<<DATE>>

MEMORANDUM FOR AFWERX/AFRL SBIR TEAM

References: (a) 15 U.S.C. §638

(b) U.S. Small Business Administration SBIR/STTR Policy Directive (May 2019)

(c) 5 C.F.R. §2635.702(c), Exception (1)

FROM: <<AF CUSTOMER (also reference Need ID if applicable)>>

SUBJECT: AFWERX SBIR Solicitation No. X20.R-DCSO1 -- <<AF Customer>> Defense Need and Participation Interest in the Air Force Small Business Innovation Research (SBIR) Program Project under Topic No. <<Number, Title>>

NOTE – ALWAYS check the “Subject” line of the Memorandum to ensure you have the template for the appropriate SBIR Solicitation Number (e.g., 19.3, 20.R etc.). Email [sbir@afwerx.af.mil](mailto:sbir@afwerx.af.mil) with the subject “20.R Product Request” for the latest templates. Customer Memorandums based on templates for other Solicitation numbers will not be accepted.

NEGATIVE FEEDBACK – if you would like to provide negative feedback on a company or their solution (for instance, if a representative of the company was rude or aggressive OR if you are aware of reasons that the Air Force should not adopt their proposed solution), you can send an email to [sbir.feedback@afwerx.af.mil](mailto:sbir.feedback@afwerx.af.mil) and this will be considered during our Peer Review process. Please reference the company name and SBIR topic number in your email.

1. **Purpose:** This Memorandum is executed in furtherance of references (a) and (b) and the applicable Air Force SBIR solicitation, which constitute authority to promote products, services, and enterprises within the meaning of reference (c). The purpose of this Memorandum is to document interest from <<AF Customer>> in working with AFRL, AFWERX, and <<SBIR Company>> on a project considered for Air Force SBIR Phase II award.

2. **Defense Mission Need:** <<AF Customer>> has a national defense-related mission need in the area of <<Area of Interest>>. Specifically, <<describe the mission need and impact>>. We believe technology development under the subject SBIR topic may eventually contribute to solving a mission need. The main goals of our involvement in this project are <<measurable goals>>. The mission impact of this project on the Air Force and the Department of Defense will be <<impact statements>>.

3. **Project Timeline:** If the SBIR Phase II proposal is selected and awarded, we expect this project to be executed from <<start month>> to <<end month>>.

4. **Matching Funds from <<AF Customer>>:** (DELETE FROM TEMPLATE BEFORE SIGNING: In general, AF Customer’s matching Federal funds are not required for Phase II SBIR awards. However, AF Customer may wish to provide its own funds to supplement or match SBIR program funds in order to increase project success and likelihood of selection according to Reference (b), (Appendix I)(e.)§4(b)(1)(v)(B).

Regulatory Basis: Pursuant to Reference (b), AF Customer may expend its non-SBIR funds as matches or supplements to the Phase II award, with or without additional SBIR funds. Such supplements or matches are known as “Phase IIB enhancements.” Reference (b) also authorizes supplemental or matching funds from certain non-Federal sources, including along with non-SBIR Federal funds, for Phase IIB enhancements. DFARS Subpart 204.71, *Uniform Contract Line Item Numbering System*, contains procedures for applying multiple lines of accounting to a single contract, including modifications.

In order to be considered/included, matching funds must arrive at AFRL/PK no later than 30 days after **Close of the Solicitation** (funds may be transferred early).

To initiate the fund-transfer process, simply email [AFRL.SBIR.STTR@us.af.mil](http://AFRL.SBIR.STTR@us.af.mil) – you will get a canned response that contains the fund-transfer request template and additional guidance.

NOTE – For the purposes of evaluating matching or supplemental funds, we will also consider Phase III SBIR awards that derive from, extend, or complete the effort under an SBIR or an STTR Phase I award from the Air Force or from another Federal agency on the same topic, consistent with References (a) and (b). Such Phase III awards must be executed no later than 30 days after **Close of the Solicitation**. This approach enables AF Customers to retain control over the matching or supplemental funds, rather than transferring them to AFRL.

**If non-SBIR matching funds ARE planned, use this language:** If a Phase II award is made, <<AF Customer>> commits to providing <<amount of matching funds>> non-SBIR Federal funds. <<AF Customer Finance Management Office symbol>> concurs with this use of <<AF Customer’s>> funds.

**If matching funds will be applied directly to Phase II (via funds transfer to AFRL/PK), use this language:** <<AF Customer>> will transfer the funds to AFRL/PK no later than 30 days after **Close of the Solicitation** (funds may be transferred early). <<AF Customer>> recognizes that, if the funds do not arrive at AFRL/PK within 30 days of Close of the Solicitation, then Phase II may not be awarded. If <<AF Customer>> provides matching funds and <<SBIR Company>> is not selected for Phase II award, the funds will be returned to <<AF Customer>>.

**If matching funds will come in the form of your own Phase III, use this language:** <<AF Customer>> will award a Phase III SBIR contract no later than 30 days after **Close of the Solicitation**. <<AF Customer>> recognizes that, if the Phase III award is not made within 30 days of Close of the Solicitation, then Phase II may not be awarded. However, such Phase III award does not guarantee selection and award of this Phase II.

5. **Additional agreement:** If the SBIR Phase II effort is awarded and if it becomes necessary for project success, <<AF Customer>> would consult with Air Force legal, contracting, and SBIR personnel on further steps to formalize cooperation between <<AF Customer>> and the SBIR company in the manner that protects the Government’s interests.

Such steps may include, for example:

(1) requesting AFRL/PK to modify the SBIR Phase II award in order to include information or contract clauses on government-furnished equipment (GFE), use of government facilities for testing or demonstration, contributions of government data or personnel, or use of government-provided licenses;

(2) negotiating a cooperative research and development agreement (CRADA) with <<SBIR Company>>, i.e., an agreement between to collaborate on research and development wherein the Government does not provide funding, or

(3) negotiating a Phase III contract or any other appropriate agreement with <<SBIR Company>> to clearly define project roles, rights, liabilities, and responsibilities, and government involvement or contributions towards applying SBIR technology to <<AF Customer’s>> defense mission need.

6. **Phase III Interest:** Further, if the Phase II project is successful and the mission need remain unmet, <<AF Customer>> will consider transitioning the resulting innovations to Phase III contracts, subcontracts, or other instruments made through <<contracting office>> with support by <<small business office>>. The transition effort will give due regard to the Phase III transition preference for SBIR-funded technologies set forth in references (a) and (b). Phase IIIs are subject to applicable acquisition planning, funding availability, security assessments, small business, and legal and other reviews.

If appropriate, we may also work with Air Force SBIR and Technology Transfer personnel to modify the SBIR Phase II award by including any special Phase III procedures that <<AF Customer>> may wish to establish, in its discretion.

7. **Milestones:** We confirm the proposed milestones in *Attachment 1: Schedule of Milestones* will provide value to us as end-users or customers of the proposed solution. We agree to recommend to the AFWERX/AFRL SBIR Program Managers the approval or rejection of deliverables and solutions from <<SBIR Company>> in accordance with the attached milestones during the proposed SBIR Phase II project.

8. **Stakeholders:** We understand the successful transition of innovative solutions requires multiple engaged and empowered stakeholders. We have assigned responsibilities to, and received concurrence from, the following stakeholders relative to this Phase II project:

**Required: End-User (i.e. Operator/Warfighter - stands to benefit from the solution) Points of Contact for <<AF End-User Organization’s>> Participation in the SBIR Phase II Project**

Lead End-User POC (required): <<Name /Rank/Title/ Email / Phone Number / / initials>>

Alternate End-User POC (required):

**Required: Customer (i.e Acquirer) Points of Contract <<AF Customer Organization’s>> Participation in the SBIR Phase II Project**

Lead Customer POC (required): <<Name /Rank/Title/ Email / Phone Number / / initials>>

Alternate Customer POC (required):

Name of supporting PEO: (if applicable):

Name of supporting SPO: (if applicable):

**Staff Functions (As Applicable) Providing Concurrence:**

Finance:

Contracting:

Small Business Office:

Commander:

Legal:

Information Assurance/Cybersecurity:

Engineering/SPO/Test:

Public Affairs:

Security Office (for CAC, base access, etc.):

<<Insert additional stakeholders here as necessary>>

9. **Phase III Transition Strategy**: DELETE FROM TEMPLATE BEFORE SIGNING: The SBIR Program is centered around one core goal – increasing the likelihood of “transition” of small business innovations to Phase III (getting to the operator/warfighter for operational use… AKA NOT gathering dust on a shelf). Describe your strategy for transition – answer the question, “if Phase II is proving successful, what will we do next?” and address, at a minimum, Phase III funding strategy, the role of Requirements (if applicable), and contract vehicle).

The AF Customer’s Small Business Office or Small Business Professional (SBP) should be able to advise AF Customer on potential contracting, subcontracting, or other opportunities that may be suitable for the SBIR company.

Additional ideas and resources can be found in Attachment 3.

10. **Installation Access:** <<SBIR Company>> <<will/will not>> require access to military installations to perform the proposed work under Phase II. DELETE FROM TEMPLATE BEFORE SIGNING: if they will require CAC/Base Access, include the following: <<Security Office>> confirms that, if Phase II is awarded with the requisite terms and conditions, they will <<permit/support/process>> such access.

11. **Conclusion.** We are very committed to this project’s success, and hope that the above information is helpful in making a selection. Please feel free to reach out with questions.

**AF End-User Primary POC AF Customer Primary POC**

FIRST M. LAST, Rank, USAF FIRST M. LAST, Rank, USAF

Job Title Job Title

Squadron or Unit Squadron or Unit

Attachment 1: Schedule of Milestones

Attachment 2: Non-Proprietary Work Plan

Attachment 3: Phase III Transition Resources – do not include in the signed MOU

Attachment 1: Schedule of Milestones

**ATTACHMENT 1:**

**SCHEDULE OF MILESTONES**

**Note: Contribution of SBIR Program Funds Not to Exceed the $1.0 Million Phase II Award Cap in Reference (b)**

(*NOTE: THIS PARAGRAPH ADDRESSES REQUIRED MILESTONE SCHEDULE INFORMATION. The following chart will detail the list of milestones. Each milestone will mark the completion of a measurable event (i.e., completing a baseline execution plan, completing development of a part of the prototype, completing a test plan, completing production of the prototype, completing and submitting the final report, etc.). Status reports cannot be milestones. The milestone description will show how the milestone will be demonstrably completed. Payments associated with each milestone must reflect the actual comprehensive costs to achieve completion.) Please fill in your proposed milestones.*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **TASK**  **(Maximum 15 Milestones)** | **EXPECTED DELIVERY (MONTH AFTER CONTRACT AWARD) (Maximum 27 Months)** | **DELIVERABLE** | **ACCEPTANCE CRITERIA** | **PAYMENT AMOUNT (Maximum SBIR Program contribution $1.0M; No overall maximum on matching or supplemental funds; do NOT include Phase III funds)** |
| NOTE – All milestones in this table are examples only.  **(EXAMPLE) 01** - Finalize customer requirements for adaptation | Award + 0.5 months | Complete set of specifications for adapted commercial solution as well as quantitative goals for the test of the widgets in the AF operational environment. | AF end-users and AF customers agree specifications will meet their needs. | $50,000 |
| **(EXAMPLE) 02 -** Deliver 3 adapted commercial widgets | Award + 4 months | Three adapted widgets will be delivered to the AF end-user, meeting the specifications described in task 01. | The AF end-user will physically accept the adapted widgets | $250,000 |
| **(EXAMPLE) 03 -** Training for using Widgets | Award + 4 months | The solution provider will train 3 AF end-users to use the adapted solution in their operational environment. | The 3 AF end-users verify adequate training to use the adapted widget. | $75,000 |

Attachment 2: Non-Proprietary Work Plan

**ATTACHMENT 3:**

**NON-PROPRIETARY WORK PLAN**

(*NOTE: The intent of having this section in the MOU is to allow the Air Force Stakeholders to see the Work Plan before they sign their names against the effort. This is to avoid the scenario where an Air Force Stakeholder signs a Customer Memorandum based on the content of the deliverable schedule in ATTACHMENT 2, only to have the details surrounding that work changed in the Work Plan. This also allows us to easily incorporate the Work Plan into the subsequent award of the Phase II, rather than referencing the proposal which limits distribution.)*

Attachment 3: Phase III Transition Resources

**ATTACHMENT 4:**

**Phase III Transition Resources**

Examples of actions that AF Customer can take in transition strategies include, but are not limited to, the following:

* AF Customer would consider transitioning the SBIR technology by pursuing one or more specific transition strategies, such as an acquisition program transition plan, found in *Equipping Warfighter with Small Business Ingenuity: The* *Air Force* *SBIR/STTR Phase III Desk Reference* (v. 2.0, JAN 2019). Transition plans may be focused on risk reduction, insertion of new technologies, increased competition, replacement of obsolete equipment, etc. The *Desk Reference* contains several examples of approaches to transition strategies. The *Desk Reference* is found on the website of the Air Force Office of Small Business Programs (SAF/SB): <https://www.airforcesmallbiz.af.mil/Portals/58/Phase%20III%20Desk%20Reference%20V%202%200%20PhaseIII_BookletV2-JAN2019-88ABW-2016-0636-low-res.pdf>.
* AF Customer would consider transitioning the SBIR technology by awarding (or by using an assisted acquisition agreement to award) the SBIR company a Phase III contract via the Phase III special acquisition preference (sole source) and/or via the sole source authority of Section 8(a), HUBZone, WOSB, or SDVOSB programs. This Phase III contract may be for further development, testing, and evaluation, or for production and delivery.
* AF Customer would consider transitioning the SBIR technology by granting the SBIR company a Phase III special acquisition preference (short of sole source) in specific upcoming competitive acquisitions.
* AF Customer would consider transitioning the SBIR technology via assistance and incentives available under the Air Force Commercialization Readiness Program (CRP).
* AF Customer would consider transitioning the SBIR technology into AF Customer’s acquisition program(s) via competitive or noncompetitive subcontracts using tools such as the Phase III special acquisition preference, SBIR technology transition goals, and SBIR transition incentives under small business subcontracting plans of prime contractor(s) supporting AF Customer, as provided in Reference (b) and DoDI 5000.02, *Operation of the Defense Acquisition System* (07 January 2015, Incorporating Change 4, 31 August 2018, Enclosure 1, Table 2).
* AF Customer would consider transitioning the SBIR technology by awarding the SBIR company a slot on, or setting aside work under, AF Customer’s Phase III multiple-award contract authorized by FY2018 NDAA, Public Law 115-91, Section 1710*, Pilot Program for Streamlined Technology Transition from the SBIR and STTR Programs of the Department of Defense.*
* AF Customer would consider transitioning the SBIR technology by awarding the SBIR company (or a team including the SBIR company) a Phase III non-procurement instrument with or without a follow-on procurement (e.g., grant, cooperative agreement, or other transaction agreement with or without a follow-on production contract).
* AF Customer would consider transitioning the SBIR technology by supporting funding and/or other assistance for the SBIR company under the Rapid Innovation Fund (RIF), the Defense Production Act (DPA), and/or the Mentor-Protégé Program (MPP) of the Air Force or of any other Federal agency.

###