

From Prototype to Procurement

How SBIR Phase III Accelerates Acquisition

SBIR Phase III • Rapid acquisition • Transition to mission

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THE PROBLEM

We fund innovation. Then we restart acquisition.

The “valley of death” is often a transition problem, not a technology problem.



The question after “it works” should not automatically be “start over.”

Sometimes the acquisition pathway already exists.

THE TEST

DERIVES. EXTENDS. COMPLETES.

Three words do most of the legal work.

DERIVES

EXTENDS

COMPLETES

“Phase III refers to work that derives from, extends, or completes an effort made under prior SBIR/STTR Funding Agreements...”

Funded by sources other than the SBIR/STTR programs.



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Source: SBA SBIR/STTR Policy Directive §4(c)(1)

What it is — and what it isn't

The fastest way to lose credibility is to oversell it.

IT IS

- ✓ Non-SBIR/STTR funded work
- ✓ Products • production • services • R&D
- ✓ Potentially unlimited in value / duration / count
- ✓ Available after qualifying Phase I or Phase II lineage

IT ISN'T

- ✗ Another SBIR funding round
- ✗ A guarantee of a sole-source award
- ✗ A shortcut around mission need or funding
- ✗ “Any old SBIR lets me sell anything”

This is statutory acquisition authority — not a loophole

The pieces reinforce each other.

15 U.S.C. §638(r)(4)

Prior SBIR/STTR competition can satisfy competition requirements; Phase III awards may include sole source.



10 U.S.C. §3204(a)(5)

DoD statute expressly recognizes a Phase III award under §638(r)(4) within “authorized or required by statute.”



FAR 6.302-5

Implements the exception: full and open competition need not be provided when statute authorizes/requires a specified source.



NMCARS 5206.302-5

Navy CO must affirm in the BCM that Phase III derives from, extends, or completes prior Phase I/II work.

Phase III does not automatically erase the SBIR data-rights framework

But data rights are still nuanced — funding, delivery and marking matter.

DFARS 227.7104-1

SBIR/STTR data rights apply to qualifying data delivered, developed or generated under contracts and subcontracts that include Phase III work.

20 YEARS

Standard current data-protection period from contract award, unless another period is negotiated after award.

Proper marking still matters.

PROOF

Three very different Phase III motions

Production. Services/platform. Rapid fielding.

\$10.0M

MARINE CORPS

Hyperion • SPARTN

Production systems, spares, training, logistics, engineering and lifecycle support.

"not competitively procured" under 15 U.S.C. §638(r)(4)

\$25M

AIR FORCE

VentureScope

Phase III IDIQ for a repeatable, scalable innovation-accelerator platform.

Up to \$5M per ordering period

\$9.87M

NAVY

Maritime Applied Physics

GARC / unmanned relay vehicles and payloads; transition from development into production.

10 U.S.C. §3204(a)(5)

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Source: U.S. Department of Defense contract announcements, July 6 & July 28, 2023

SCALE

GSA has institutionalized Phase III assisted acquisition

This is not an edge case.

\$12.6B

through FY2024

112

contracts

392

task orders

>\$1.1B

Navy FY23

GSA AAS says it predominantly awards/administers Phase III and estimates ~180 days from a complete requirements package.

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Sources: GSA Acquisition Legislative Proposals 2025; GSAAAS SBIR/STTR page (updated Feb. 9, 2026)

What Phase III isn't: an automatic entitlement

GAO, February 2026 — G2 Ops, Inc.

GAO DENIED

The agency was not pursuing production or further use of the specific SBIR-developed technology.

The new task order did not require use of the protester's SBIR technology.

The guardrail is still:

DERIVES • EXTENDS • COMPLETES



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Source: GAO B-424013, G2 Ops, Inc., Feb. 19, 2026

Same motion. Two sides of the room.

Government and industry should bring the same lineage evidence.

GOVERNMENT

- 1 Mission need exists
- 2 Find prior award + SOW
- 3 Test the lineage
- 4 Identify non-SBIR funding
- 5 Bring CO in early
- 6 Execute agency process

INDUSTRY

- 1 Prior award + topic
- 2 Original SOW
- 3 What changed since then
- 4 Current mission requirement
- 5 One-page lineage map
- 6 Customer + funding + capability

WE KNOW THIS WORKS. HOW DO WE BUY IT?

Before you start over, ask:

DID THIS START WITH SBIR?

YOU MAY ALREADY HAVE THE AUTHORITY.



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