



# DEPARTMENT OF THE NAVY OFFICE OF SMALL BUSINESS PROGRAMS EXECUTIVE SUMMARY

Fiscal Year 2015



**“SMALL BUSINESS –  
THE FIRST OPTION”**

[HTTP://SMALLBUSINESS.NAVY.MIL](http://smallbusiness.navy.mil)



# DEPARTMENT OF THE NAVY OFFICE OF SMALL BUSINESS PROGRAMS

## SMALL BUSINESS—THE FIRST OPTION FOR INNOVATION



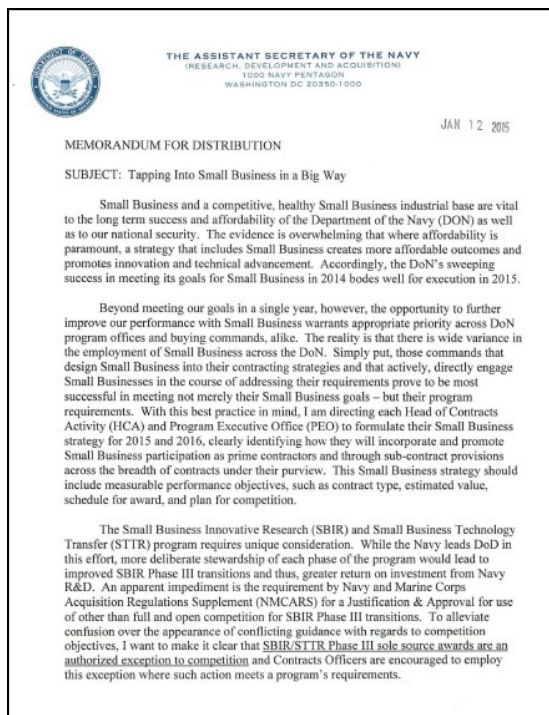
This edition of the Department of the Navy's (DON) Executive Summary highlights some of the innovative products and services small businesses delivered in FY15 as prime contractors in support of our Sailors and Marines. The DON's small business performance, as indicated by the metrics upon which we are measured, is good. However, Small Business is not just about the metrics. In light of declining defense budgets and rising sustainment costs, the need to increase competition and get innovative solutions in the hands of our sailors and marines, quickly and affordably is clear.

In my article in the November/December 2015 edition of the [Navy Supply Corps Newsletter](#), I challenged the DON acquisition workforce to think of small business as the first option. "Small Business - The First Option" has been the Office of Small Business Program's (OSBP's) motto since January 2010. Now, more than ever, all DON acquisition professionals, as well as requirements

personnel, need to think and act upon this motto. Not to meet a goal, but to access the advantage, innovation, agility, responsiveness and competition that small businesses bring to the fight, allowing America to retain its technological superiority.

Recognizing that "Small Business - The First Option" cannot be the motto of Small Business Professionals alone, the Assistant Secretary of the Navy for Research Development and Acquisition (ASN RD&A), the Honorable Sean J. Stackley, signed his "Tapping into Small Business in a Big Way" memo in January 2015. In this memo, Secretary Stackley explains that a "healthy Small Business industrial base is vital to the long term success and affordability of the DON as well as to our national security." He tasks Deputy Program Managers as Small Business Advocates for their programs and asks Heads of Contracting Activities and Program Executive Officers to develop a Small Business Strategy.

The mission of the DON OSBP is to promote acquisition opportunities where small business can best support the needs of our Sailors and Marines. Through policy, advocacy, and training, we foster industry innovation, technology development, and the acquisition of quality products, services, and solutions from small business providers.





## DIRECTOR'S UPDATE

During the first quarter of FY16, the DON OSBP, along with the Associate Directors from each DON Buying Command developed five Focus Areas for the DON's OSBP. Each of the Focus Areas has several Objectives upon which I won't elaborate here. For a list of objectives under each focus area click [here](#).

- Professional Workforce Development - Implement the new Small Business Professional Career Field
- Enhance Collaboration in the Acquisition Process – Ensure Small Business Professionals are involved early
- Increase Communication - With industry and the DON's requirements and acquisition workforce
- Train the DON Acquisition Workforce - Develop a knowledge management portal and train Deputy Program Managers in their Small Business Advocate role
- Improve Metrics- Provide additional insight into small business utilization across the DON

I want to hear your thoughts and ideas on how we can make "Small Business -The First Option" a reality. Contact me at [Emily.Harman@navy.mil](mailto:Emily.Harman@navy.mil). Please stay in touch by connecting with the DON OSBP via twitter [@DON\\_OSBP](#) and Facebook <https://www.facebook.com/NAVYOSBP>.

Finally, I would like to publicly recognize and thank my Deputy, Ms. Patricia Obey, for leading the DON's Small Business Program as the Acting OSBP Director from November 2014 – August 2015. The accomplishments documented in this Executive Summary occurred under her watch and resulted from initiatives my predecessor, RADM (retired) Mr. Seán Crean, put into place under his tenure as the DON OSBP Director from January 2010 until October 2014.

Emily Harman  
Director, DON OSBP



# DEPARTMENT OF THE NAVY OFFICE OF SMALL BUSINESS PROGRAMS

## HEADQUARTERS MARINE CORPS, I&L



The Installations and Logistics (I&L) Team leads innovation and modernization efforts that focus logistics and infrastructure development through the 21st Century. ZiBiz, an 8(a) Small Business was awarded numerous Information Technology orders under a Basic Ordering Agreement. The firm utilized communication locks that not only deliver optimum protection, but also give the users organizational flexibility. The system provides access control which allows users to monitor/restrict access to vital areas of their facilities through a user management system. This system provides “control” solutions for security at access points to buildings, containers, as well as for recording personal and enterprise data and prevents the loss or compromise of sensitive



information. Communication locks track who gains access to secured locations.. Another task order provides Air Fortress ES520-35 Deployable Mesh Point devices and accessories to modernize the existing wireless infrastructure across the Consolidated Storage Program (CSP) enterprise. This order provided the replacement devices for the FC-250 appliances that were currently in place at CSP facilities across the enterprise. The new devices allow CSP facilities to comply with Marine Corps requirements by providing secure, high performance networking (e.g., inventory moves, returns, issues, and equipment transfers) in all of CSP’s operational environments. In FY15, I&L awarded \$336.7M to small businesses as prime contractors. This equates to 32.5% of its total contract award spending.

## MARINE CORPS SYSTEMS COMMAND



Marine Corps Systems Command (MCSC) serves as the DON’s systems command for Marine Corps ground weapon and information technology system programs in order to equip and sustain Marine forces with full spectrum, current and future expeditionary and crisis-response capabilities. Program

Executive Officer Land Systems will meet the warfighter's needs by devoting full-time attention to Marine Corps weapon systems acquisition while partnering with MCSC in order to develop, deliver and provide life cycle planning for assigned programs. The Rapid Innovation Fund (RIF) provides a collaborative vehicle for small businesses to provide the DON with innovative technologies that can be rapidly inserted into acquisition programs that meet specific defense needs. During FY15, MCSC awarded five RIF contracts totaling \$11.6M to small businesses for technology solutions that will benefit the Marine Warfighter. The RIF technology solutions included the Air Deployable Remote Sensing System, High Pressure Vacuum Relamination of Transparent Armor, Rapid Portable Non-Invasive Intracranial Pressure Assessment and Screening System, Scalable Hybrid Intelligent Power System, and the Self-Propelled Robotic Pallet. The Command obligated \$488M or 27.04% of our total contract obligations to small businesses during FY15, with local small businesses in the surrounding counties of Prince William, Stafford, and Spotsylvania winning over \$100M of those small business obligations under small business set-asides. MCSC and our affiliated PEOs are committed to the utilization of small business capabilities and technology solutions.



## EXECUTIVE SUMMARY



# MILITARY SEALIFT COMMAND



Military Sealift Command (MSC) is the leading provider of ocean transportation for the Navy and the rest of the Department of Defense – operating approximately 115 ships daily around the globe. The majority of MSC contracting dollars are spent in two areas: Deep Sea Freight Transportation and Ship Repair. Small businesses provide vital support to MSC in regards to ship repair work, short and long term charter vessel requirements and support services, for our more than 5,000 civilian mariners, and multitudes of

parts for our ships. In FY15, MSC awarded \$694 million to small businesses. That equates to approximately 42.81% of total contract award spending. In FY15, MSC increased the use of the cascading small business set aside approach for charter vessel requirements. One such success was the award of a \$60 million dollar, 5 year, time charter vessel requirement to Sealift, Inc., of Oyster Bay, New York, a small business, as a “cascading small business set aside,” meaning it was unrestricted, but if two or more qualified small business concerns submitted offers, it would become a small business set aside. Our small business partners provide vital support and services, which allows MSC to operate the ships which sustain our warfighting forces and deliver specialized maritime services in support of national security objectives in peace and war.



# NAVAL AIR SYSTEMS COMMAND



NAVAIR provides full life-cycle support of Naval aircraft, weapons, and systems operated by Sailors and Marines. The Advanced Data Transfer System (ADTS), a state of the art digital data loader and recorder for aircraft, was developed by Woman Owned Small Business, Physical Optics Corporation (POC). ADTS enhances aircraft capabilities by providing faster, more secure uploads and downloads

of specific aircraft data. ADTS features DOD-approved encryption methods and meets current information assurance requirements for all Naval aircraft. The system is also scalable, so that unique platform requirements can be met. The system was developed under multiple Small Business Innovation Research (SBIR) Phase I and II requirements, and is being procured under an FY15 SBIR Phase III production contract. The Army and Air Force have also benefitted from NAVAIR’s SBIR investment, as both intend to procure production systems. In FY15, NAVAIR awarded \$1.409B to small businesses as prime contractors, equating to 10.06% of total contract spending.



# DEPARTMENT OF THE NAVY OFFICE OF SMALL BUSINESS PROGRAMS

## NAVAL FACILITIES ENGINEERING COMMAND



NAVFAC is the systems command that builds and maintains sustainable facilities, delivers utilities and services to installations, and provides Navy expeditionary combat force capabilities. In FY15, NAVFAC awarded over \$3.2B to small businesses representing over 50% of contract obligations. The command exceeded all assigned small business goals over the past four years and has a proud history of leading the DON in small business achievements. While contract specifications for construction and installation support services are often firmly established, NAVFAC small business partners pursue innovation through building and



system designs, proposed alternate work processes and research & development. For example, a splash zone coating to protect waterfront steel structures that was developed with SBIR funding is now commercially available. It lasts 2-3 times longer than current coatings, provides significant savings and offers both operational and environmental benefits. The new coating will be used for both in situ maintenance (original intent) and new construction for even greater savings. NAVFAC has successfully institutionalized a culture of seeking small business opportunities first. NAVFAC professionals work tirelessly to identify and leverage the extensive capabilities of our nation's small business enterprises.

NAVFAC OSBP-Gateway to Opportunities !



## NAVAL SEA SYSTEMS COMMAND

NAVSEA designs and builds surface ships, submarines and major weapons systems for the Navy. In FY 15, NAVSEA awarded approximately \$2.2B in prime contracts to

Small Business concerns. More than half of these prime contract awards were made by NAVSEA's ten Warfare Center Divisions. NAVSEA's continued use of SeaPort-e and Small Business Innovative Research (SBIR) contracting vehicles has allowed for increased prime contracting opportunities for Small Business. Examples include: A Phase III SBIR contract valued at \$49M awarded to SimVentions, Inc. for the delivery of innovative tools, technologies and engineering services that provide for the rapid development of tactical capabilities. Command Engagements: On 13 August NAVSEA held its first and very successful small business industry day (Operation Innovation). Representatives from more than 180 small businesses were in attendance to meet with program offices and listened to presentations by NAVSEA and Navy leadership including Assistant Secretary of the Navy for Research, Development and Acquisition, the Honorable Sean Stackley.



## EXECUTIVE SUMMARY



# NAVAL SUPPLY SYSTEMS COMMAND



NAVSUP's mission is to provide supplies, services, and quality-of-life support to the Navy and Joint warfighter. In recent years, Small Business Professionals have sought innovative ways to reach new suppliers. At the NAVSUP Weapon Systems Support (WSS), the Small Business Technical Advisor (SBTA) turned to social media as a new venue by which he can reach suppliers, advertise upcoming Navy-sponsored

events, and communicate with potential sources in the aviation and manufacturing arena. The SBTA uses social media messaging tools to find out more about a company's capability, contacting company representatives to share information on doing business with the Navy and with WSS. At the end of FY15, the SBTA had more than 600 contacts, of which half are new to the WSS and including 20 from the aerospace industry. One potential source has prior DoD aviation experience with the Army and Air Force, and is in communication with the SBTA to determine whether that experience can be applied to WSS opportunities.



# OFFICE OF NAVAL RESEARCH



The Office of Naval Research (ONR) explores the cutting edge of science and technology (S&T) and strives to transition that S&T into acquisition programs. In FY15, ONR, through its partnership with industry, awarded \$513M or 43.03% of its

prime contracts to Small Businesses. Examples of ONR Small Business success stories include engagement with Strategic Analysis (SA), a small business, the technical lead for a Navy Metalworking Center ManTech project (S2642 Fuel Cell Producibility) focused on reducing the production costs for the fuel cell intended to replace batteries in an Unmanned Undersea Vehicle (UUV). SA is leading the effort to identify cost-saving alternative materials and production processes by reviewing each specific component of the Long Endurance Undersea Vehicle Propulsion (LEUVP) Future Naval Capability (FNC). SA identified multiple areas of opportunity and is prioritizing a list of alternatives based on return on investment and overall technical risk to the program. The results of this effort will be transitioned into the LEUVP FNC program and incorporated into the prototype system. Implementation is planned for the initial production run of the UUV after the fuel cell technology is transitioned to the naval acquisition program in the FY18-19 timeframe.



# DEPARTMENT OF THE NAVY OFFICE OF SMALL BUSINESS PROGRAMS

## SPACE AND NAVAL WARFARE SYSTEMS COMMAND



The Space and Naval Warfare Systems Command (SPAWAR) delivers information warfare and cyber capabilities. Installation of the Consolidated Afloat Networks and Enterprise Services (CANES) - the Navy's next generation tactical afloat network - continued across the fleet in FY2015. CANES is the Navy's afloat cyber platform, providing significant advances in application hosting and system management while reducing the



number of network variants by ship class. CANES production contract is a \$2.5B, eight-year Multiple Award Contract with seven awardees to include one to Global Technical Services, a small business concern. FY 2015 was also a busy year in space. The third and fourth Mobile User Objective System (MUOS) satellites, the Defense Department's next-generation satellite communications system, were launched in January and August. Two small business concerns provided support of the MUOS launches. Vector Planning Solutions, Inc. (VPSI) provided support for launch activities to include development rehearsal, mission dress rehearsal, independent crew exercises, factory compatibility testing, over the air rekey testing, mission sequence testing, launch based compatibility testing, launch pad data flow events, and day of launch support. VPSI also provided monitoring of the factory testing of both the ground and space hardware and support during the phases of single line flow testing for the MUOS satellites reducing potential risk and ensuring the probability of successful launches. SBG Technology Solutions, an 8(a) service-disabled, veteran-owned small business, developed key visual communications products and provided logistics support for the MUOS launches. MUOS provides secure, smartphone-like voice clarity and data communications for mobile U.S. forces. SPAWAR awarded over \$1.275 billion to small businesses, resulting in a small business achievement of 27.87%. SPAWAR also exceeded the targets for all of the small business socio-economic categories resulting in an overall small business set-aside rate of 73.79%.



## STRATEGIC SYSTEMS PROGRAMS

Strategic Systems Programs (SSP) is the Nation's premier provider of cost effective, safe, secure, and reliable sea-based nuclear strategic deterrent systems and related technologies. SSP is the Navy's Program Manager and Weapons System Integrator, providing cradle-to-grave life cycle design, production, deployment, and support for Submarine Launched Ballistic Missiles (SLBM) and associated systems that make up the Strategic Weapons System (SWS) installed on U.S. and UK

ballistic missile submarines (SSBNs). The majority of SSP's contracting dollars are spent in three areas: engineering, administrative and technical services that include logistics, information, and financial support services. In fiscal 2015, SSP awarded a particularly innovative award to Paladin Data Systems Corporation for Nuclear Weapons Security Forces Qualification and Certification Management Software and Technical Support. Paladin is a small business that specializes in advanced technology solutions and software development. Under the \$1.2M contract, Paladin will design and utilize software that will streamline, track, and communicate information that will merge and automate processes and tools used to document warfighter qualifications, certifications, and generate security watch standing schedules. Historically these efforts were manually generated, highly labor extensive, and prone to human error. With the support of this small business, SSP will move forward with an innovative personnel readiness tool capable of maintaining and forecasting knowledge, skills, and abilities of the workforce, designed to increase the speed and accuracy of the security watch standing schedules. This small business award is part of an ongoing effort to create a more innovative, efficient and effective "watchbill" system to support the needs of a 21st century Navy (Security Force).



## EXECUTIVE SUMMARY





## MENTOR-PROTÉGÉ PROGRAM SPOTLIGHT 2015 NUNN-PERRY AWARD WINNER

Congratulations Lockheed Martin MST (Lockheed) and their protégé, Crowley Fabricating and Machining Co. (Crowley), for being chosen as one of the 2015 Department of Defense (DoD) Mentor-Protégé Program Nunn-Perry award winning teams! This prestigious award recognizes outstanding mentorship as well as the protégé's successes in revenue building, capability development, increased employees, as well as increased prime and subcontracting opportunities in support of the



Department of the Navy's (DON)/ Naval Air Systems Command (NAVAIR) Program Management Activity (PMA)-299 contract missions and objectives. Crowley Fabricating and Machining Co. Inc. is a Service-Disabled Veteran Owned Small Business (SDVOSB) operating out of Endicott, NY that specializes in metal stamping, Computer Numerical Control (CNC) milling and turning, water jet cutter and sheet metal fabricating and assembly. For the past 30 years, Crowley has served the Aerospace, Defense and Commercial Markets. Since the beginning of this Mentor-Protégé relationship, Crowley's successes have been significant even amid great challenges. A decline in business opportunities and making company cuts and adjustments are just a couple of ways that Crowley endured one of the nation's worst economic and financial periods, sequestration. However, regardless of the difficulties faced during sequestration, Crowley has prevailed. Crowley had a 33% increase in employee growth, 97% increase in annual revenue, has been awarded over 6 DoD prime contracts and over 360 DoD subcontracts, increased technical innovations such as Coordinate Measuring Machine (CMM) techniques, spot welding, sheet metal fabricating expansion and achieved ISO9001 and AS9100 certification, which was all achieved during the Mentor-Protégé agreement. All of this success could not have been achieved without the diligence, guidance and mentorship of the Lockheed's team. Lockheed has been a tried and true large business that has been the mentor too many of DON's small business protégés. The DON's Office of Small Business Programs (OSBP) is excited and proud that another one of its Mentor-Protégé teams achieved such an esteemed award. We look forward to working with both Lockheed and Crowley in future endeavors.



## MENTOR-PROTÉGÉ PROGRAM COMPLETION

Congratulations to the Battelle Memorial Institute (Battelle) and Integrated Science Solutions, Inc. (ISSi) for successfully completing the DON Mentor-Protégé Program. Battelle is a non-profit research and development company, with over 22,000 employees at more than 60 locations globally. A 501(c)(3) charitable trust. Its national laboratories maintain a contract research portfolio spanning consumer and industrial, energy and environment, health and pharmaceutical and national security. ISSi is a Women-Owned Small Business (WOSB) that provides a multitude of services including: project management, earth and environmental science and engineering, regulatory compliance, nuclear and hazardous waste management, industrial occupational and radiological health and safety, risk assessment and risk management, energy, water and natural resource development. Through this Mentor-Protégé Agreement, ISSi supported NAVFAC with its Environment Restoration Program as they sought to make the program more environmentally sustainable, more efficient and more effective in cleaning up sites, achieving regulatory closure of containment sites and reducing the time and cost of remediation through optimization. ISSi provided a host of services that included bioremediation, in situ injection, treatment wall technologies Green and Sustainable Remediation (GSR) techniques including the use of SiteWise and human health risk assessment analysis to remediate environmental contamination and unexploded ordnance (UXO) sites.

# DEPARTMENT OF THE NAVY OFFICE OF SMALL BUSINESS PROGRAMS

## SMALL BUSINESS INNOVATION RESEARCH SMALL BUSINESS TECHNOLOGY TRANSFER

The federal SBIR and STTR Programs are a primary seed funding source with \$2B in FY15 supporting innovative technology research and development work of the nation's small businesses. The DON FY15 SBIR/STTR budget of \$321.4M focused on high-priority research needs identified by the Navy's Sea, Air and Space commands, the Marine Corps, the Office of Naval Research, and some smaller Navy organizations. DON SBIR/STTR's "best in class" reputation is staked on its proven ability to meet priority naval needs by transitioning SBIR/STTR technologies into Programs of Record. Non-SBIR/STTR mission funding invested in SBIR/STTR projects is a key success metric: 140 such investments were made in FY15 through Phase III awards worth an aggregate \$384M, with more Phase IIIs continuing to accrue.

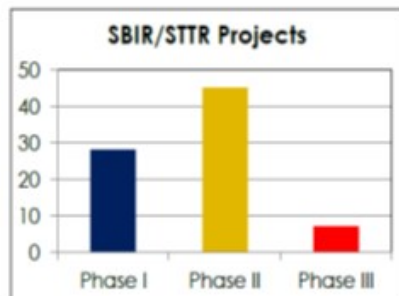
### SBIR/STTR INNOVATION ENABLES AFFORDABILITY AND CAPABILITY

SBIR/STTR technologies are increasingly successful at "buying their way" on board a wide variety of Navy/Marine Corps subsurface, surface and air platforms. Two national security game-changers are the Fire Scout UAV and the Electromagnetic (EM) Railgun, both deploying substantial numbers of SBIR/STTR technologies to deliver affordable innovation and marked new capabilities.



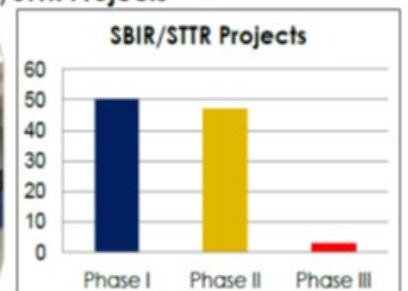
#### MQ-8B Fire Scout

- Autonomous take off/land from air-capable warship
- Unprecedented situational awareness & targeting
- **16 SBIR/STTR Technology Providers**
  - 80 Contributing SBIR/STTR projects



#### Electromagnetic (EM) Railgun

- True warfighter game changer
- Long-range weapon fires projectiles using electricity
- Multi-discipline, multi-industry SBIR-supported research
  - **38 SBIR/STTR Technology Providers**
  - **100 Contributing SBIR/STTR Projects**





# UNMANNED SYSTEM SUCCESS IN SAVING LIVES: HOW SILVER FOX BECAME EMILY



Hydronalix is a uniquely successful SBIR/STTR firm: founded in 2009 in the small rural community of Sahuarita, Arizona, they are a 2015 Tibbetts Award recipient with 15 permanent employees, cumulative commercialization revenue of over \$6 million, and a game changer in the world of saving lives. Hydronalix's flagship product is the Emergency Integrated Lifeguard Lanyard (EMILY) the robotic lifeguard. EMILY's core technology stems from an ONR STTR project that developed the Silver Fox UAV, which bundled more than 20 SBIR/STTR technologies. Silver Fox deployed in 2007 to provide convoy protection support to the Second Marine Expeditionary Force. Today, EMILY robot

systems are saving the lives of people and first responders from Los Angeles to Indonesia. During the last week of November 2014, EMILY demonstrated her abilities with the Los Angeles City and County Fire Departments, while being featured on NBC Nightly News, and is slated to be put on all fire vehicles to reduce the amount of manpower required for water rescues. She has proven her worth during the tsunami and storm flood responses in Indonesia and Mongolia as well as being in continuous use in Los Angeles County during major holiday weekends. In Depoe Bay Oregon, the Fire Department Swift Water Rescue team rescued a father and child approximately a quarter mile out from shore with EMILY in heavy surf conditions – rough water in which two small children earlier drowned.

EMILY is also in use in Korea, Japan, Hong Kong, and France. EMILY is being demonstrated to other municipality first responders including the City of Austin in Texas as a way of saving lives and operational budget costs. The DON SBIR/STTR Program Office saw EMILY in action during her demonstration in Austin, Texas during the 2015 SBIR/STTR Regional Summit – just as the Greek government was urgently ordering EMILYs to support refugee rescues at sea. We look forward to seeing EMILY continue to save lives and improve safety and operating costs for the communities using her.



# DEPARTMENT OF THE NAVY OFFICE OF SMALL BUSINESS PROGRAMS

## DEFENSE INDUSTRIAL BASE ENGAGEMENT



The DON participates in Small Business outreach events to enhance communication between industrial base and the Department's buying commands. The DON OSBP hosts two major small business outreach events each year: the Navy Gold Coast Procurement Event on the West coast and the Small Business Forum at the Sea Air Space Exposition on the East coast.

On April 15th, 2015, the DON OSBP hosted the second annual Small Business Forum at the Sea Air Space Exposition. The Forum opened with networking and a continental breakfast, followed by a special opening presentation from the Director (Acting) of DON OSBP, Ms. Patricia Obey. The Honorable Sean Stackley, Assistant Secretary for Research, Development and Acquisition, addressed the actions that the DON is taking to lower the barriers small businesses face in contracting with the DON. Mr. Stackley also conducted a Small Business Roundtable following the event. In addition, an exclusive matchmaking event was held between dozens of Small Businesses and representatives from the DON Major Buying Commands.

Ms. Emily Harman, the DON OSBP's new Director addressed the audience of almost 1,400 attendees at the 27<sup>th</sup> Navy Gold Coast Small Business Procurement Event in San Diego, themed "Building Our Future Together, Through Innovation and Technology." Ms. Harman conducted a fireside chat with the Honorable Maria Contreras-Sweet, the Administrator of the U.S. Small Business Administration where they discussed Small Business opportunities in government contracting.

Mr. Stackley's "Tapping into Small Business in a Big Way" memo impacted the DON's outreach efforts in a positive way. NAVSEA held their first Industry Day, attracting over 180 small businesses. PEOs and PMs actively participated, met with industry representatives and manned booths to increase their availability to small businesses seeking to do business with NAVSEA. PEO (U&W) held an Industry Day that resulted in over 200 white papers addressing topics of interest to the PEO. Small businesses submitted 49% of the white papers that resulted in follow-up meetings between the contractor and the Program Offices. NAVFAC held a series of well attended public industry days in three cities during September 2015 to discuss energy storage solutions, extending the life of airfield pavement, improving lighting technologies, cybersecurity of industrial control systems and innovative construction methods. Marine Corps Systems Command developed and conducted industry briefings for 500 small businesses during FY15.



## EXECUTIVE SUMMARY



# SMALL BUSINESS ACQUISITION

## Long Range Acquisition Forecast:

In accordance with title 15, U.S.C., section 637(a)(12)(C), the DON submitted a forecast of expected contract opportunities to the Small Business Administration and DoD Director of the OSBP. Establishment of a comprehensive long-range acquisition forecast will foster communication between the DON and industry, as well as increase competition. The forecast will greatly aid in industry planning by providing advanced knowledge of DON requirements.

The DON forecast documents unclassified requirements that DON activities are planning to award over three fiscal years, regardless of acquisition strategy or business type. The most current DON forecast is publicly available to industry on the DON OSBP website at: <http://www.secnave.navy.mil/smallbusiness/Pages/lrae.aspx>.

## Acquisition Oversight:

In accordance with SECNAVINST 4380.8C, the DON OSBP participates fully in acquisition oversight activities, along with the Deputy Assistant Secretary of the Navy - Acquisition and Procurement (DASN AP). In 2015, the DON OSBP continued with increased oversight of contracting activities by participating in assessments of three contracting activities. Also, in FY2015, the DON OSBP provided advisories on DON activity insourcing requests. The reviews include thorough assessment of business case analyses which describe the impact to small business concerns, as well as any impact to the command's overall small business performance goals.

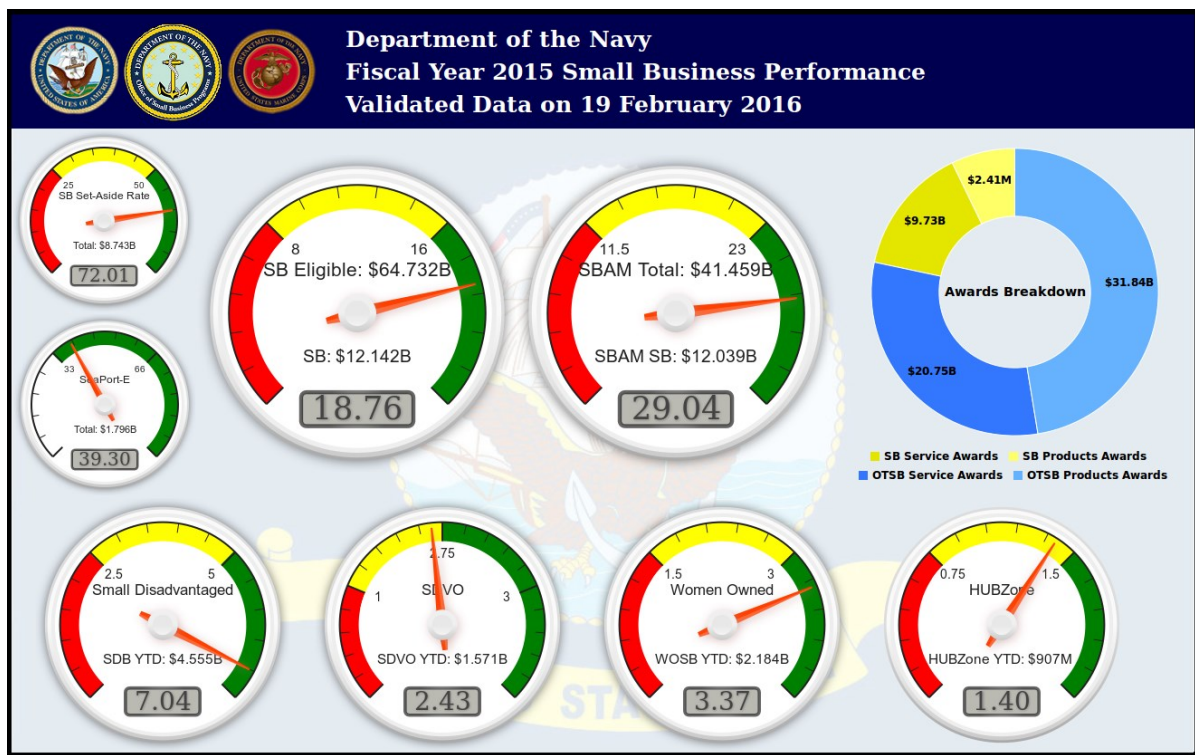
## Communication with Industry:

The Honorable Sean Stackley, ASN/RDA, conducted a Small Business Roundtable in 2015 in Washington DC. The Small Business Roundtables are conducted with randomly selected small businesses in an effort to enhance communications and to identify policies and practices which may erect barriers to Small Businesses when conducting business with the DON. In addition, Mr. Stackley held two contracting offsite meetings with DON Heads of the Contracting Activities (HCAs) and dedicated parts of each offsite to provide the HCAs with feedback from the Small Business Roundtables. As a result of the communications, each one of the DON commands are in the process of adding a section to their public facing websites to address small business questions.

# DEPARTMENT OF THE NAVY OFFICE OF SMALL BUSINESS PROGRAMS

## IMPROVING SMALL BUSINESS PERFORMANCE

In FY15, DON achieved four (4) out of six (6) of its internal Small Business and socioeconomic goals (Small Business, Small Business Accessible Market, Small Disadvantaged, and Women-Owned). DON also achieved all five (5) Key Performance Indicator (KPI) targets in FY15 - “Sweetspot” Simplified Acquisition Threshold (SAT), GSA Federal Supply Schedule, Small Business Set Asides, SeaPort-e Task Orders, and Service Portfolios Small Business performances. This performance is representative of remarkable performance and improvement efforts of our Major Head Contracting Activities (HCAs) to maximize the practicable opportunity within the Small Business Accessible Market.



The Department awarded over \$64.7B in total Small Business Eligible procurements with \$12.1B or 18.76% of those awards going to Small Business. In terms of socioeconomic group performances DON exceeded its Small Disadvantaged Business (SDB) goal by awarding \$4.6B or 7.04% (on a goal was 5%) of total awards to SDB vendors and its Women-Owned Small Business (WOSB) goal of 3.0% by awarding \$2.2B or 3.37% of total spend to WOSB. Thanks to the efforts of NAVFAC and SPAWAR, DON awarded \$907M or 1.40% of total awards to HUBZone falling just short of the 1.5% goal for FY15. While the Department is still working towards achieving 3% of Service Disabled Veteran Owned Small Business (SDVOSB) performance, DON did award \$1.6B or 2.43% of total awards to SDVOSB vendors. Additionally, five (5) of the ten (10) Major Head Contracting Activities (HCA) exceeded all five (5) of their SB targets and three (3) exceeded four (4) of their SB targets.

## EXECUTIVE SUMMARY



## SMALL BUSINESS ACCESSIBLE MARKET

The DON has a significant amount of spend each fiscal year obligated to programs that, at the prime contracting level, are awarded principally to Other Than Small Businesses (OTSB). These are areas where the small business industry has little or no industry to support the requirements such as manufacturing of major shipbuilding, nuclear reactors, missile systems, winged aircraft, weapon systems, and some R&D. As a result of these spends not being accessible to Small Business, the DON developed the Small Business Accessible Market (SBAM) in FY13 to gauge how well Navy performs in markets and industries where Small Business has an opportunity to compete for awards.

Currently, the DON defines the SBAM as spends for Product Service Codes (PSC) where Small Business achieved greater than 1% market share across the federal government over the past fiscal year. If a PSC had less than 1% of its awards go to Small Business in FY14 the spends associated with that PSC code were removed from our base because those spends do not present adequate opportunity to Small Business. While DON awarded \$64.7B in SBA Small Business Eligible procurements\* only \$41.5B or 64.1% of those awards were in PSC codes and industries within the Small Business Accessible market. By removing the \$23.2B of FY15 spend in PSCs that Small Business has not historically had at least a 1% market share of the Department achieved a SBAM performance of 29.04% surpassing the Federal statutory goal of 23%. Shifting the focus of the Departments HCAs and Contracting Offices to socializing the SBAM to potential vendors enables small businesses to market to those buying commands that offer the greatest competitive opportunity for achieving success with the Navy and Marine Corps.

## SEAPORT-E AND SMALL BUSINESS SET-ASIDE RATE

When DON OSBP redesigned the Small Business Executive Performance Dashboard it added two new KPIs that were not previously tracked – the SeaPort-e Small Business performance and the Small Business Set-Aside Rate. The SeaPort-e SB performance provides an indication of the amount of executed SeaPort-e Task Order awards that went to Small Business; the SeaPort-e Task Order Report is obtained each week via Crystal Reports. The Small Business Set-Aside Rate provides the percentage of Small Business awards that are awarded as a result of a Set-Aside based on data in FPDS-NG. In late-FY14 it was discovered that FPDS-NG was not correctly capturing Set-Aside data for SeaPort-e awards but we were able to use other data sources to augment the Set-Aside data from FPDS-NG. Using this additional data we have determined that DON achieved a SB Set-Aside Rate for FY15 of 72.01% indicating that over 70% of all SB awards for DON are the result of a Set-Aside.

OUR MISSION IS TO HELP THEM...



COMPLETE THEIRS SAFELY