

STTR PHASE II ATTACHMENT 1 CUSTOMER MEMORANDUM TEMPLATE



DEPARTMENT OF THE AIR FORCE

<<Air Force Organization>>

<DATE>>

MEMORANDUM FOR AFRL/RGV (AF Ventures)

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: <<DAF Organization>>

SUBJECT: AFRL/RGV <<X2X.X>> Small Business Technology Transfer (STTR) Phase II – DAF Organization Defense Need and Participation Interest in the STTR Project under Topic AF21A-TCSO1 with <<STTR Company>>.

BLUE TEXT IS INFORMATIONAL; REMOVE BEFORE SIGNING!

NOTE – The use of this template is MANDATORY; all elements MUST BE present and complete. Proposals without completed and signed memoranda accomplished IAW this template will be determined **non-responsive to the solicitation and not considered for award**.

R/R&D/RDT&E SUITABILITY – To ensure efforts submitted are appropriate for the SBIR/STTR Programs, general definitions and R/R&D/RDT&E suitability language may be found in the attachments. This language is not exhaustive but meant only for reference.

To learn more about AF Ventures SBIR/STTR open topics and access additional resources including videos, sample applications, and more, visit <https://www.afwerx.af.mil/sbir-for-airmen.html>.

- Purpose:** This memorandum is executed in furtherance of references (a) and (b) and the applicable Air Force STTR 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 a Department of the Air Force organization(s) in working with AFWERX and an open topic STTR Phase awardee on a proposed Phase II effort.
- Defense Mission Need:** <<DAF Organization>> 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 this effort could contribute to future mission need fulfillment. The mission impact of this project on the DAF and DoD will be <<impact statements>>. The main goals of

our involvement in this project are:

- (1) << measurable goal 1 >>
- (2) << measurable goal 2 >>
- (3) << measurable goal 3 >>
- (4) Etc.

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

4. **Phase II Funding Commitment from <<DAF Organization>>:** DAF Customer Government funding commitments are not required for Phase II STTR awards. However, a DAF Customer may wish to provide its own funds to supplement STTR program funds in order to increase project success and likelihood of selection according to Reference (b), (Appendix I)(e.)§4(b)(1)(v)(B).

Pursuant to Reference (b), DAF Customer may expend its non-STTR funds as supplements to the Phase II award. 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 included in the contract award, if selected, funding must be provided to AFRL/RGF no later than 30 calendar days after the corresponding solicitation's closing date. To initiate the funds transfer process, email AFRL.SBIR.STTR@us.af.mil. An automated response including the funds transfer request template and further guidance will be received.

If non-STTR Federal funding commitments are planned, include this language: If a Phase II award is executed, <<DoD/DAF Organization>> will provide <<amount and type of funds>> non-STTR Government funds. <<DAF Customer Finance Office symbol>> concurs with this type funding's use and verifies funds availability.

If funds will be applied directly to Phase II via funds transfer to AFRL/RGF, also include: <<DAF Organization>> will transfer the funds to AFRL/RGF no later than 30 days after the applicable solicitation's closing date. It is understood if these funds do not arrive within the specified period of time, the Phase II may not be awarded. If the Phase I company is not selected for Phase II award, the funds will be returned to the providing DAF organization.

5. **Additional agreement:** Prior to and/or following award, if necessary for project success, <<DAF Organization>> will consult with Air Force STTR Legal, Contracting, and Program Office personnel to formalize cooperation in the manner protecting the Government's interests.

- (1) Prior to award, determine if the proposed effort will require specific clauses or other special features to accommodate the work to be performed. This could include program elements such as Government-Furnished Equipment/Information (GFE/I), use of Government facilities for testing or demonstration, use of Government-provided licenses, environment considerations, etc.
- (2) After award, if assistance is necessary, request guidance to award a Phase III contract or other appropriate agreement for transition to an identified Defense mission need.

6. **Phase III Interest:** Further, if the Phase II project is successful, <<DAF Organization>> will consider transitioning the resulting innovations to Phase III contracts, subcontracts, or other instruments with other

DAF and/or Federal customers. The transition effort will give due regard to the Phase III transition preference for STTR-funded technologies set forth in references (a) and (b). Phase IIIs are subject to Government organizations' acquisition planning, funds availability, security assessments, and Small Business/Legal/Contracting/other review requirements.

- 7. **Milestones:** The milestones found in Attachment 1.1, Schedule of Milestones, will provide value as End-Users and/or Customers of the proposed solution.
- 8. **Stakeholders:** It is understood the successful transition of innovative solutions requires multiple engaged and empowered stakeholders. Responsibilities have been assigned to, and concurrence received from, the following stakeholders relative to the proposed project:

Primary End-User Organization*: <<DAF End-User Organization>>

POC: <<Name, Rank, Title, Email>>

The organization which will operationally benefit from the solution.

Primary Customer Organization:** <<DAF Customer Organization>>

POC: <<Name, Rank, Title, Email>>

The organization responsible for acquiring the solution on behalf of the End-User.

Phase II Technical Points of Contact (TPOCs):

Primary: <<Name, Rank, Title, Email>>

Alternate: <<Name, Rank, Title, Email>>

TPOCs will work closely with the company during Phase II performance to achieve project success. This includes but is not limited to receiving and accepting/rejecting deliverables; providing performance and progress feedback to the company; working to overcome tactical execution barriers, ebase access, waivers/certifications, etc.; and driving the effort towards Phase III transition if successful. Please see the **TPOC Designation Letter** provided in the attachments. Should this proposal be selected for award, this letter will need to be signed. **Note:** TPOCs are not required to be in the End-User or Customer organization. Another organization may provide a TPOC with expertise in the technology area. TPOCs **MUST** be Government personnel; support contractors, including SETA contractors, may not be TPOCs. Primary TPOCs **MUST** be DAF military or civilian personnel..

Strategic Stakeholders (for data collection purposes):

Name of MAJCOM or HQ function this proposal most directly impacts (required):

Name of PEO or Center this proposal most directly impacts (required):

Staff Functions (as applicable) Providing Concurrence:

Security Office (required for CAC/base access; see Section 10):

Information Assurance/Cybersecurity (required for a Risk Management Framework; see Section 11):

Finance (required for Phase II Government Funding Commitments; see Section 4):

Contracting:

Strategy, Integration, and Requirements (A5):

Small Business Office:

Commander:

Legal:

Engineering/SPO/Test:

Public Affairs:

<<Insert additional stakeholders here as necessary>>

- 9. Phase III Transition Strategy:** The program’s core objective is transition of STTR-funded small business innovations to Phase III. Describe this efforts’ transition strategy; address at a minimum Phase III funding strategy, requirements personnel role (if applicable), contract vehicle, and integration plan.

The DAF Customer’s Small Business Office should advise the Customer regarding potential contracting, subcontracting, or other opportunities suitable for the STTR company.

Additional ideas/resources available in the attachments. Don’t use boilerplate attachment language in this section. Tailor the Transition Strategy narrative to the specific organization and solution.

- 10. Installation Access:** The STTR Company <<will/will not>> require access to military installations and/or facilities to perform the proposed work under Phase II. If CAC/Base Access is required, include the following: <<Security Office>> confirms if a Phase II is awarded with the requisite terms and conditions, it will support this requirement (to include processing paperwork, as required). AFVentures does not process DD254 or other forms.

- 11. Cyber Security:** Every Information Technology (IT) requires an RMF within the Air Force. First, the Air Force TPOC must consult with the applicable wing-level cybersecurity office and submit a RMF request for the associated IT. The RMF assessment ascertains the IT’s data security requirement and assigns an Impact Level (IL) of cloud security, e.g. IL-2 through IL-5. DevSecOps must then be established in a secure cloud environment meeting the business’s needs. Fundamental cybersecurity control requirements for businesses are outlined in NIST SP 800-171 Rev 1 and DFARS PGI 239.76 - Cloud Computing, serving as the backbone to Air Force cyber and data security. Cybersecurity Maturity Model Certification, another measure of cybersecurity and preparation for this future requirement, is fulfilled by the steps above. AFVentures does not grant ATOs.

a) The proposed solution <<is/is not>> considered an Information Technology.

1) If considered an IT, include the following:

<<Information Assurance/Cybersecurity Office>> will work with <<STTR Company>> to obtain an RMF and fulfill follow-on requirements.

- 12. Flight Testing or Utilization of Unmanned Aerial Systems (UAS):** The STTR company <<will/will not>> require flight testing or UAS utilization to accomplish the proposed Phase II work. There is a blanket waiver for AFRL/DO to “procure Commercial-Off-The-Shelf Unmanned Aerial Systems for the purposes of conducting cyber analysis, signature, system check out, or profile data in a benign or controlled RF environment”. However, contractors proposing UAS purchases shall work with the Government TPOC to also pursue a “use waiver”. Contract execution is not dependent on use waiver completion. But it is important to start the process as early as possible, as completion could impact efforts’ milestone schedules.

13. Conclusion and Signatures. Please contact the individuals below with questions or concerns. Certain ranks/grades for signatories are not required. However, the individuals should be in positions to speak for their organizations, e.g., individuals must understand and exert influence over operational needs, formal requirements, or funding. Customer Memoranda without two signatures will **NOT** be accepted. Rarely, the End-User and Customer will be the same organization/individual. However, if this is the case, the organization/individual must sign **TWICE**.

a. AF End-User Suitability. Briefly describe the AF End-User signatory's appropriateness for this effort.

b. AF Customer Suitability. Briefly describe the AF Customer signatory's appropriateness for this effort.

(Handwritten/Digital Signature)

DAF CUSTOMER

FIRST MI LAST, Rank/Grade, USAF

(Handwritten/Digital Signature)

DAF End-User

FIRST MI LAST, Rank/Grade, USAF

Attachment 1a: Schedule of Milestones (required)

Attachment 1b: Non-Proprietary Work Plan (required)

Attachment 1c: TPOC Designation Letter (informational; **do not** include in the signed memo)

Attachment 1d: Phase III Transition Resources (**do not** include in signed memo)

Attachment 1e: STTR Definitions and Suitability Resources (**do not** include in signed memo)

ATTACHMENT 1a - SCHEDULE OF MILESTONES
STTR funds will not exceed \$1.25M

The below chart should detail the proposed milestone list. Milestones will correspond to a measurable event's completion, e.g., baseline execution plan, test plan, prototype production or a component thereof, final report, etc. Status reports shall not be milestones. The milestone description should indicate demonstrated completion. Associated milestone payments must reflect comprehensive completion costs.

<p align="center">TASK</p> <p align="center"><i>Max 15 milestones.</i></p>	<p align="center">EXPECTED DELIVERY (MONTH AFTER CONTRACT AWARD)</p> <p align="center"><i>Please follow the Period of Performance in the solicitation.</i></p>	<p align="center">DELIVERABLE</p>	<p align="center">ACCEPTANCE CRITERIA</p>	<p align="center">PAYMENT</p> <p align="center"><i>Max STTR funds \$1.25M; non-STTR Federal funds, which have no max, must be identified. Do not include Phase III/private funds.</i></p>
<p>NOTE – All milestones in this table are examples only.</p> <p>(EXAMPLE) 01 – Deliver 5 working prototypes of the Flux Capacitor .</p>	<p>Award + 2 months</p>	<p>Produce, test, and deliver 5 working prototypes of the final design for the Flux Capacitor along with the detailed design package drawings.</p>	<p>The DAF end-user will physically accept the adapted widgets</p>	<p>\$100,000 (DAF Customer 3600)</p>
<p>(EXAMPLE) 02 - Deliver 3 adapted commercial widgets</p>	<p>Award + 4 months</p>	<p>Three adapted widgets will be delivered to the DAF end- user, meeting the specifications XYZ.</p>	<p>The DAF end-user will physically accept the adapted widgets</p>	<p>\$250,000</p>

ATTACHMENT 1b - NON-PROPRIETARY WORK PLAN

This section allows the Air Force Stakeholders to review the Work Plan before signing the Memorandum, rather than base signature on proposed milestones only. The Work Plan will be incorporated into the Phase II award document, if selected.

ATTACHMENT 1c - TPOC DESIGNATION LETTER
(info only; do not include in Memo)



DEPARTMENT OF THE AIR FORCE
AIR FORCE RESEARCH LABORATORY (AFRL)

Date

MEMORANDUM FOR Org/office symbol

ATTENTION TPOC name and rank/grade

FROM: AFRL/RGK
711 E Monument Street
Dayton OH 45402

SUBJECT: Designation of AFWERX Technical Point of Contact (TPOC) Duties for Proposal
<<number>>, entitled <<title>>

Reference: Federal Acquisition Regulations (FAR) 2.101, Definitions
Defense Federal Acquisition Regulations Supplement (DFARS) Part 201.602-2,
Responsibilities

1. IAW the above references, you are hereby designated the Technical Point of Contact (TPOC) for the subject proposal. A contract number will be designated upon award. You will be designated by name in the contract, when awarded, as the TPOC. If for any reason the proposal is determined non-awardable, the AFRL/RGK Contracting Officer (CO) will provide notification.
2. **You are not authorized to discuss performance or any other matter related to the proposed effort until contract execution is complete.** Award notice will include appropriate POCs, including the CO, for award administration. (The undersigned may not be the permanently assigned CO.) The AFWERX Phase II Program Manager (PM) for this activity is Lt Col Ray Khan. Please use the p2@afwerx.af.mil for all PM-related correspondence.
3. As the designated TPOC, it is your responsibility to monitor the contractor's performance to ensure successful contract completion, including timely contract deliverable submission up to and including the final technical report. Specifically, you will be responsible for the following:
 - a. Monitoring cost, technical, and schedule performance to identify and promptly inform the Phase II PM and CO of marginal or unsatisfactory technical performance; contractor's failure to meet delivery schedules; or any non-compliance with contract requirements. As the TPOC, you are not authorized make commitments or changes affecting price, quality, quantity, delivery schedule/period of performance, scope of work, place of performance, or other terms and conditions of the contract/award, and may be personally liable for unauthorized acts. The CO is the only individual authorized to obligate Government funds or execute contract changes.

- b. Ensuring contractor personnel performing on-site at Government facilities are briefed by responsible and knowledgeable persons, e.g., the TPOC or TPOC's leadership, regarding emergency management procedures, including evacuation plans, shelter-in-place instructions, and personnel accountability procedures unique to the contract performance location.
- c. Receiving/approving contract deliverables for payment. To ensure timely payment is made to the contractor after acceptance, please send an email to p2@afwerx.af.mil using the following [format](#):

EMAIL SUBJECT: Company Name, Contract Number, Deliverable Approval/Rejection

EMAIL BODY:

- Company Name
- Contract Number
- Deliverable or Milestone # (e.g., CLIN 003, ALIN 002, Milestone 0002, etc.)
- Recommendation: Approve/Reject (select one)
- Approval/Rejection (select one) Date:
- Instructions to (company name): Upon receipt of this email, please submit your invoice for payment of the approved (deliverable) in WAWF
- Other relevant information (optional)

Provide a mailing address for shipped deliverable receipt ([mailing address required regardless of shipping or no shipping requirement; may be anywhere mail can be received](#)):

- d. Maintain close liaison with the identified Phase II PM and/or CO, as well as the Administrative CO, if other than AFRL/RGK.
- e. Work with the contractor, base, and other local Government organizations to gain approvals/waivers and/or resolve execution issues including but not limited to security requirements, e.g., CACs, DD254 coordination, etc., program protection compliance, cybersecurity compliance, flight testing, unmanned aerial systems (UAS), safety, d.measures, when required. Coordinate these actions with the Phase II PM or designee using p2@afwerx.af.mil.
- f. Maintain records, including copies of the contract/order and all modifications, unless available electronically; TPOC designation memorandum (this document); correspondence with the contractor; correspondence with the Contracting Officer; records of inspection activities and results; and all other documented actions taken as the TPOC. This information must be made available to the CO upon request. Contact the CO with documentation-related questions.
- g. If unable to perform the assigned TPOC duties, you are responsible for identifying a replacement TPOC. Notify the PM and CO immediately, so they can begin the transition process. Replacement TPOCs must acknowledge their assumed responsibilities by signing a new version of this memorandum. Your role as TPOC expires upon official re-designation by the CO. At that time, you must ensure all documentation is provided to the newly-designated TPOC.

4. During contract performance:
 - a. Do not discuss acquisition plans/strategies or provide advance information with potential to give one contractor an advantage over another in forthcoming procurements.
 - b. Do not instruct the contractor how to perform but rather of the contract/award's requirements.
 - c. Do not participate in the contractor hiring/termination processes.
5. It is essential you maintain a well-documented project folder/R&D case file. Each contract/order memorandum for record, other similar records, and other correspondence shall cite the contract number/order number. Copies of documentation and correspondence shall be furnished to the CO and others at the CO's request. Strictly adhere to restrictions regarding contractor proprietary data and business sensitive information. Contracting personnel are available for advice and guidance regarding fulfillment of contract terms.
6. You are required to complete on-line training modules regarding TPOC responsibilities. Defense Acquisition University, <https://www.dau.edu>, and Air Force myLearning, <https://lms-jets.cce.af.mil/moodle/>, offers online course modules. If these courses have been completed or annual recertification is current, these requirements are met. Email completion certificates or signed memoranda of completion for all required courses to p2@afwerx.af.mil. Training-related questions should be addressed to p2@afwerx.af.mil. Required course numbers:
 - ACQ 1010 Fundamentals of Systems Acquisition Management (8 hrs) or ACQ101 - DAU
 - CLC 106 Contracting Officer's Representative with a Mission Focus (3 hrs) - DAU
 - CLC 011 Contracting for the Rest of Us (2 hrs) - DAU
 - U.S. Air Force Annual Ethics Training - C08937 (1 hr) – myLearning
 - SYS600 Wide Area Work Flow (WAWF) Intro Course (1 hr) – myLearning
 - SYS601 Wide Area Work Flow (WAWF) Acceptor Course (1.5 hrs) – myLearning
 - Follow-on training
 - Additional training available for SBIR/STTR management and/or program-specific requirements.
7. Standards of Conduct and Conflicts of Interest. You are reminded Government employment, as a public trust, requires DoD personnel to place loyalty to country, ethical principles, and law above private gain and other interests. You must comply with DOD 5500.7-R, Joint Ethics Regulation. As a TPOC, you shall read and understand FAR 3.2, Contractor Gratuities to Government Personnel, to ensure official responsibilities are performed without actions which might result in, or reasonably be expected to create the appearance of, conduct prejudicial to the Government. You will not be placed in a position from which a conflict of interest might arise or justifiably be suspected. You are reminded the FAR and DFARS includes direction relating to gratuities. This direction applies not only to you but also to your family members. You are cautioned if any Standards of Conduct are violated, you will be subject to the full range of statutory and regulatory sanctions.
8. Upon award, a dually-signed copy of this designation shall be disseminated. Retain a copy of this designation letter for your official files. Should you have questions regarding this letter of appointment, please contact the Phase II PM and CO, to be identified upon contract execution.
9. By signing this memorandum, you acknowledge you understand, accept, and will abide by the full terms and conditions documented above.

TPOC SIGNATURE BLOCK

CO SIGNATURE BLOCK

ATTACHMENT 1d - PHASE III TRANSITION RESOURCES
(Info only; do not include in Memo)

Transition strategies include, but are not limited to, the following:

DAF Customer may consider transitioning the STTR technology by pursuing one or more specific strategies, e.g., 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 focus on risk reduction, new technology insertion, increased competition, equipment replacement, etc. The *Desk Reference* contains several sample transition strategies. The *Desk Reference* is found at:

https://www.airforcesmallbiz.af.mil/Portals/58/Phase%20III%20Desk%20Reference%20V%202%200%20PhaseIII_BookletV2-JAN2019-88ABW-2016-0636-low-res.pdf

DAF Customer may consider transitioning the STTR technology by awarding the company a Phase III contract via the Phase III special acquisition preference and/or through other small business programs such as Section 8(a), HUBZone, WOSB, or SDVOSB. This Phase III contract may be for further development, testing, evaluation, or production/delivery.

DAF Customer may consider transitioning the STTR Technology into their acquisition program(s) via stated preference for SBIR/STTR subcontractors in solicitations for contracts, orders, or assistance instruments. Evaluation criteria may be written to provide additional consideration for companies having searched for and entered into sub-agreements with SBIR/STTR Phase I, II, or III awardees whose technologies are pertinent to the solicited effort.

DAF Customer may consider transitioning the STTR technology by awarding the STTR company, or a team including the STTR company, a Phase III assistance instrument or other transaction with or without a follow-on procurement, e.g., grant, cooperative agreement, or other transaction for prototype agreement with or without a follow-on production contract.

DAF Customer may consider transitioning the STTR technology by supporting funding and/or other assistance for the STTR company under the Defense Production Act (DPA), and/or the Air Force's/other Federal agency's Mentor-Protégé Program (MPP).

ATTACHMENT 1e - STTR DEFINITIONS & SUITABILITY RESOURCES
(Info only; do not include in Memo)

**Identifying Research, Development, Testing, and Evaluation
(RDT&E) in SBIR/STTR Proposals**

The definitions and criteria below govern SBIR/STTR as Research, Development, Test, and Evaluation (RDT&E) programs. These definitions and criteria implement 15 USC 638, the SBA SBIR/STTR Policy Directive (Oct 2020), and DoD Financial Management Regulation (FMR), Vol. 2A, Chapter 1, Section 0102, *Funding Policies* (June 2004, as amended). Subject to programmatic phase conditions, SBIR/STTR awards are made for research, development, test and evaluation (RTD&E) efforts.

Phase I and Phase II Conditions: Consistent with 15 USC 638 and Combined SBIR/STTR Policy Directive (2019, both Phase I and Phase II awards are aimed at furthering “scientific and technical merit and feasibility” of ideas in the proposals. The object of Phase I is to conduct feasibility-related experimental or theoretical research/research and development related to agency’s described broad or narrow requirements, as to determine the scientific and technical merit and feasibility of the proposed effort and the quality of performance of the offeror. The object of Phase II is to continue the research/research and development effort from the completed Phase I (or from prior non-SBIR/STTR research in case of Direct-to-Phase II award). Phase II also includes a Special Phase II Testing and Evaluation authority.

Scientific and Technical Feasibility Determination IAW 15 USC 638(cc): Direct to Phase II awards are conditioned upon the awarding agency’s determination that the offeror’s idea has sufficient scientific and technical feasibility and merit despite the lack of Phase I award.

Research or Research and Development (R/R&D): Any activity that is: (1) A systematic study directed toward greater knowledge or understanding of the subject studied; (2) a systematic study directed specifically toward applying knowledge and innovation to meet a recognized but unmet need; or (3) a systematic application of knowledge and innovation toward the production of useful materials, devices, and systems or methods, including design, development, and improvement of prototypes and new processes to meet specific requirements. The term "research and development (R&D)" is intended broadly to include the work performed under a funding agreement with the government. It includes R&D in all fields, including the physical sciences, engineering, etc. **Research** is systematic study directed toward *fuller scientific knowledge or understanding* of the subject studied. **Development** is systematic use of *the knowledge and understanding gained from research*, for the production of useful materials, devices, systems, or methods, including the design and development of prototypes and processes.

Treatment of Commercial Off-the-Shelf (COTS) and Non-Developmental Items (NDIs):
COTS/NDIs: Items purchased directly from a commercial source that can be utilized **without alteration through design and development, or without modification**, are classified as **COTS or NDI**. This includes, for example, ready-to-use products, training services, and software licenses for ready-to-use software to satisfy service needs, including Software as a Service (SaaS). **Purchases of COTS and NDIs for use, including the first article and associated first article acceptance testing and related minor adjustments** are not suitable for SBIR/STTR funding. The acquisition of commercial items or NDIs for testing and operational evaluation **that do not require RDT&E engineering, design or integration effort** will not be funded by

SBIR/STTR funds. **However, if an end item requires design and development in order to accept the COTS or NDI**, funding for design and development effort could be funded by SBIR/STTR funds. If a COTS or NDI is required for RDT&E test purposes, the cost could be funded by SBIR/STTR funds.

Modified COTS/Modified NDIs: Commercially available items **that must be modified** to satisfy user requirements are classified as "**modified COTS**" or "**modified NDI**" articles. **In this instance, the first article, modification of the first article, and first article testing** could be funded by SBIR/STTR funds. Follow-on purchases will not be funded by SBIR/STTR funds. The number of "**modified**" **first articles** bought with SBIR/STTR funds will not exceed the quantity needed to conduct the RDT&E acceptance tests. **Modification** is technology refreshment that **significantly changes** the performance envelope of the end item. If the commercially available item **is modified and requires testing prior to approval** for service use or inventory it may be funded by SBIR/STTR funds, as all developmental items. In contrast to modification, **continuous technology refreshment** is the intentional, incremental insertion of newer technology to improve reliability, improve maintainability, reduce cost, and/or add minor performance enhancement, typically in conjunction with depot or field level maintenance. The insertion of such technology into end items as part of maintenance is not funded by SBIR/STTR funds.

INSTRUCTIONS TO OFFERORS: *The offeror shall describe its proposed RDT&E effort, i.e., is it research? If so, explain. It is development? Based on the research, what constitutes the development activity?*

Developing COTs or Commercial Product: If adapting a commercial product/process, what is the intended modification to the COTs or commercial product? Explain.

The offeror's proposal must also identify scientific and technical baseline based on relevant literature, and describe the RDT&E effort's advancing this baseline. As part of the Direct to Phase II proposal, the offeror shall provide information sufficiently enable thing agency to make a scientific and technical feasibility and merit determination IAW 15 USC 638(cc). The Team discussion shall address qualifications for conducting RDT&E, as well as commercialization.

Tie to Defense Acquisition Program: In furtherance of 15 USC 638(y), the offeror must identify any Defense Acquisition Program to which the proposal is tied, if known. This information will be used to identify any resulting Phase I or Phase II award in the Federal Procurement Data System (FPDS). If this information is not known, the proposal shall so state.