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**Exhibit R-2, RDT&E Budget Item Justification:** PB 2012 Defense Logistics Agency **DATE:** February 2011

| <b>APPROPRIATION/BUDGET ACTIVITY</b>   |                |                |                     | <b>R-1 ITEM NOMENCLATURE</b>                                  |                      |                |                |                |                |                         |                   |
|--|----------------|----------------|---------------------|---|----------------------|----------------|----------------|----------------|----------------|-------------------------|-------------------|
| 0400: <i>Research, Development, Test &amp; Evaluation, Defense-Wide</i><br>BA 6: <i>RDT&amp;E Management Support</i> |                |                |                     | PE 0605502S: <i>Small Business Innovative Research (SBIR)</i> |                      |                |                |                |                |                         |                   |
| <b>COST (\$ in Millions)</b>   | <b>FY 2010</b> | <b>FY 2011</b> | <b>FY 2012 Base</b> | <b>FY 2012 OCO</b>  | <b>FY 2012 Total</b> | <b>FY 2013</b> | <b>FY 2014</b> | <b>FY 2015</b> | <b>FY 2016</b> | <b>Cost To Complete</b> | <b>Total Cost</b> |
| Total Program Element  | 2.356          | -              | -                   | -   | -                    | -              | -              | -              | -              | Continuing              | Continuing        |
| 1: <i>Small Business Innovative Research (SBIR)</i>  | 2.356          | -              | -                   | -   | -                    | -              | -              | -              | -              | Continuing              | Continuing        |

**A. Mission Description and Budget Item Justification**

Defense Logistics Agency's (DLA's) ability to deliver Americans the right logistics solution in every transaction requires more than successful management of the Department's wholesale supplies and suppliers. It requires supply chain excellence. Our military's ability to generate and sustain combat readiness indefinitely, anywhere on the globe requires that DLA-managed materiel flow seamlessly and as needed from the nation's industrial base to where it is ultimately used.

DLA's Small Business Innovative Research (SBIR) program seeks to solicit high-risk research and development proposals from the small business community. All selections shall demonstrate and involve a degree of technical risk where the technical feasibility of the proposed work has not been fully established. Phase I proposals should demonstrate the feasibility of the proposed technology and the merit of a Phase II for a prototype or at least a proof-of-concept demonstration. Phase II selections will be strongly influenced on future market possibilities and commercialization potential demonstrated.

| <b>B. Program Change Summary (\$ in Millions)</b> | <b>FY 2010</b> | <b>FY 2011</b> | <b>FY 2012 Base</b> | <b>FY 2012 OCO</b> | <b>FY 2012 Total</b> |
|---|----------------|----------------|---------------------|--------------------|----------------------|
| Previous President's Budget                       | -              | -              | -                   | -                  | -                    |
| Current President's Budget                        | 2.356          | -              | -                   | -                  | -                    |
| Total Adjustments                                 | 2.356          | -              | -                   | -                  | -                    |
| • Congressional General Reductions                |                | -              |                     |                    |                      |
| • Congressional Directed Reductions               |                | -              |                     |                    |                      |
| • Congressional Rescissions                       | -              | -              |                     |                    |                      |
| • Congressional Adds                              |                | -              |                     |                    |                      |
| • Congressional Directed Transfers                |                | -              |                     |                    |                      |
| • Reprogrammings                                  | -              | -              |                     |                    |                      |
| • SBIR/STTR Transfer                              | -              | -              |                     |                    |                      |
| • FY10 SBIR transfer from LOG R&D (0603712S)      | 1.215          | -              | -                   | -                  | -                    |
| • FY10 SBIR transfer from IP Mantech (0708011S)   | 1.058          | -              | -                   | -                  | -                    |
| • FY10 SBIR transfer from USTRANSCOM (0603713S)   | 0.083          | -              | -                   | -                  | -                    |

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|  |                |                |                     |   |                      |                |                |   |                |                         |                   |
|--|----------------|----------------|---------------------|---|----------------------|----------------|----------------|---|----------------|-------------------------|-------------------|
| <b>Exhibit R-2A, RDT&amp;E Project Justification:</b> PB 2012 Defense Logistics Agency   |                |                |                     |   |                      |                |                | <b>DATE:</b> February 2011  |                |                         |                   |
| <b>APPROPRIATION/BUDGET ACTIVITY</b><br>0400: <i>Research, Development, Test &amp; Evaluation, Defense-Wide</i><br>BA 6: <i>RDT&amp;E Management Support</i>   |                |                |                     | <b>R-1 ITEM NOMENCLATURE</b><br>PE 0605502S: <i>Small Business Innovative Research (SBIR)</i> |                      |                |                | <b>PROJECT</b><br>1: <i>Small Business Innovative Research (SBIR)</i> |                |                         |                   |
| <b>COST (\$ in Millions)</b>   | <b>FY 2010</b> | <b>FY 2011</b> | <b>FY 2012 Base</b> | <b>FY 2012 OCO</b>  | <b>FY 2012 Total</b> | <b>FY 2013</b> | <b>FY 2014</b> | <b>FY 2015</b>  | <b>FY 2016</b> | <b>Cost To Complete</b> | <b>Total Cost</b> |
| 1: <i>Small Business Innovative Research (SBIR)</i>  | 2.356          | -              | -                   | -   | -                    | -              | -              | -   | -              | Continuing              | Continuing        |
| Quantity of RDT&E Articles   |                |                |                     |   |                      |                |                |   |                |                         |                   |
| <b>A. Mission Description and Budget Item Justification</b><br><p>Defense Logistics Agency's (DLA's) ability to deliver Americans the right logistics solution in every transaction requires more than successful management of the Department's wholesale supplies and suppliers. It requires supply chain excellence. Our military's ability to generate and sustain combat readiness indefinitely, anywhere on the globe requires that DLA-managed materiel flow seamlessly and as needed from the nation's industrial base to where it is ultimately used.</p> <p>DLA's Small Business Innovative Research (SBIR) program seeks to solicit high-risk research and development proposals from the small business community. All selections shall demonstrate and involve a degree of technical risk where the technical feasibility of the proposed work has not been fully established. Phase I proposals should demonstrate the feasibility of the proposed technology and the merit of a Phase II for a prototype or at least a proof-of-concept demonstration. Phase II selections will be strongly influenced on future market possibilities and commercialization potential demonstrated.</p> |                |                |                     |   |                      |                |                |   |                |                         |                   |
| <b>B. Accomplishments/Planned Programs (\$ in Millions)</b>  |                |                |                     |   |                      |                |                | <b>FY 2010</b>  | <b>FY 2011</b> | <b>FY 2012</b>          |                   |
| <b>Title:</b> SBIR Accomplishments/Plans   |                |                |                     |   |                      |                |                | 2.356   | -              | -                       |                   |
| <b>FY 2010 Accomplishments:</b><br>One of DLA's Phase II SBIR programs has developed technology to make aerospace hatch covers from three dimensional engineering composite performs that are 40% lighter and 65% cheaper than the legacy parts they replace. Another Phase II program has developed an innovative material to make accurate patterns for cast metal parts.  |                |                |                     |   |                      |                |                |   |                |                         |                   |
| <b>Accomplishments/Planned Programs Subtotals</b>  |                |                |                     |   |                      |                |                | 2.356   | -              | -                       |                   |
| <b>C. Other Program Funding Summary (\$ in Millions)</b><br>N/A  |                |                |                     |   |                      |                |                |   |                |                         |                   |
| <b>D. Acquisition Strategy</b><br>N/A  |                |                |                     |   |                      |                |                |   |                |                         |                   |
| <b>E. Performance Metrics</b><br>N/A   |                |                |                     |   |                      |                |                |   |                |                         |                   |

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