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Exhibit R-2, RDT&E Budget Item Justification: PB 2013 Defense Logistics Agency **DATE:** February 2012

APPROPRIATION/BUDGET ACTIVITY 0400: <i>Research, Development, Test & Evaluation, Defense-Wide</i> BA 6: <i>RDT&E Management Support</i>	R-1 ITEM NOMENCLATURE PE 0605502S: <i>Small Business Innovative Research (SBIR)</i>
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COST (\$ in Millions)	FY 2011	FY 2012	FY 2013 Base	FY 2013 OCO	FY 2013 Total	FY 2014	FY 2015	FY 2016	FY 2017	Cost To Complete	Total Cost
Total Program Element	1.108	2.367	-	-	-	-	-	-	-	Continuing	Continuing
1: <i>Small Business Innovative Research (SBIR)</i>	1.108	2.367	-	-	-	-	-	-	-	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.

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APPROPRIATION/BUDGET ACTIVITY	R-1 ITEM NOMENCLATURE
0400: <i>Research, Development, Test & Evaluation, Defense-Wide</i>	PE 0605502S: <i>Small Business Innovative Research (SBIR)</i>
BA 6: <i>RDT&E Management Support</i>	

B. Program Change Summary (\$ in Millions)	FY 2011	FY 2012	FY 2013 Base	FY 2013 OCO	FY 2013 Total
Previous President's Budget	-	-	-	-	-
Current President's Budget	1.108	2.367	-	-	-
Total Adjustments	1.108	2.367	-	-	-
• Congressional General Reductions	-	-			
• Congressional Directed Reductions	-	-			
• Congressional Rescissions	-	-			
• Congressional Adds	-	-			
• Congressional Directed Transfers	-	-			
• Reprogrammings	-	-			
• SBIR/STTR Transfer	-	-			
• Generic Logistics Research and Development Technology Demonstrations SBIR Transfer	0.475	0.563	-	-	-
• Industrial Preparedness Manufacturing Technology SBIR Transfer	0.509	0.543	-	-	-
• Deployment and Distribution Enterprise Technology & AT21 (USTRANSCOM) SBIR Transfer	0.124	0.186	-	-	-
• Microelectronics Technology Development and Support (DMEA) SBIR Transfer	-	1.075	-	-	-

Change Summary Explanation

FY 2012 Generic Logistics Research and Development Technology Demonstrations SBIR Transfer: \$0.563 million

FY 2012 Industrial Preparedness Manufacturing Technology SBIR Transfer: \$0.543 million

FY 2012 Deployment and Distribution Enterprise Technology & AT21 (USTRANSCOM) SBIR Transfer: \$0.186 million

FY 2012 Microelectronics Technology Development and Support (DMEA) SBIR Transfer: \$1.075 million

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Exhibit R-2A, RDT&E Project Justification: PB 2013 Defense Logistics Agency **DATE:** February 2012

APPROPRIATION/BUDGET ACTIVITY 0400: <i>Research, Development, Test & Evaluation, Defense-Wide</i> BA 6: <i>RDT&E Management Support</i>	R-1 ITEM NOMENCLATURE PE 0605502S: <i>Small Business Innovative Research (SBIR)</i>	PROJECT 1: <i>Small Business Innovative Research (SBIR)</i>
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COST (\$ in Millions)	FY 2011	FY 2012	FY 2013 Base	FY 2013 OCO	FY 2013 Total	FY 2014	FY 2015	FY 2016	FY 2017	Cost To Complete	Total Cost
1: <i>Small Business Innovative Research (SBIR)</i>	1.108	2.367	-	-	-	-	-	-	-	Continuing	Continuing
Quantity of RDT&E Articles											

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. Accomplishments/Planned Programs (\$ in Millions)

	FY 2011	FY 2012	FY 2013
<p>Title: SBIR Accomplishments/Plans</p> <p>FY 2011 Accomplishments: In FY2011, the DLA SBIR program awarded seven new Phase I contracts and two new Phase II contracts. All seven Phase I contracts are in execution. Approximately eight Phase II contracts remain in-execution. Funded projects cover a wide range of advanced manufacturing technologies that have the potential to make a significant impact on discrete item cost on the items that DLA procures.</p> <p>Phase II projects include the following technologies: *Advanced automation process for graphite fiber in composite aerospace components *Laser Assisted Machining with Integrated Dynamic Tooling *Automated conversion of 2dimensional technical data to 3 dimensional models *High Quality, High Productivity Composite and Multilayer Drilling *Reduced Cost and lead-time for cast metal components using innovative tooling techniques and advanced pattern materials *Premature Cure Indication for QwikSealR Pre-Sealed Fastener Technology *Light-weight, lower-cost and improved aerospace alloys using hollow nano-spheres *Cryogenic Grinding System for the High Productivity Grinding of Advanced Materials</p>	1.108	2.367	-

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B. Accomplishments/Planned Programs (\$ in Millions)	FY 2011	FY 2012	FY 2013
<p>Phase I projects include the following technologies:</p> <ul style="list-style-type: none"> *Powder metallurgical process for titanium hydraulic fittings *Laser assisted machining for structural ceramic parts *Injection molding process for high temperature polymers reinforced with nano metals *Innovative process to make tooling for composite parts *Net-shape process for making titanium parts *Self-calibrating, adaptive precision grinding system for bearing manufacture *Innovative coating process for making high temperature magnet wire used in electric motors <p><i>FY 2012 Plans:</i> Due to the rapid and significant decrease in SBIR funding, the plan for the FY2012 SBIR program is to narrow the broad-based manufacturing research topic to support a more narrow area of the defense manufacturing base. Specifically, the new topic will act a high-risk feeder program to DLA's BATTNET President Budget Program. Furthermore, the FY2011 Phase I SBIR projects will provided the opportunity to compete for Phase II awards in FY2012.</p> <p><i>FY 2013 Plans:</i> To continue execution of all active Phase I and Phase II SBIR Projects. And to select between 2 and 6 new Phase I SBIR proposals from the BATTNET feeder Topic that will be solicited in the DOD-wide 2013.3 Broad Agency Announcement.</p>			
Accomplishments/Planned Programs Subtotals	1.108	2.367	-

C. Other Program Funding Summary (\$ in Millions)
N/A

D. Acquisition Strategy
Small Business Innovative Research (SBIR).

E. Performance Metrics
N/A.