# GENERAL FAQs

## What is the difference between the Department of the Air Force SBIR/STTR Program and AFWERX?

The Small Business Innovation Research program was established by Congress in 1982 with the goal of identifying small businesses that could provide a solution to the warfighter in a faster, more efficient manner than was previously available. Fast forward 40 years, and the program is reducing barriers and accelerating processes, seeding the future of the U.S. Air Force and U.S. Space Force through innovation and forward-thinking technology.

AFWERX is the Department of the Air Force's team of innovators who encourage and facilitate connections across industry, academia, and military to create transformative opportunities and foster a culture of innovation. Their mission is to help solve problems and enhance the effectiveness of the service by enabling thoughtful, deliberate, ground-up innovation. AFWERX was established in 2017 by the Secretary of the Air Force and reports to the Vice Chief of Staff of the Air Force. Through AFWERX solicitations, small businesses are able to submit innovative solutions that have not yet been identified as a need by the Airmen and Guardians.

In September 2020, AFWERX was adopted as an official Air Force organization under the Air Force Research Laboratory (AFRL). In this transition, the Department of the Air Force SBIR/STTR program was moved within AFWERX.

## What is the SBIR/STTR Program?

The Small Business Innovation Research (SBIR) and the Small Business Technology Transfer (STTR) programs are a U.S. Federal opportunity managed by the Small Business Administration to stimulate technological innovation through small businesses. The Department of the Air Force is one of twelve federal agencies that participate in the SBIR/STTR program. You can learn more about the SBIR/STTR purpose, requirements, and definitions at https://www.sbir.gov/about and https://www.sbir.gov/tutorials/program-basics/.

## How does the DAF leverage the SBIR/STTR Program?

The Department of the Air Force (DAF), which includes both the United States Air Force (USAF) and the United States Space Force (USSF), is one of the 12 participating agencies of the U.S. Federal SBIR/STTR program. 3.2% of the DAF's

Congressionally approved extramural research and development (R&D) is allocated to our DAF SBIR/STTR program each year, which currently amounts to an annual budget of over $1 billion that must be dedicated to small business R&D contracts.

AFWERX manages the DAF SBIR/STTR under AFVentures's three programs: Open Topic, Specific Topic, and STRATFI/TACFI. The DAF uses these programs to directly support the U.S. Airmen and Guardians. The execution of this mission also supports the U.S. economy, the U.S. industrial base, the small business ecosystem, innovative thinkers, and the security of the United States. AFWERX is the centralized SBIR/STTR resource for Air Force and Space Force buyers and the small businesses and research institutions working with or attempting to participate in the DAF SBIR/STTR program.

### What is the DAF SBIR/STTR Open Topic?

The Open Topic program seeks dual-use technologies (i.e. applicable to both defense and non-defense markets) that have a clear potential to solve a DAF mission need and can prototype under an accelerated schedule. This program is truly open, as it is agnostic of industry, technology, or program area, and instead focuses on applied R&D (rather than "front end" or basic research). In other words, small businesses may propose any R&D solution across any field that has a clear potential to quickly satisfy a DAF need. The Open Topic operates on a repeatable, annual solicitation schedule that is an open call for all solutions. This allows businesses the flexibility to bring us tools and technology we didn't think to ask for.

### What is the DAF SBIR/STTR Specific Topic?

The Specific Topic Program seeks innovative solutions for a very particular problem set which is defined by an Air Force end-user or customer. Many times, the topics and requirements are not a dual-use capacity and are specific to the Department of Defense (DoD). Overall, these topics have clearly-defined requirements and a known customer built into the topic. Small businesses can propose solutions to meet these specific, predefined Air Force needs. Upon contract award, they will work with that specified end-user to address the capability gap and/or problem statement.

### What is the difference between a grant and a contract? Which does the DAF SBIR/STTR program offer?

The DAF SBIR/STTR program offers contracts. It does NOT offer grants.

Contracts are more demanding than grants. A contracting agency is looking to procure a good or service that will be of direct benefit to the government.

A contract is a binding agreement between a buyer and seller to provide goods or services in return for compensation. The scope of the work is fairly inflexible. There are frequent reporting requirements and payments are based on deliverables and milestones. Classified work is done as contracts, not grants.

Outside of the DAF SBIR/STTR program, the federal government uses grants to accomplish a public purpose, advance a national objective, address a public problem, or stimulate a particular activity desired by the awarding Agency. Grants are very flexible, allowing considerable latitude to the Principal Investigator (PI). With grants, the applicant often defines the scope of work. The PI is required to make their best effort and has more freedom to adapt the project and the outcome, since there is no legally binding requirement to achieve results. The payment method is also more flexible, often using a "drawdown" system.

Read more about the differences here:

https://www.sbir.gov/tutorials/program-basics/tutorial-6

### How does DAF SBIR/STTR create technology disruptively?

DAF SBIR/STTR is changing the acquisition process to allow innovative technologies to get to Airmen and Guardians faster and more efficiently. DAF SBIR/STTR, under AFVentures, acts like a venture capital organization by seeding innovative small businesses that successfully demonstrate technologies that are capable of being a benefit to the USAF. This approach to acquisitions helps the Air Force be a more dependable partner for small businesses. It allows the Air Force to do business in such a way that we can respond faster to identified needs and capitalize on the momentum occurring in the commercial industry, thus encouraging small businesses to work with the Air Force and retaining U.S.-based scientific excellence and innovative technologies.

### How does AFWERX simplify the acquisition process?

AFWERX's approach to the SBIR/STTR acquisition process reduces the timeline for topic solicitation to proposal submission to contract award. This is accomplished in the following ways:

- A predictable, repeatable annual schedule for both Open Topic and Specific topic for proactive resource management
- Overlapping internal processes and contract award preparation – targeting a 90-day timeline between solicitation close and contract awards
- Reducing proposal length limits, which saves time in company proposal preparation and the DAF evaluation processes
- Limiting SBIR/STTR solicitation "open period" timelines to reduce overall acquisition timeline

- Leveraging streamlined source selection processes under the SBIR/STTR policy, which greatly reduces proposal evaluation and selection timelines
- Leveraging fixed data rights under the SBIR/STTR policy, which reduces contract award negotiation timelines
- Implementing the STRATFI/TACFI Program, designed to help promising companies bridge the gap between federally-funded research and transition, commonly referred to as the "Valley of Death"

### How does DAF SBIR/STTR develop innovative technology at the speed of relevance?

DAF SBIR/STTR develops innovative technologies at the speed of relevance by:
- Strengthening the small business ecosystem
- Moving small businesses through the acquisition process faster
- Allowing many companies to pursue open topic solutions to achieve the best possible outcome and encourage competition
- Being less prescriptive with outcome expectations to allow innovation to flourish in an unconstrained environment
- Taking advantage of existing commercial technologies

### How does the Open Topic process determine if a solution is useful to an Air Force or Space Force problem?

Awards are made based upon three criteria: Commercialization potential, Defense need, and Technology merit. Defense needs can still be demonstrated without having a Focus Area match, so long as the proposal demonstrates where they believe a need may reside. The Phase I period of performance will then work toward finding a government customer in that relevant space who may not have posted a Focus Area.

## PROPOSAL PROCESS

### Where is the Topic solicitation schedule?

Topic solicitations can be tracked at https://www.dodsbirsttr.mil/submissions/login.

### When can I submit a proposal?

During a Specific Topic solicitation, proposals can be submitted three times a year following the OSD solicitation schedule. The Open Topic solicitations are released on an annual, repeatable cycle. All solicitations will be posted and submitted through the DSIP portal. Additionally, check afwerx.com for the most up to date information.

**What is the timeframe for select/non-select notifications and awards?**
Timeframe for notification and award will be communicated in the solicitation instructions.

**How do I submit a request for feedback?**
You may request feedback per the instruction in your non-select notification. Requests should be submitted within 30 days of non-select notification. Any requests received more than 30 days after non-select notification will be honored at the discretion of the contracting officer. Review your award notification for additional details. The government is not required to provide feedback.

**I'm having trouble submitting my proposal to the DoD SBIR/STTR portal.**
AFWERX recommends that you complete your submission early. With the volume of proposals submitted near the deadline, computer network traffic gets heavy and can slow down the system. Do not wait until the last minute. The Department of the Air Force is not responsible for proposals being denied due to DoD servers being down or inaccessible.

For assistance, contact DoD SBIR/STTR [Program Support](.).

**Can I submit my technology that does not match a topic for consideration?**
The Open Topic submission allows small businesses to present a solution to an unidentified Air Force or Space Force need. The proposal, contract and award process for these submissions are managed at an accelerated pace. Review the solicitation details carefully for specific instructions.

**Is the Cover Sheet part of the Proposal page limit count?**
No. The cover sheet is separate from the Technical Volume page limit, and it does not count toward the technical proposal's page count.

**Can a small business resubmit a proposal that was determined to be not selectable for an award?**
Companies are encouraged to apply again if their initial proposal did not receive an award and they believe it can still clearly meet a DAF need. However, the new proposal should meet the new solicitation requirements, as requirements do change between solicitations. Additionally, be sure to incorporate any feedback received, and clearly indicate that you have previously submitted a similar proposal.

**If a proposal was selectable but then disqualified during the award process for clerical errors such as SAM registration status, can the error be corrected to receive an award?**

Unfortunately, disqualification due to not meeting solicitation requirements cannot be corrected for that particular solicitation. However, you are welcome to apply again during a future solicitation once the error has been corrected. Be sure to read the solicitation instructions carefully, as they do change between solicitations.

# PHASE I & II

### What is a Phase I contract?

A Phase I contract provides a short-term feasibility study of proposed innovations. Assuming that a company establishes the scientific and technical merit as well as the commercial potential of its proposed innovation, it can compete for follow-on Phase II funding.

Specific Topic Phase Is are typically 9 months, and Open Topic Phase Is are typically 90 days.

### What is a Phase II contract?

A Phase II contract provides continued R&D funding for successful Phase I projects and frequently results in development of a prototype or demonstration. Phase II awards are typically for a two-year effort for both Open and Specific Topic, but it does vary per solicitation.

Unique to Open Topic, an Open Topic Phase II (or D2P2) proposal requires a Customer Memorandum, which identifies an Air Force or Space Force Customer and End-User who intends to work with the small business during the R&D.

### As a Phase I awardee, when can we anticipate preparing a proposal for Phase II?

Instructions and specific dates for Phase II will be provided by your DAF awarding site contractor. This usually occurs towards the end of the Phase I technical duration and final reporting stage. Awards will be based on Phase I results and scientific, technical, and commercial merit of the Phase II proposal.

### Our Phase I SBIR was not selected. What can be done to make changes for a future proposal?

Review the solicitation grading criteria and adjust! The DAF SBIR/STTR program receives hundreds of submissions per cycle. This is a highly competitive program;

approximately 10-20% of companies that apply to an open solicitation are selected for potential awards.

Reach out to your local Small Business Development Center (SBDC) for assistance with your proposal. Additionally, many states offer "Phase 0" programs that are designed to offer assistance with drafting and submitting a winning proposal. Learn more about these programs here: https://www.sbir.gov/sites/default/files/SBIR-Table_StateMatchingPhase0_Sept2020.pdf

### How do I submit a Phase I or Phase II proposal?
All proposals must be submitted through the Defense SBIR/STTR Innovation Portal (DSIP), the official proposal submission website for the Department of Defense (DoD). Review the solicitation instructions carefully as they can change between solicitations.

### When are Phase II proposals due from Phase I companies?
Phase I awardees are offered their own solicitation for Phase II. The Request for Proposal (RFP) released for each solicitation will outline dates and details. If you are an active Phase I, you will receive notification when your Phase II solicitation is released.

### For Phase I SBIR awards, at least 2/3 of the effort must be performed by the proposing firm. For Phase II awards, at least 1/2 must be performed by the proposing firm. Is the proposing firm allowed to work with a large business for the remaining work?
As long as the proposing firm/small business is doing the minimum work (2/3 for Phase I, 1/2 for Phase II), the remaining work may be conducted by a large business/organization.

## DIRECT TO PHASE II (D2P2)

**Download the Direct to Phase II FAQ page here.**

### What is Direct to Phase II (D2P2)?
A Direct to Phase II (D2P2) allows DoD to make a SBIR Phase II award to a small business concern with respect to a project, without regard to whether the small business concern was provided an award under Phase I of a SBIR program with respect to such project. The Department of the Air Force does not guarantee D2P2 opportunities will be offered in all future solicitations, but it has been a part of the

Open Topic process in the past. Review each solicitation cycle carefully for D2P2 opportunities.

**My technological solution is advanced. How do I access the Direct to Phase II process?**

Direct to Phase II (D2P2) opportunities are available via solicitations within [Defense SBIR/STTR Innovation Portal (DSIP)](). You can submit a proposal via DSIP for a D2P2 using the same process as a SBIR Phase I. In order to qualify for an Open Topic D2P2, you need to have a Government customer and end-user identified and supporting your proposal via a signed Customer Memorandum. If you don't already have a customer, please note that the Open Topic Phase I assists in customer discovery, but a company is also able to conduct their own research and make their own connections.

# CUSTOMER MEMORANDUM (Open Topic)

**What if multiple units are interested in signing a Customer Memorandum?**

Only one Customer Memorandum is allowed, and the template linked in the solicitation is required. It is best to coordinate with all interested parties and select the best fit for the contract, which can be meeting a combination of customer needs. However, you will need to identify the main customer and end-user and designated TPOC for the effort. Letters of Support from other customers are encouraged and considered during proposal evaluation, but do not fulfill the Customer Memorandum requirement.

For the most current Customer Memorandum templates, visit [https://afwerx.com/open-topic/](https://afwerx.com/open-topic/).

**Where can I find the Customer Memorandum templates?**

The Customer Memorandum template will be included in each solicitation. Because there are often changes that result between solicitations, only use the template provided within the solicitation you are responding to.

For the most current Customer Memorandum template, visit [https://afwerx.com/open-topic/](https://afwerx.com/open-topic/).

### The Customer Memo requires both a Customer and End-User signature…what's the difference?

The Customer organization is the organization that will manage the future procurement or sustainment of the solution, and who will manage the funding, contracting, and logistics needs for Phase III awards, as appropriate. The End-User organization is the organization that will use the developed solution or who will primarily benefit from the solution. While the signatures must be from two different DAF or Joint members, they may come from the same organization if appropriate.

### Is the Customer Memorandum a MOU, or bound by DoDI 4000.19 "Support Agreements?"

A Memorandum of Understanding (MOU) is typically associated within the DoD as an Interagency Support Agreement, which commits resource sharing between two organizations and is governed by DoDI 4000.10; these support agreements come with legal implications and must be signed off by senior organizational leads. Alternatively, this Customer Memorandum is not a MOU or Support Agreement, as there is no formal or committed resource sharing, nothing is binding, and it does not require a signature at any particular level. Therefore, it is not bound by DoDI 4000.10 and does not require reviews by a Commander's staff, legal, or policy teams. Instead, the Customer Memorandum signals the defense need that a company's proposal will tentatively meet, it documents possible technology transition pathways (not binding in any way), and provides a list of POCs for potential future integration. The AFVentures Customer Memorandum was extensively reviewed by AFWERX and AFMC legal teams to ensure it was not legally binding, and that it was clearly different from a MOU or Support Agreement.

### Can a Government organization outside the Department of the Air Force (DAF) sign the Customer Memo?

The exact guidance changes slightly with each solicitation, although the general answer is YES. Pay attention to the limitations of the solicitation you are applying to. In most recent solicitations, the verbiage allows DoD Joint organizations to be the end-user or customer, as long as the Customer Memo clearly articulates how the Joint end-user/customer represents a validated DAF need. It also allows commitments from US non-DAF customers or end-users on a case-by-case basis, as long as there is at least one DAF/Joint end-user or customer. In all cases, the primary Technical Point of Contact (TPOC) must come from the DAF (DAF civilian or military).

**My DAF Customer couldn't sign the Customer Memo prior to the solicitation close, can I submit the final signed version later?**

No. All final documents must be submitted within the DSIP platform prior to the solicitation close, and additional documents cannot be accepted after the deadline. This is in accordance with solicitation instructions.

# STRATEGIC FUNDING INCREASE & TACTICAL FUNDING INCREASE PROGRAMS (STRATFI/TACFI)

**What are the STRATFI/TACFI Programs?**

Strategic Funding Increase, or STRATFI, is a program focused on large-scale, strategic capabilities at the DAF level. Tactical Funding Increase,or TACFI, focuses on transitioning smaller-scale, tactical capabilities at the operational level. They are designed to catalyze relationships between Air Force and Space Force end-users and acquisition professionals, private-sector innovators and inventors.
The program strives to bridge the gap between current SBIR/STTR Phase II and Phase III scaling efforts, facilitating delivery of strategic capabilities for the Department of the Air Force.

**What are the eligibility requirements to apply for a STRATFI/TACFI award?**

Small Business Concerns (SBCs) must meet ALL of the following criteria:
- Company is considered a SBC and is eligible for a SBIR/STTR award
- SBC is on an active DAF SBIR/STTR P2 or completed their DAF SBIR/STTR P2 within two years of Capability Package submission
- The subject P2 effort has not already been awarded a second (AKA "Sequential") P2
- At least 90 days have passed since the beginning of the associated P2 execution
- At least 90 days have passed since the last complete Capability Package submission
- SBC is not executing a prior STRATFI effort at the time of submission
- Anticipated work is to be performed in the United States

**What is the difference between the STRATFI opportunity and the TACFI opportunity?**

The STRATFI, or Strategic Funding Increase, program is focused on large-scale, strategic capabilities at the DAF level. STRATFI offers small businesses between $3 million and $15 million in SBIR funds over a four-year period. Given the larger dollar size and strategic nature of the program, the matching requirements are more

robust. For every $1 of SBIR/STTR funds, companies must also receive $2 of other government funds OR $1 of other government funds and $2 of private funds. The TACFI, or Tactical Funding Increase, program is focused on transitioning smaller-scale, tactical capabilities at the operational level. Through TACFI, small businesses can receive from $375,000 to $1.8 million in SBIR/STTR funds over a two-year period. For every dollar of SBIR/STTR funds, companies must also receive at least $1 of other government funding (i.e., non-SBIR/STTR) OR $1 of private funding.

### Can a Phase III submit for a STRATFI/TACFI if they haven't received a Phase II award?

No, STRATFI/TACFI is only available for Phase IIs that are active, completed within the last two years, not received a "sequential" Phase II, and at least 90 days since Phase II activation.

### Can a Phase III be considered for matching?

Any Phase III award that logically extends, completes, or derives from the Phase II effort under which this funding increase is being requested that was executed within the preceding six months of Capability Package submission may count as matching.

### Who defines the statement of work for the STRATFI or TACFI packages?

You should work with your Air Force or Space Force customer(s) who are contributing to the matching funding for the effort.

### Does the STRATFI/TACFI program require the same TPOC and Customer Memorandum signers of the Phase II effort?

The Phase II customer/end-user/TPOC will likely be involved in a STRATFI or TACFI effort. However, this is not required. STRATFI's and TACFI's are built off the Phase II effort, but a company could bring a different or additional customer(s)/end-user(s) to the table.

### Who is responsible for issuing the contract should an effort be selected for supplemental funding?

The Customer is responsible for providing or identifying an Air Force Contracting Office that will award the contract/agreement.

# PHASE III

### What is a Phase III contract?

Phase III refers to work that derives from, extends, or completes an effort made under prior SBIR/STTR funding agreements, but is funded by sources other than the SBIR/STTR program. It includes any follow-on, non-SBIR/STTR funding for further specialized R&D or transition of technologies developed during the previous phases to government acquisition programs. Some federal agencies provide supplemental funding for further development of promising innovations when they demonstrate strong commercial potential or the capability to meet critical U.S. government technology needs.

# STTR

### How is the STTR Program different from the SBIR program?

The STTR program is similar to the SBIR program; however, the STTR program requires one qualifying research partner (e.g. university, non-profit, or FFRDC) to perform 30 – 60% of the award work.

### For a STTR proposal, can the Principal Investigator (PI) be from the Research Institute (RI) Partner?

For STTR, the Principal Investigator (PI) can be from the Research Institute (RI) partner, assuming that at least 40% of the work effort is being performed by the Small Business, and at least 30% by the RI (subcontractor).

### Can a STTR Phase I be changed to SBIR in Phase II and vice versa?

A technology effort that starts as a Phase I STTR can change to a SBIR in Phase II, or vice versa. The decision on the type of topic (SBIR or STTR) is a government decision and happens before contracts are awarded. SBIR and STTR are two different types of funding and involve different prime-sub contract percentages for accomplishment of the work. Firms can provide input to the government about changing the type of program (STTR or SBIR) being used if the firm believes the change of research team (and thus the prime and sub relationship) warrants that change and as applies to follow-on Phase II work. Those types of decisions need to be made before any follow-on funding and contract action are taken by the government.

**If the Research Institute (RI) Partner professor moves to another university, could the subcontract be transferred to the new university?**

Any changes of research team after the contract award, such as a professor involved in the SBIR/STTR moving to another university, would require notifying the Contracting Officer in writing with a request for concurrence.

## SBIR/STTR AWARD DECISIONS

**Our Company received a notice that our proposal was "Not Selected." What does this mean?**

Coming out of technical evaluation, proposals are categorized as "Selectable/Funded", "Selectable, Not Funded", or "Not Selected." Proposals may be determined "Not Selected" based on disqualification for not meeting a solicitation requirement or receiving a poor rating during the evaluation of any of the three evaluation criteria.

**Our Company received a notice that our proposal was "Selectable, Not Funded." What does this mean?**

At the completion of technical evaluation, proposed efforts are considered based on their importance to Air Force and Space Force Programs. This provides a ranking to which available funding is then applied until exhausted. Those proposals above the funding cut line are "Selectable, Funded"; those below it are "Selectable, Not Funded. While those determined "Selectable, Not Funded" will not receive DAF SBIR/STTR funding, they are available for "adoption" by other DAF organizations or DoD components for award with their non-SBIR/STTR funding by their supporting contracting office.

**Our Phase II Proposal was determined as "Selectable, Not Funded." Are we able to submit again during the next solicitation cycle under the D2P2 solicitation?**

Yes. However, the "Phase I-like" effort described in the proposal, which is a requirement for all D2P2 proposals, cannot be predominantly based on current or previous Phase I and/or Phase II efforts. Additionally, all requirements of the most current solicitation must be met (requirements change between solicitations), and it is highly recommended that you make improvements to the proposal to increase chances of selection.

### Our proposal was designated "Selectable, Not Funded." Am I eligible for feedback?

Due to the volume of proposal submissions and the fact the proposal has demonstrated technical merit (for which there was not-available funding), "Selectable, Not Funded" proposals are not eligible for feedback. Additionally, based on the number of proposals received under the Phase I Open Topic, we are unable to provide feedback for "Not Selectable" proposals for Phase I.

### Our company has funding commitments from outside investors. Will this increase the chances of our proposal being awarded?

In accordance with 15 USC 638(dd)(7), investment by venture capital, private equity firms, or hedge funds shall not be used as an award criterion. However, funding commitments related to the effort, whether from Government sources, as documented in the Department of the Air Force Customer Memorandum, or private sources, as documented through a letter of commitment, are evidence of commercialization potential, which is one of the three primary criteria during proposal evaluation.

### Can we view the evaluation criteria in order to make sure our proposal has the best shot of winning?

Evaluation criteria are published in the solicitation instructions. We recommend using the "Ctrl + F" find function to find "Evaluation Criteria."