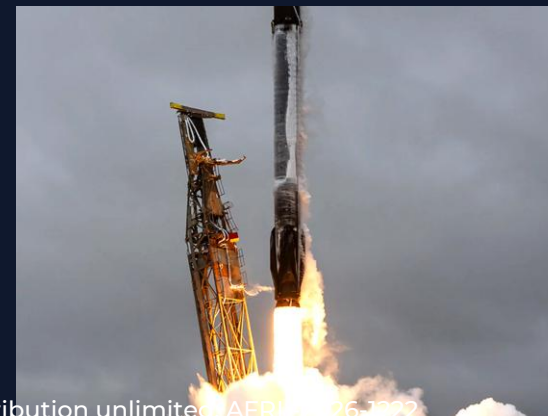
Ph I-II-III
STRATFI



SUCCESSFUL
2025 TESTS
AFRL
SENSORS

Ph III in Half the Time

50%



SPACEWERX

K2 SPACE | MEGA-CLASS SATELLITE BUS

Scaling Space Superiority at Low Cost

THE PARTNERSHIP

SpaceWERX Investments

3x SBIR Phase IIs

1x TacRS SBIR Phase II

TACFI
\$1.9M
(\$3.8M Total)

STRATFI
\$15M
(\$60M Total)

TacRS SBIR Phase II - December 2023
\$3.8M TACFI - June 2024
\$50M Series A - February 2024
\$60M STRATFI - December 2024
\$110M Series B - February 2025
\$250M Series C - December 2025

\$3 Billion Valuation

THE EFFECTS

Mega-Class Satellites Deliver

10x Power (20kw)

5x Payload Mass (1000kg)

Cost per Satellite Bus

NOW
\$150M

WITH K2
\$15M

90% COST SAVINGS

Deploy heavy, power intensive payloads for SDA, PNT, and other missions to LEO, MEO, and GEO cheaper and faster.

THE ROADMAP

July 2025

Successful demonstration of flight computers and reaction wheels on orbit in LEO.

March 2026

“Gravitas” First satellite mission carrying 12 payloads. LEO to MEO transfer.

Q2 2027

“Trinity” Three satellite mission across LEO, MEO, and GEO (Two USG and one commercial)

Technology Transition

SBIR Phase III with SDA
Commercial Sales to SES



SBIR/STTR Phase III Resources

The following resources provide comprehensive guidance on SBIR/STTR Phase III policies, procedures, and best practices. These authoritative sources support program managers, contracting officers, and small businesses throughout the Phase III acquisition process.



SBA SBIR/STTR Website

<https://www.sbir.gov/> - Primary portal for SBIR/STTR program information, policies, and resources



SpaceWERX Website

<https://spacewerx.us/> - Space Force innovation arm supporting rapid technology transition



DoD Office for Small Business Innovation

<https://www.defensesbirstr.mil/> - Defense-wide SBIR/STTR program coordination and guidance



SBIR/STTR Policy Directive

<https://www.sbir.gov/about/policies> - Official policy directive governing all SBIR/STTR programs



SBIR Statute

<https://uscode.house.gov/> - Statutory authority under 15 U.S.C. 638



SBA SBIR/STTR Tutorials

<https://www.sbir.gov/tutorials> - Training materials and educational resources



SBA Data Rights FAQs

<https://www.sbir.gov/faq/data-rights> - Frequently asked questions on intellectual property protection

SBIR/STTR Phase III Resources

Continued



Small Business Technical Council

<https://sbtc.org/resources/> - Industry association providing advocacy and technical assistance



Army SBIR/STTR Phase III

<https://armysbir.army.mil/phase/phase-iii/> - Army-specific Phase III guidance and opportunities



Navy SBIR/STTR Phase III

<https://www.navysbir.com/trans-com.htm> - Navy transition and commercialization resources



DD2579 DAFFARS

<https://www.acquisition.gov/daffars/part-5319-small-business-programs> - Department of the Air Force small business coordination requirements



FAR Part 5 Synopsis Exemption

https://www.acquisition.gov/far/part-5#FAR_Subpart_5_2 - Federal Acquisition Regulation synopsis requirements and exemptions



DAU Contracting Cone - SBIR Programs

<https://aaf.dau.edu/aaf/contracting-cone/sbir-sttr/> - Defense Acquisition University training and certification resources



Acquisition Gateway

<https://acquisitiongateway.gov/ptai-finder/resources/12120> - Centralized portal for acquisition tools and resources



Questions?

Thank you for participating in this SBIR/STTR Phase III 101 Training. For additional questions or support, please contact your local SBIR/STTR program office or reach out to SpaceWERX at: afrl.rgx.accelerate@spaceforce.mil.

We're here to help accelerate your technology transition and operational impact.