Skylight

2026 edition, version 5

How to Engage Skylight Using the Federal SBIR/STTR Program

A guide for contracting officers and contract specialists making a Phase III award

Questions about a Phase III award with Skylight? hello@skylight.digital

This guide summarizes federal law and policy as of October 19, 2026. It is not legal advice. Follow your agency's acquisition supplement and class deviations.

Contents

SBIR/STTR and Phase III on one page 3
Phase III at a glance 3
Glossary 5
Overview 6
What's new in 2026 6
FAQs 8
1. What's the SBIR/STTR program? 8
2. How are SBIR and STTR awards made? 8
3. Is the program still authorized? What happened during the 2025–2026 lapse? 8
4. Can a Phase III award be made on an effort that's still in Phase I or Phase II? 9
5. What type of contract can be a Phase III contract? 9
6. Is competition required for Phase III awards? 9
7. Does a Phase III award require a justification and approval (J&A)? 9
8. Can Phase III awards be made if the contractor is no longer a small business? 10
9. What funding can be used for Phase III? 10
10. What work can a Phase III cover? 10
11. Can an agency award a Phase III if it didn't sponsor the Phase I or Phase II? 11
12. Can a Phase III be placed as an order on an existing contract vehicle? 11
13. What does an order on a GSA schedule or another multiple-award contract need? 11
14. Can simplified acquisition procedures be used? 12
15. Must a solicitation be issued or the action publicized? 12
16. Can a Phase III contract include options? 12
17. Does SBA need to approve a Phase III? 12
18. How do I know if an effort derives from, extends, or completes prior SBIR/STTR work? 13
19. Can multiple Phase III contracts go to the same firm? 13
20. Are there workshare requirements? 13
21. Does a Phase III from STTR work need a research institution partner? 13
22. Should the award be called SBIR Phase III or STTR Phase III? 14
23. What data rights apply to a Phase III? 14
24. How should a Phase III be reported in FPDS? 14
25. Are there new security or due-diligence checks? 15
26. Can a Phase III award be protested? 15
Skylight's SBIR/STTR technologies 16
Skylight's Phase III awards 17
How to award a Phase III contract to Skylight 19
Sample language for the contract file 21
Appendix A: Statutes, regulations, and resources 23
Appendix B: FAR Part 6 text (Revolutionary FAR Overhaul) 25

SBIR/STTR and Phase III on one page

SBIR (Small Business Innovation Research) reserves a share of federal research and development funding for small businesses to develop technologies with commercial potential. **STTR** (Small Business Technology Transfer) does the same for cooperative R&D between a small business and a research institution, such as a university. Congress has authorized both through September 30, 2031, and SBA writes the rules agencies follow. Awards come in three phases.

	Phase I	Phase II	Phase III
WHAT HAPPENS	**Feasibility.** The company tests the technical merit and feasibility of an idea.	**Development.** The company builds on Phase I results and develops the technology.	**Commercialization.** The company moves from R&D to a fielded product, service, or capability.
DURATION	Usually 6 to 12 months	Usually about 2 years	No limit
DOLLAR VALUE	Up to $335,937 without SBA approval	Up to $2,239,578 without SBA approval; strategic breakthrough awards up to $30 million at the largest agencies	No limit on value or number of awards
PAID FROM	The agency's SBIR/STTR set-aside	The agency's SBIR/STTR set-aside	Any funds proper for the work, except SBIR/STTR set-aside funds

Phase I and Phase II are competed. Because the company already won that competition, an agency can award a Phase III without competing the work again.

- **No written J&A for a contract.** Contracts under RFO FAR 6.103-5 need no written justification and approval; document the file instead. An order on a GSA schedule or a multiple-award contract needs a short written justification (FAQ 13).
- **No dollar ceiling.** Phase III has no limit on dollar value, duration, or number of awards.
- **Any federal agency can award it.** The agency doesn't need to have sponsored the Phase I or Phase II.

Phase III at a glance

Any federal agency can award Skylight a sole-source **SBIR/STTR Phase III** contract for work that derives from, extends, or completes our earlier SBIR and STTR awards. There is no dollar ceiling, and the law treats the competition as already satisfied.

QUESTION	SHORT ANSWER	MORE
Authority	15 U.S.C. 638(r)(4); 10 U.S.C. 3204(a)(5) or 41 U.S.C. 3304(a)(5); FAR 6.103-5 (RFO)	FAQ 6
Is a J&A required?	Not for a contract under RFO FAR 6.103-5. An order on a GSA schedule or a multiple-award contract needs a short written justification.	FAQs 7 and 13
Dollar, time, or number limits	None	FAQ 19
Funds	Any funds proper for the work, except SBIR/STTR program funds	FAQ 9
Size status	Doesn't matter for Phase III	FAQ 8
Data rights	SBIR/STTR data rights, protected for 20 years from award	FAQ 23
Reporting	FPDS Research code SR3 (SBIR) or ST3 (STTR)	FAQ 24
Skylight's prior awards	U.S. Air Force topic AF20A-TCSO1: STTR Phase I FA864920P0634, STTR Phase II FA864920P0995, SBIR sequential Phase II FA877124C0005	"Skylight's SBIR/STTR technologies"

What goes in the contract file: a short determination that the work derives from, extends, or completes Skylight's earlier awards (a "DEC statement"), the authority, the topic number, and the Phase I and Phase II contract numbers. "Sample language for the contract file" has text you can adapt.

Contact us: hello@skylight.digital. UEI F1QZXZNLZJF2. CAGE 7QNG6. GSA Multiple Award Schedule contract 47QTCA18D00D0.

Glossary

ACF
Administration for Children and Families (HHS)

BESPIN
Business Enterprise Systems Product INnovation, a U.S. Air Force software factory

BPA
Blanket purchase agreement

CAGE
Commercial and Government Entity code

CDC
Centers for Disease Control and Prevention

CSO
Commercial solutions opening, a competitive solicitation method

DEC statement
A short file memo showing how work derives from, extends, or completes prior SBIR/STTR work

DFARS
Defense Federal Acquisition Regulation Supplement

DHS
Department of Homeland Security

DoD
Department of Defense, also styled the Department of War since September 2025

FAR
Federal Acquisition Regulation

FPDS
Federal Procurement Data System

GAO
Government Accountability Office

GSA
General Services Administration

GSAR
General Services Administration Acquisition Regulation

HHS
Department of Health and Human Services

IDIQ
Indefinite delivery, indefinite quantity

J&A
Justification and approval for other than full and open competition

MAS
GSA Multiple Award Schedule

NARA
National Archives and Records Administration

NIH
National Institutes of Health

NMCARS
Navy Marine Corps Acquisition Regulation Supplement

Policy Directive
SBA's SBIR/STTR Policy Directive, which agencies must follow

PWS / SOO
Performance work statement / statement of objectives

RFO
Revolutionary FAR Overhaul, the rewrite of the FAR that agencies are adopting by class deviation

SAT
Simplified acquisition threshold

SBA
U.S. Small Business Administration

SBIR
Small Business Innovation Research

STRATFI
Strategic Funding Increase, an Air Force SBIR/STTR Phase II award that pairs program funds with matching funds

STTR
Small Business Technology Transfer

UEI
Unique Entity ID (SAM.gov)

Overview

This guide explains the federal SBIR and STTR programs and how your agency can use Skylight's prior SBIR/STTR awards to buy the work you need through a **Phase III** award. A Phase III is often faster than a set-aside or a full competition, and it has no dollar ceiling.

Phase III is the commercialization stage. It lets any federal agency award a contract — including a sole-source contract — for work that derives from, extends, or completes a company's earlier SBIR or STTR work. The company already competed for its Phase I or Phase II award, so the law treats competition as satisfied.

The guide answers common questions, lists Skylight's SBIR/STTR technologies and the Phase III awards agencies have already made to us, and walks contracting officers through an award step by step. If anything here could be clearer, please let us know.

What's new in 2026

- **The programs lapsed, then were reauthorized.** SBIR and STTR authority expired on September 30, 2025. On April 13, 2026, the Small Business Innovation and Economic Security Act (Public Law 119-83) reauthorized both programs through **September 30, 2031**.
- **Congress pushed agencies toward Phase III.** The 2026 law directs agencies, to the greatest extent practicable, to develop simplified, standard procedures and model contracts for SBIR awards, and standard clauses on what a company must show to establish Phase III eligibility (15 U.S.C. 638(r)(4)(C)–(D)). SBA must train contracting officers on Phase III (638(r)(5)) and direct its procurement center representatives to advocate for Phase III awards (638(j)(4)).
- **The FAR now names Phase III outright.** The RFO version of FAR Part 6 lists sole-source SBIR/STTR Phase III awards as an example of "authorized or required by statute" (FAR 6.103-5) and says contracts under that authority need no written J&A.
- **DoD data rights are settled at 20 years.** A DFARS final rule, effective January 17, 2025, set one 20-year SBIR/STTR data protection period that starts at contract award. A FAR proposed rule published September 18, 2026 would do the same governmentwide.
- **Thresholds went up on October 1, 2025.** The SAT is now $350,000, the micro-purchase threshold is $15,000, and simplified procedures for commercial products and services can be used up to $9 million.

Corrections to earlier editions

- **Orders on a GSA schedule or a multiple-award contract need a written justification.** The October 2026 edition said no written J&A was needed for any Phase III. That holds for contracts, but not for orders (FAQ 13).
- **The DoD data rights clause is now dated AUG 2025**, not JAN 2025 (FAQ 23).

- **Research and development funds can pay for Phase III** (FAQ 9). The 2020 edition said they couldn't.
- **The topic number is AF20A-TCSO1**, with the letter O, as SBIR.gov and FPDS record it. Earlier editions listed it two different, incorrect ways.
- Sources we couldn't confirm are gone: a DoD Phase III "one-pager" and a description of DoD's Phase III guidance during the lapse.

FAQs

1. What's the SBIR/STTR program?

- **SBIR** reserves a share of federal research and development (R&D) funding for small businesses to develop technologies with commercial potential.
- **STTR** does the same for cooperative R&D between a small business and a research institution, such as a university.

Both programs are set out in 15 U.S.C. 638 and governed by SBA's SBIR/STTR Policy Directive (effective May 3, 2023). The Directive hasn't yet been updated for the 2026 law, which requires SBA to revise it by April 13, 2027. Where the two differ, the statute governs.

2. How are SBIR and STTR awards made?

Awards follow three phases:

- **Phase I — feasibility.** The company tests the technical merit and feasibility of an idea. Awards usually last six to 12 months. Agencies can award up to $335,937 without SBA approval (as of October 16, 2026).
- **Phase II — development.** The company builds on Phase I results and develops the technology. Awards usually last about two years, up to $2,239,578 without SBA approval. Agencies may also make "direct to Phase II" and sequential Phase II awards. The 2026 law adds "strategic breakthrough" awards of up to $30 million, for companies with a prior Phase II and matching funds, at agencies whose SBIR budget exceeds $100 million.
- **Phase III — commercialization.** The company moves from R&D to a fielded product, service, or capability. Phase III is funded with non-SBIR/STTR money and has no limit on dollar value, duration, or number of awards.

Phase I and II awards are paid from each agency's SBIR/STTR set-aside. Phase III is not.

3. Is the program still authorized? What happened during the 2025–2026 lapse?

Yes. Both programs are authorized through September 30, 2031.

SBIR/STTR authority expired on September 30, 2025. For about six months, agencies stopped issuing new solicitations and new Phase I and II awards, while existing awards continued. Public Law 119-83, signed April 13, 2026, reauthorized both programs.

Phase III is paid with non-SBIR/STTR money, so it never depended on the programs' set-aside budget, and Phase III work continued during the lapse. The National Archives, for example, placed new orders on Skylight's PERMA SBIR Phase III IDIQ in December 2025 and March 2026.

4. Can a Phase III award be made on an effort that's still in Phase I or Phase II?

Yes. The Policy Directive says an agency may enter into a Phase III agreement at any time with a Phase II awardee, and likewise at any time with a Phase I awardee. There is no time limit between Phase I or II and Phase III, or between one Phase III and the next (Policy Directive § 4(c)(5)). What matters is that the work derives from, extends, or completes the earlier SBIR/STTR effort.

5. What type of contract can be a Phase III contract?

Any type. Firm-fixed-price, time-and-materials, labor-hour, cost-reimbursement, incentive or award fee, IDIQ, BPA, purchase order, or an order under an existing vehicle. A subcontract under a federally funded prime contract can also be a Phase III award, and Phase III status holds whether the award is competed, sole-sourced, or a subcontract (Policy Directive § 4(c)(2)).

6. Is competition required for Phase III awards?

No. The company competed for its Phase I or Phase II award, and the Small Business Act treats that as meeting federal competition requirements. Under 15 U.S.C. 638(r)(4), federal agencies and federal prime contractors shall, to the greatest extent practicable, consider an SBIR or STTR award to satisfy competition requirements, and issue Phase III awards — including sole-source awards — to the company that developed the technology "without further justification."

In FAR terms, a Phase III sole source falls under the "authorized or required by statute" exception to full and open competition: **10 U.S.C. 3204(a)(5)** for DoD, NASA, and the Coast Guard, and **41 U.S.C. 3304(a)(5)** for civilian agencies. The RFO places that exception at FAR 6.103-5 (formerly FAR 6.302-5).

The Policy Directive goes further than permission (§ 4(c)(7)). Agencies must make a good-faith effort to award Phase III work to the company that developed the technology, using market research to see whether it is available, capable, and willing. If a sole source to that company is practicable, the agency must award it. If not, the agency must document why and send a copy to SBA.

7. Does a Phase III award require a justification and approval (J&A)?

Not for a contract. Under the RFO version of FAR Part 6, contracts awarded under 6.103-5 (authorized or required by statute) don't need the written justification and approval described in 6.104. The only exception is for sole-source 8(a) contracts over $30 million, which doesn't apply to Phase III. Most agencies, including DoD (since February 1, 2026), HHS, DHS, GSA, and the Department of Education, have adopted RFO Part 6 by class deviation.

Two cases still call for written justification:

- **Orders on a GSA schedule or a multiple-award contract.** See FAQ 13.

- **An agency still on the codified FAR.** Codified FAR 6.302-5 requires a J&A when a statute authorizes, but doesn't require, a specific source. If your agency requires one, the Policy Directive says it is enough to state that the project is an SBIR/STTR Phase III award that derives from, extends, or completes efforts under prior SBIR/STTR funding agreements and is authorized by 15 U.S.C. 638(r)(4) (§ 4(c)(3)). "Sample language for the contract file" has that text.

Either way, document in the contract file that the award is a Phase III. Include:

- The authority: 15 U.S.C. 638(r)(4); 10 U.S.C. 3204(a)(5) or 41 U.S.C. 3304(a)(5); and FAR 6.103-5 (or your agency's equivalent).
- The prior SBIR/STTR topic number and the Phase I or Phase II contract numbers.
- A short explanation of how the work derives from, extends, or completes the prior work, often called a "DEC statement."
- The SBIR/STTR data rights clause (FAQ 23).

Some agencies add their own steps. The Navy's supplement (NMCARS 5206.302-5) has the contracting officer affirm in the business clearance memorandum that the award derives from, extends, or completes prior Phase I or II work and is authorized by 15 U.S.C. 638(r)(4). Air Force Phase III guidance (AFWERX, 2022) calls for a contracting officer memo for the file and a DD Form 2579, the small business coordination record; confirm current practice with your small business office.

8. Can Phase III awards be made if the contractor is no longer a small business?

Yes. The size limits for Phase I and Phase II don't apply to Phase III (Policy Directive § 4(c)(6)).

9. What funding can be used for Phase III?

Any federal funds except SBIR/STTR set-aside funds. Operations and maintenance, procurement, working capital, and research, development, test, and evaluation (RDT&E) funds all qualify, as long as the funds are proper for the work under normal appropriations rules. Phase III can also be paid for by non-federal sources (Policy Directive § 4(c)(1)).

10. What work can a Phase III cover?

- Products, production, services, further R&D, or any combination (Policy Directive § 4(c)(4)).
- Work that applies the technology to new uses and missions the earlier phases didn't study.
- Work that only partly relies on the SBIR/STTR technology. In *Digital Force Technologies, Inc.*, B-423319 (May 19, 2025), GAO upheld an Air Force Phase III sole source where one component of the overall system derived from prior SBIR work.

No two Phase III contracts need to look alike.

11. Can an agency award a Phase III if it didn't sponsor the Phase I or Phase II?

Yes. Any federal agency can make a Phase III award for work that derives from, extends, or completes SBIR/STTR work funded by another agency. Skylight's Phase I and Phase II awards came from the U.S. Air Force. The Department of Education, the National Archives, the Department of Homeland Security, HHS components, and the U.S. International Development Finance Corporation have all made Phase III awards based on that work (see "Skylight's Phase III awards").

12. Can a Phase III be placed as an order on an existing contract vehicle?

Yes. Agencies have:

- **Ordered under an existing Phase III IDIQ.** The Air Force has placed orders for CDC and the DoD Office of Strategic Capital under Skylight's BESPIN Design Studio SBIR Phase III IDIQ. A single-award IDIQ like this one has no fair-opportunity step.
- **Placed a Phase III order on a non-SBIR vehicle.** In 2026 the Department of Education placed an order under Skylight's GSA MAS contract, identified in the award as an SBIR Phase III under topic AF20A-TCSO1 and 15 U.S.C. 638(r)(4).
- **Used an assisted acquisition.** The Department of the Interior's Interior Business Center awarded the VIBES IDIQ for ACF; HHS took over the contract in September 2026.

13. What does an order on a GSA schedule or another multiple-award contract need?

A short written justification that cites the statute. Orders aren't governed by FAR Part 6, so the no-J&A rule in FAQ 7 doesn't reach them. Instead, the ordering rules let you go to one source when a statute authorizes it, with a written justification:

- **Multiple-award IDIQs:** the exception to fair opportunity for "a statute expressly authorizes or requires that the purchase be made from a specified source," for orders over the SAT (RFO FAR 16.507-6(b)(5); codified FAR 16.505(b)(2)(i)(E)).
- **GSA schedule orders:** the limited-sources exception for "a law expressly authorizes or requires that the purchase be made from a specified source" (GSAR 538.7104-3(b)(1)(v), GSA class deviation RGO-2026-01). An agency still on codified FAR 8.405-6 has no statutory exception, so it would use (a)(1)(i)(B), unique or highly specialized services.

Approve the justification at the level your agency requires. Above the SAT, post it within 14 days of award; at or below the SAT, document the basis in the file. 15 U.S.C. 638(r)(4) and your DEC statement supply the reasoning; "Sample language for the contract file" has a paragraph for it.

14. Can simplified acquisition procedures be used?

Yes, when the value allows. Since October 1, 2025:

- The simplified acquisition threshold (SAT) is **$350,000**.
- Simplified procedures for **commercial products and services** can be used up to **$9 million** (FAR 12.201-1 in the RFO, formerly FAR Subpart 13.5), or up to $15 million for certain emergency and contingency uses.

Above the SAT, RFO FAR 12.102(b) calls for a written justification for a sole source under simplified procedures. If you use this path, cite 15 U.S.C. 638(r)(4) and attach the DEC statement. Several of Skylight's Phase III awards are purchase orders.

15. Must a solicitation be issued or the action publicized?

No solicitation is required. You may use one by choice, but Phase III awards can be negotiated directly between the agency and the company. Common paths:

- A **letter request for proposal** sent directly to Skylight with your statement of objectives or work.
- An **unsolicited proposal** from Skylight, based on market research conversations.
- A **letter contract** when work must start right away. A letter contract is an undefinitized contract action that authorizes immediate work; it follows your agency's usual rules for undefinitized actions (FAR 16.603).

No presolicitation notice is required (RFO FAR 5.101(b)(2); codified FAR 5.202(a)(4)), and the Policy Directive exempts the Phase III award process from its notice requirements (§ 2(j)(4)(iii)). Check whether your award needs an award notice under RFO FAR 5.301; the RFO exempts only some actions from it.

16. Can a Phase III contract include options?

Yes. Price and evaluate the options at award, and follow the options rules in FAR Subpart 17.2 (in the RFO, 17.201-1, "Use of options," and 17.204-1, "Exercise of options"). Work beyond the priced options can be added through a new Phase III action, because the Phase III authority isn't used up by one award.

17. Does SBA need to approve a Phase III?

No. SBA approval isn't required. But if your agency intends to pursue Phase III work with an entity **other than** the Phase I or Phase II awardee, the Policy Directive requires you to notify SBA in writing before the award (§ 4(c)(7)(iv)). SBA then has five business days to say it may appeal, and if it does, the contracting officer must suspend action until the head of the contracting activity decides.

18. How do I know if an effort derives from, extends, or completes prior SBIR/STTR work?

Each Phase I and Phase II award has a defined topic and purpose. Compare your requirement with that scope. The Policy Directive uses the phrase without defining its parts; in plain terms:

- **Derives from:** the work traces back to the earlier SBIR/STTR effort.
- **Extends:** the work applies the earlier results to new uses, missions, or users.
- **Completes:** the work turns the earlier R&D into a fielded product, service, or capability.

Only one of the three needs to be true. The test is whether your agency is seeking the specific technology the company developed (*G2 Ops, Inc.*, B-423967, February 13, 2026). A short crosswalk from the Phase I/II scope to your objectives is enough to document it (see "Sample language for the contract file"). Skylight will provide the topic descriptions, abstracts, and final reports you need.

19. Can multiple Phase III contracts go to the same firm?

Yes. There is no limit on the number, duration, type, or dollar value of Phase III awards (Policy Directive § 4(c)(5)).

20. Are there workshare requirements?

Not for Phase III. The SBIR/STTR minimums on how much work the company must do itself apply only to Phase I and Phase II (Policy Directive § 6(a)(2)). For SBIR, the company must do at least two-thirds of a Phase I and half of a Phase II. For STTR, the company must do at least 40% and the research institution at least 30%. In Phase III, Skylight can team with other firms as the work requires.

The separate **limitations on subcontracting** (13 CFR 125.6 and FAR 52.219-14) apply to small business set-asides over the SAT and to 8(a), HUBZone, service-disabled veteran-owned, veteran-owned, and women-owned program awards. A Phase III award made under 15 U.S.C. 638(r)(4) is none of these, so the clause isn't required. If an agency nonetheless sets the award aside or includes FAR 52.219-14, the clause binds as written, and Skylight will meet it.

21. Does a Phase III from STTR work need a research institution partner?

No. The research institution partnership required in STTR Phase I and II doesn't carry into Phase III.

22. Should the award be called SBIR Phase III or STTR Phase III?

Either is correct; we suggest matching the prior award the work builds on. The Policy Directive requires only that the award be identified as an SBIR or STTR Phase III (§ 4(c)(7)(i)). The Phase III authority, the competition exception, and the data rights are the same under both programs. Skylight's Service Design Accelerator has STTR awards (Phase I and Phase II) and an SBIR award (sequential Phase II), all under topic AF20A-TCSO1. When the work builds on all three, either label is accurate, as long as the file and the award cite all three contract numbers. Agencies have used both labels for Skylight's work.

23. What data rights apply to a Phase III?

A Phase III award has SBIR/STTR status and must include SBIR/STTR data rights protection (Policy Directive § 4(c)(2)). The protection period is 20 years from award (§ 8(b)(4)). At every agency, special license terms may be negotiated only after award and may not be a condition of award (§ 8(b)(6)).

- **DoD:** use DFARS 252.227-7018 (AUG 2025). Data developed or generated under the contract is protected for **20 years from contract award**; after that, the government gets government purpose rights, which don't expire. Pre-award data rights assertions follow DFARS 252.227-7017.
- **Civilian agencies:** the current FAR clause, FAR 52.227-20, Rights in Data — SBIR Program (MAY 2014), still states a four-year protection period that runs from acceptance of the last deliverable. The Policy Directive, which agencies must follow, sets a **20-year period starting at award**. A FAR proposed rule published September 18, 2026 would adopt the 20-year period in a new clause, proposed FAR 52.227-30. Until that rule is final, apply the 20-year period through your agency's class deviation or a contract term that modifies the clause's protection period (see the sample language).

Skylight marks deliverables with the SBIR/STTR data rights legend the clause requires, including the contract number, the award date, Skylight's name and address, and the protection period.

24. How should a Phase III be reported in FPDS?

In the FPDS "Research" field, use **SR3** (SBIR Phase III) or **ST3** (STTR Phase III). That field isn't available on orders under a GSA schedule, so on those orders the description is the only place the award is identified as a Phase III. For every Phase III, put "SBIR Phase III" or "STTR Phase III," the authority, the original topic number, and the prior contract numbers in the award description. That makes the award easy to find, and the 2026 law directs GSA to require the prior contract number in FPDS. DoD's 2018 FPDS reporting guide marks SBIR/STTR actions of every phase as competed (extent competed code A); follow your agency's current guidance.

25. Are there new security or due-diligence checks?

Yes, especially at DoD. The 2026 law expanded foreign-risk due diligence for SBIR/STTR awards (15 U.S.C. 638(vv)), and DoD's 2026 Foreign Risk Evaluation Program applies its five-year review period to Phase III solicitations. Skylight will provide the disclosures your agency needs.

26. Can a Phase III award be protested?

Yes. GAO has upheld Phase III sole sources where the agency documented how the work derives from the prior awards (*Digital Force Technologies*, FAQ 10). In *Threat Tec, LLC*, B-424221 (April 23, 2026), GAO dismissed challenges to a Phase III award as untimely, counting from when the agency's documents disclosed the Phase III basis. A clear, specific DEC statement is your best protection.

Skylight's SBIR/STTR technologies

These are the prior awards your Phase III can build on. Each was competitively awarded by the U.S. Air Force. Contract numbers and dates are from FPDS and USAspending.gov.

Service Design Accelerator (also called the Skylight Service Design Framework)

A method and set of tools for designing, embedding, and continuously improving services across an organization's people, operations, technology, policy, and infrastructure. It covers discovery research, system mapping, prototyping, governance and evaluation, and building in-house capability. Most of Skylight's Phase III awards build on this technology.

Topic **AF20A-TCSO1**, "Open Call for Science and Technology Created by Early-Stage, e.g., University, Teams," from the Air Force STTR X20.A commercial solutions opening.

AWARD	CONTRACT NUMBER	TOPIC	PERIOD OF PERFORMANCE
STTR Phase I	FA864920P0634	AF20A-TCSO1	March 4–June 9, 2020
STTR Phase II (research institution: University of California, San Diego)	FA864920P0995	AF20A-TCSO1	September 28, 2020–September 27, 2021
SBIR sequential Phase II (STRATFI)	FA877124C0005	AF20A-TCSO1	June 25, 2024–June 24, 2027

GearFit (formerly Aircrew Flight Equipment)

A platform for collecting and analyzing feedback on the fit of personal protective and flight equipment, so the Air Force can get properly fitting gear to Airmen.

Topic **AF192-D001**, "Open Call for Innovative Defense-Related Dual-Purpose Technologies/Solutions with a Clear Air Force Stakeholder Need."

AWARD	CONTRACT NUMBER	TOPIC	PERIOD OF PERFORMANCE
SBIR direct to Phase II	FA864919CA079	AF192-D001	August 9, 2019–August 17, 2020
SBIR sequential Phase II	FA864921C0009	AF192-D001	February 5, 2021–May 2, 2022

Skylight's Phase III awards

Agencies across government have used Skylight's SBIR/STTR work as the basis for Phase III awards. Each award below is identified as an SBIR or STTR Phase III in its award documents, its FPDS description, or its FPDS Research code. Contract numbers, dates, and amounts are from FPDS and USAspending.gov, as of October 19, 2026.

Phase III contract vehicles

VEHICLE	CONTRACT NUMBER	WHO ORDERS	DETAILS
BESPIN Design Studio SBIR Phase III IDIQ (U.S. Air Force)	FA877122D0003	The Air Force, for itself and other agencies	Awarded September 2022. $100 million ceiling; about $73 million obligated on 21 orders. Ordering ends **September 29, 2027**. Builds on the Service Design Accelerator.
Presidential Electronic Records Migration Activities (PERMA) SBIR Phase III IDIQ (National Archives)	88310325D00002	NARA	Awarded April 2025. $30 million ceiling. Ordering ends March 31, 2030.
NARA Enterprise ERA 2.0 Modernization & Operations (NEEMO) SBIR Phase III IDIQ (National Archives)	88310326D00009	NARA	Awarded June 2026. $90 million ceiling. Ordering ends March 31, 2030.
Value-driven, Iterate, Build, Evolve, Scale (VIBES) STTR Phase III IDIQ (HHS, for ACF)	7571MN26D00001 (originally 140D0425D0043)	HHS, for ACF	Awarded September 2025 by the Department of the Interior's Interior Business Center as an assisted acquisition; HHS took it over in September 2026. $88 million ceiling. Ordering ends September 23, 2030. Builds on the Service Design Accelerator. Its task orders identify it as an STTR Phase III IDIQ (for example, task order 140D0426F0345); its FPDS record doesn't carry the Phase III code.

Other Phase III awards

AGENCY	AWARD	CONTRACT NUMBER	DETAILS
U.S. Air Force	BESPIN Design Lab SBIR Phase III	FA877122C0002	Awarded January 2022
U.S. Air Force	GearFit development SBIR Phase III	FA877120C0018	Awarded August 2020; builds on the GearFit SBIR Phase II
HHS, CDC	Public health data, surveillance, and technology support; SimpleReport and Data Integration Building Blocks; NEDSS Base System	FA877124F0019, FA877124F0055, FA877124F0147, FA877125F0110, FA877125F0111	Orders placed by the Air Force under the BESPIN Design Studio IDIQ, 2024–2025

AGENCY	AWARD	CONTRACT NUMBER	DETAILS
DoD Office of Strategic Capital	Service design support	FA877123F0065, FA877125F0067	Orders placed by the Air Force under the BESPIN Design Studio IDIQ, 2023 and 2025
Department of Education, Federal Student Aid	Federal Tax Information (FTI) module agile capacity support	91003126F0047	Awarded September 2026 as an order under Skylight's GSA MAS contract. The award identifies it as an "SBIR Phase III award under original topic number AF20A-TCSO1" under 15 U.S.C. 638(r)(4).
HHS, ACF	STTR Phase III purchase order for improving support to ACF grant recipients	75ACF124P00014	Awarded September 2024; cites 15 U.S.C. 638(r)(4)
HHS, for the Food and Drug Administration	Complaint submission experience minimum viable product	75F40125P00122	Awarded July 2025
DHS, Office of the Chief Information Officer	Customer experience support	70RTAC24P00000007	Awarded August 2024; ended March 2025
DHS, Transportation Security Administration	Customer experience data analysis and operational support	70T01025P5600N001, 70T01026P5600N001	Purchase orders awarded February 2025 and September 2026
U.S. International Development Finance Corporation	Service Design Accelerator process mapping, SBIR Phase III	77344425P0005	Awarded June 2025 using simplified procedures

How to award a Phase III contract to Skylight

You can order from one of Skylight's existing Phase III vehicles, if your agency can use it, or award your own Phase III contract, order, or IDIQ based on our Phase I and Phase II awards.

STEP	WHAT YOUR AGENCY DOES	WHAT SKYLIGHT SUPPLIES
1	**Talk with us and your contracting office.** Contact your procurement office and Skylight at the same time. Market research conversations with Skylight help define the work and how it relates to our SBIR/STTR technology. Skylight will share the Phase I and II topic descriptions, abstracts, and reports.	Phase I and II topic descriptions, abstracts, and reports
2	**Make the Phase III determination.** Confirm that the work derives from, extends, or completes Skylight's prior SBIR/STTR work. Write a short DEC statement that crosswalks the Phase I/II scope to your objectives (see the sample below). The Policy Directive directs agencies to award Phase III work to the developer when that is practicable (FAQ 6).	A sample DEC statement ("Sample language for the contract file")
3	**Choose the vehicle.** Options include a standalone contract or purchase order; a Phase III IDIQ or BPA with a first ("seed") order; an order on an existing Skylight Phase III vehicle; a Phase III order on another vehicle, such as GSA MAS; or an assisted acquisition. Any contract type works. An order on a GSA schedule or a multiple-award contract needs a written justification (FAQ 13).	Our existing Phase III vehicles and who has ordered from them
4	**Secure non-SBIR/STTR funds.** Use any funds proper for the work under appropriations rules, including RDT&E, operations and maintenance, or procurement funds — but not SBIR/STTR set-aside funds.	Nothing needed from Skylight
5	**Request a proposal.** Send a letter request for proposal directly to Skylight with your statement of objectives or work, terms and conditions, and, for an IDIQ, the seed order. Or evaluate an unsolicited proposal. No presolicitation notice is required. If work must start immediately, consider a letter contract under your agency's rules for undefinitized actions.	A proposal, or an unsolicited proposal for you to evaluate
6	**Evaluate and negotiate.** Evaluate Skylight's technical approach and price, determine that the price is fair and reasonable, and negotiate as you would for any sole-source award. Price and evaluate any options now.	Our technical approach and price
7	**Document the file.** Include the Phase III determination (DEC statement); the authority (15 U.S.C. 638(r)(4); 10 U.S.C. 3204(a)(5) or 41 U.S.C. 3304(a)(5); FAR 6.103-5); the topic and Phase I/II contract numbers; for an order on a GSA schedule or multiple-award contract, the written justification; and any agency-specific items, such as the business clearance memorandum affirmation at the Navy or a DD Form 2579 at the Air Force.	Topic and contract numbers, and the disclosures your agency needs
8	**Award with the right clauses.** Include the SBIR/STTR data rights clause: DFARS 252.227-7018 (AUG 2025) at DoD, or FAR 52.227-20 at civilian agencies with the 20-year protection period applied. Identify the award as an SBIR or STTR Phase III in the award document.	Deliverables marked with the SBIR/STTR data rights legend

STEP	WHAT YOUR AGENCY DOES	WHAT SKYLIGHT SUPPLIES
9	**Report it.** Report the award in FPDS with Research code SR3 or ST3 where the field is available, and name "SBIR Phase III" or "STTR Phase III," the original topic number, and the prior contract numbers in the description. Post any justification within 14 days, and check whether an award notice is needed.	Nothing needed from Skylight
10	**Administer and extend.** Manage the award as usual. If your needs grow beyond the awarded scope, a new Phase III action is available; there's no limit on the number of Phase III awards.	Nothing needed from Skylight

Contact us. Email hello@skylight.digital. Company data: UEI F1QZXZNLZJF2; CAGE 7QNG6; GSA MAS contract 47QTCA18D00D0. More about Skylight's contract vehicles is on our contracting information page.

Sample language for the contract file

Adapt this to your agency's format, and fill in the bracketed text. Skylight will fill in the acquisition history and the crosswalk with you.

Phase III determination (DEC statement)

SBIR/STTR Phase III determination — [project title]

[Contract / order / IDIQ] · [Requiring organization] · [Acquisition ID]

1. Scope. This [contract / order / IDIQ] will [summarize the objectives from the SOO or PWS].

2. Prior SBIR/STTR awards. Skylight Inc. (UEI F1QZXZNLZJF2) developed the Service Design Accelerator under these U.S. Air Force funding agreements, all under topic AF20A-TCSO1:

CONTRACT NUMBER	PROGRAM AND PHASE	PERIOD OF PERFORMANCE
FA864920P0634	STTR Phase I	March 4–June 9, 2020
FA864920P0995	STTR Phase II	September 28, 2020–September 27, 2021
FA877124C0005	SBIR sequential Phase II	June 25, 2024–June 24, 2027

3. How this work derives from, extends, or completes the prior work. The Phase I and Phase II efforts developed and tested methods and tools for discovery research, system mapping, prototyping, governance and evaluation, embedding improvements into operations, and building in-house service design capability. This effort applies those methods and tools to [your mission], which [derives from / extends / completes] the prior work by [explanation].

PHASE I/II SCOPE ITEM	THIS AWARD'S OBJECTIVE
Discovery research: identifying user needs, operational challenges, and gaps across a service	[objective]
System mapping: workflows, dependencies, and relationships across people, operations, technology, and policy	[objective]
Prototyping and iteration: designing, testing, and refining solutions with real users	[objective]
Governance and evaluation: measures, feedback loops, and accountability for continuous improvement	[objective]
Embedding improvements into operations, technology, and policy	[objective]
Building in-house capability: training and practitioner tools	[objective]

4. Determination. I determine that this award derives from, extends, or completes efforts made under the prior SBIR/STTR funding agreements listed above. It is an [SBIR / STTR] Phase III award authorized by 15 U.S.C. 638(r)(4) and made under [10 U.S.C. 3204(a)(5) / 41 U.S.C. 3304(a)(5)] and FAR 6.103-5 [or agency equivalent]. Under 15 U.S.C. 638(r)(4)(B), no further justification is required. The award has SBIR/STTR Phase III status and includes SBIR/STTR data rights.

[Contracting officer name, office, date]

Justification for an order on a GSA schedule or multiple-award contract

This order is an [SBIR / STTR] Phase III award to Skylight Inc. A law expressly authorizes the purchase from a specified source: 15 U.S.C. 638(r)(4) directs agencies to issue Phase III awards, including sole-source awards, to the SBIR/STTR awardee that developed the technology, without further justification. The attached Phase III determination shows that this work derives from, extends, or completes Skylight Inc.'s prior awards under topic AF20A-TCSO1 (FA864920P0634, FA864920P0995, and FA877124C0005). This justification is made under [GSAR 538.7104-3(b)(1)(v) / FAR 16.507-6(b)(5) (RFO) / FAR 16.505(b)(2)(i)(E)].

If your agency requires a J&A anyway

This project is an SBIR/STTR Phase III award that is derived from, extends, or completes efforts made under prior SBIR/STTR funding agreements and is authorized under 15 U.S.C. 638(r)(4). Further justification is not needed (SBA SBIR/STTR Policy Directive § 4(c)(3)).

Award description (for the contract and FPDS)

[SBIR / STTR] Phase III award under original topic number AF20A-TCSO1, pursuant to 15 U.S.C. 638(r)(4) (authorized by statute). Derives from, extends, or completes STTR Phase I FA864920P0634, STTR Phase II FA864920P0995, and SBIR sequential Phase II FA877124C0005.

Data rights

DoD: "DFARS 252.227-7018, Rights in Other Than Commercial Technical Data and Computer Software — Small Business Innovation Research Program and Small Business Technology Transfer Program (AUG 2025), applies to this award."

Civilian: "FAR 52.227-20, Rights in Data — SBIR Program (MAY 2014), applies to this award, except that, consistent with the SBA SBIR/STTR Policy Directive, the SBIR/STTR data protection period begins on the date of award and ends 20 years after that date. This term governs over any shorter protection period stated in the clause."

Appendix A: Statutes, regulations, and resources

Every link was checked on October 19, 2026.

Statutes and policy

- 15 U.S.C. 638: the SBIR and STTR programs; 638(r)(4) covers Phase III competition and justification, and 638(r)(5) Phase III training
- 10 U.S.C. 3204(a)(5) and 41 U.S.C. 3304(a)(5): the "authorized or required by statute" exception to full and open competition
- Small Business Innovation Development Act of 1982 (Public Law 97-219): created SBIR
- Small Business Research and Development Enhancement Act of 1992 (Public Law 102-564), Title II: created STTR
- Small Business Innovation and Economic Security Act (Public Law 119-83, April 13, 2026): reauthorized both programs through September 30, 2031
- SBA SBIR/STTR Policy Directive (effective May 3, 2023; 88 FR 19704): § 4(c) on Phase III, § 8(b) on data rights
- 13 CFR 125.6: limitations on subcontracting

Regulations

- FAR Part 6, RFO model deviation: 6.103-5, authorized or required by statute. A proposed rule (FAR Case 2026-002, 91 FR 37636, June 23, 2026) would move the no-J&A rule to 6.103-5(f)(3)(i).
- FAR Part 16, RFO model deviation: 16.507-6, exceptions to fair opportunity; 16.603, letter contracts
- GSA class deviation RGO-2026-01: GSAR 538.7104-3, sole-source justifications for schedule orders
- FAR Part 5, RFO model deviation: 5.101(b), presolicitation notices; 5.301, award notices
- DFARS 252.227-7018 (AUG 2025) and DFARS 227.7104: SBIR/STTR data rights at DoD (final rule, 89 FR 103338, December 18, 2024)
- FAR 52.227-20 (MAY 2014): SBIR data rights at civilian agencies; proposed replacement FAR 52.227-30 (FAR Case 2026-011, 91 FR 59584, September 18, 2026)
- NMCARS 5206.302-5: Navy Phase III documentation
- Inflation adjustment of acquisition thresholds (FAR Case 2024-001, 90 FR 41872, effective October 1, 2025)

Decisions

- *Digital Force Technologies, Inc.*, B-423319 (May 19, 2025)
- *G2 Ops, Inc.*, B-423967 (February 13, 2026)
- *Threat Tec, LLC*, B-424221 (April 23, 2026)

Guidance

- Department of the Navy SBIR/STTR Phase III Guidebook (version 2.0, March 2020)
- AFWERX SBIR/STTR Phase III page
- DoD SBIR/STTR Foreign Risk Evaluation Program
- SBIR.gov: program overview, award limits, and award search
- FPDS Research data element: codes SR3 and ST3

Appendix B: FAR Part 6 text (Revolutionary FAR Overhaul)

Agencies adopt the RFO parts through their own class deviations, so check your agency's version. Key text from the RFO model deviation for FAR Part 6, as posted on acquisition.gov on October 19, 2026:

6.103 Other than full and open competition.

a. Agencies may contract without providing for full and open competition under authorities specified in this section (see 10 U.S.C. 3204 and 41 U.S.C. 3304).

b. Contracting without providing for full and open competition must not be justified on the basis of — (1) A lack of planning by the requiring activity; or (2) Concerns related to the amount of funds available to the agency or activity for acquisition.

c. When not providing for full and open competition, the contracting officer must solicit offers from as many potential sources as is practicable under the circumstances.

d. **Except for contracts awarded under the authority of 6.103-5** and 6.103-7, an acquisition under this section requires — (1) Consideration of all bids, proposals, quotations, or capability statements received; and (2) Justification and approval required by 6.104.

6.103-5 Authorized or required by statute.

a. *Authority.* 10 U.S.C. 3204(a)(5) or 41 U.S.C. 3304(a)(5).

b. *Authorized or required by statute.* Agencies may contract without providing for full and open competition when — (1) A statute expressly authorizes or requires that the acquisition be made through another agency or from a specified source; or (2) The agency's need is for a brand-name commercial product for authorized resale (*e.g.*, commercial products for resale through commissaries). …

c. *Application.* This authority may be used when statutes expressly authorize or require that acquisition be made from a specified source or through another agency. Examples include, but are not limited to: (1) Sole-source awards of certain socio-economic small business concerns (see 15 U.S.C. chapter 14A); and (2) **Sole-source awards under the SBIR or STTR programs for Phase III (see 15 U.S.C. 638(r)(4))** or Phase II, when directly following a competitively awarded initial Phase II award (see 15 U.S.C. 638(ff)).

…

(e) With the exception of sole-source 8(a) contracts over $30 million (section 811 of Public Law 111-84, 41 U.S.C. 3304 note), contracts awarded using this authority do not require written justifications and approvals described in 6.104.

6.104 Justification and approval.

(a) A justification and approval must support procedures under 6.103, except 6.103-5 and 6.103-7.