

# SBIR/STTR Overview

*Brought you by:*



**Federal Funding Assistance Program**

# **Center for Innovative Technology**

**The Center for Innovative Technology (CIT) helps to accelerate the next generation of technology and technology companies in the commonwealth of Virginia.**

# **CIT Entrepreneur**

- **Federal Funding Assistance Program** – CIT's Federal Funding Assistance Program identifies and accelerates opportunities for Virginia's small technology businesses to obtain SBIR and STTR awards and other government contracts. Novice and experienced grant recipients may benefit from this program.
- **GAP Fund** – CIT's GAP Fund closes the funding gap between “friends and family” and early-stage equity investment for Virginia-based technology companies. CIT's GAP Fund identifies and makes funds available to seed-stage technology firms with a high potential for commercialization, rapid growth and downstream private-equity financing.

## **CIT's Federal Funding Assistance Program**

- **Assists Virginia-based tech firms**
- **SBIR strategy consultation and mentoring**
- **Low cost proposal training and review courses**
- **Discounts with expert proposal consultants**
- **Discounts on proposal preparation software**
- **Referral to law firm for free IP and patent consultation**
- **Discounts on cost accounting solutions and CPA services**
- **VC/Angel Capital "Readiness" review and consideration for CIT GAP Fund**
- **Phase "0" and "00" awards of \$500-\$2000 to qualified first time Phase I & Phase II applicants to help pay for proposal development resources.**
- **CRCF SBIR Matching Grant Program**

**[www.cit.org/programs/cit-entrepreneur](http://www.cit.org/programs/cit-entrepreneur)**

# **SBIR/STTR Background**

- **Use the entrepreneurial spirit of small business to solve high risk, high pay off federal agency technology problems**
- **Agencies provide a relatively small amount of funding to vet ideas.**
- **Gated funding process**

# **SBIR/STTR Background**

- **SBIR established in 1982.**
- **STTR added in 1992 to draw in academia**
- **Oversight by SBA**
- **Recently Re-authorized after more than a dozen continuing resolutions that kept the program running.**

# **SBIR and STTR Basics**

- **Government funding of early stage, high risk, high pay-off research that can be commercialized.**
- **\$2.4+ Billion available**
- **Agencies identify their need for new, high risk, innovative technology that serves their mission.**
- **Specific topics are posted in solicitations 1-3 times per year by each agency.**
- **Funding you could not typically get from other external sources like VC, angels, friends and family.**
- **4000+ projects funded annually**

# **SBIR**

## ***Small Business Innovation Research:***

**2.7% of extramural R&D budget set-aside for small business concerns to engage in Federal R&D – with potential for commercialization.**

- Increasing to 3.2% over 6 years)**
- Required participation by Agencies with at least \$100M in extramural R&D budgets**
- DOD, HHS/NIH, NASA, DOE, NSF, DHS, USDA, EPA, DOC, DOEd, DOT.**



# **STTR**

## ***Small Business Technology Transfer:***

- 0.35% of extramural R&D budget is set-aside to facilitate cooperative R&D between small business concerns and US Research Institutions – with potential for commercialization. (requires participation by a non-profit University or Federal Lab)**
- Increasing to .45% over 6 years.**
- Required participation by Agencies spending at least \$1B on total external R&D annually.**
- DOD, HHS/NIH, NASA, DOE, & NSF**

# **11 Participating SBIR/STTR**

## **Agencies – Each Mission Very Different!**

- **DOD\* (\$1.4B+)**
- **HHS/NIH\* (\$600M+)**
- **NASA\***
- **Energy\***
- **NSF\***
- **Agriculture**
- **EPA**
- **Commerce**
- **Education**
- **Transportation**
- **Homeland Security**

***\*Participate in SBIR & STTR***

# Topics

- **No “Unsolicited” proposals** – always responding to a specific topic
- Some topics are **more focused** than others.
  - DOD very specific
  - NIH and NSF are more general, giving you a chance to define your own topic that is serving their mission.
  - More than 1/2 of NIH awards are “investigator initiated” topics.

# Topics

- **Lots of opportunities** -- Agencies list topics from 1-3 times per year
- DOD has 3 SBIR cycles and 1 or 2 STTR cycles – not all departments participate in all solicitations.
- NIH has 3 SBIR/STTR solicitations.
- NSF has 2 SBIR and 1-2 STTR solicitations per year.
- USDA, DOT, EPA, NASA, NIST, NOAA have 1 SBIR solicitation per year.

## Phases and Funding Amounts

**Phase I:** A feasibility study, providing \$70—\$150K and 6 months (SBIR) or 12 months (STTR).

- Can't skip Phase I (for now)
- Awards made approx. 6 months after deadline.

**Phase II:** Full R/R&D, proof of concept/development of prototype. A 2-Year Award and \$300K—\$1.5M.

- Some agencies require invitation to submit a Phase II, some are automatic if you receive Phase I. Moving toward “no phase II invites required”.

**Phase III:** Commercialization Stage. No SBIR funding. Use of non-SBIR Funds (includes other Federal funds, VC, etc.)

# Program Focus:

- **This is a Commercialization Focused Program**
- A research program designed to produce commercial products.
- Not a “*research for the sake of research*” program

# Eligibility

- **No more than 500 employees**
- **Organized “for profit” firm**
- **Independently owned and operated**
- **51% owned by U.S citizens/resident aliens**
- **Principal place of business is USA**
- **Principal Investigator (PI) must be primarily (51%) employed by the proposing firm.**
- **In SBIR, at least 66% of phase I and 50% of Phase II must be accomplished by the proposing/prime contract firm (joint ventures and limited partnerships are permitted)**
- **All work must be performed in the US**

## **3 Main Evaluation Areas**

- **Technical approach**
- **Team**
- **Commercialization plan/pathway to market**
  
- **Be prepared to address all three areas!**



# Review Criteria

- **Significance** – *is the problem important?*
- **Innovation** – *Will your product make a difference?*
- **Investigators** – *Is your team qualified?*
- **Approach** – *Is your project well defined?*
- **Resources** – *Is your team, facility and budget appropriate for the job at hand?*
- **Commercialization** – *is your business model sound and geared to make a profit?*

# **Who Owns the Intellectual Property?**

- **The Small Business owns the IP**
- **IP agreements required in STTR between small business and research institution**
- **Full rights are retained by the company for all technical data (AKA "SBIR Data Rights") and all patentable inventions.**
- **Rights do expire if the work is not continued.**
- **Must take measures to protect your IP.**

## Different than 8a

- SBIR is a competitive process with no set-asides for minority, women owned, etc.
- Be pro-active in developing opportunities.
- Use federal contacts to propose topics (like at DoD)
- Business development skills key to success!
- Win an SBIR at one agency, sole source contracts can be obtained at any other agency.
- SBIR is a business strategy – not just \$ for research, but \$ for product development and commercialization.

# Agency Missions

- **Know each agencies mission & culture.**
- **Know what the goals of the Federal agencies are**
  - **DOD** uses SBIR as a procurement tool
  - NIH and NSF use SBIR Grants to help society (they don't purchase)
  - Dept. of Energy is a little of both
  
  - Review process differs for each agency – know your targeted agency for best results!

# **Program Benefits**

- **Not a loan—no repayment**
- **Seed money for high risk R&D**
- **Recognition for your company**
- **Experience as a prime contractor**
- **Leveraging Tool for VC**
- **Fosters Partnerships**
- **IP rights maintained by the small business – data rights extend to 4 years after your have finished the contract/grant (5 yrs. For DoD)**
- **Sole-source marketing position with all Federal Agencies**

# Final Thoughts

- **Does your funding-needs and timeline match the funding and timeline of SBIR/STTR?**
- **Know who your reviewers are.**
- **Know how to push the reviewer's buttons.**
- **Talk to the agency when you can.**
- **Know your competition**
- **Address your shortcomings (subcontracting)**
- **Know the existing solutions**
- **Know what risk level is needed – risky, but not too far “out there”. Agencies**

## **Improve your Odds**

- **Attend workshops, training, and national conferences.**
- **Do your research, plan ahead, and think of the “Value Chain”.**
- **Collaborate to strengthen your proposal.**
- **Speak with the agencies**
  - **If you have current projects with an agency, find out what other problems exist.**
  - **Use your knowledge of the customer to your benefit.**

# **Upcoming SBIR/STTR Solicitations**

- **DOD – Jan. 16. 2013**
- **NOAA – Jan. 30, 2013**
- **Dept. of Energy – Feb. 5, 2013**
- **NSF STTR – Feb. 6, 2013**
- **DOT – March 4, 2013**



# **Find Solicitations & Agency Links**

**[www.zyn.com/sbir](http://www.zyn.com/sbir)**

**Includes a solicitation topic search tool in upper right corner**

**[www.sbir.gov](http://www.sbir.gov)**

**CIT's Monthly Federal Funding Newsletter**

- SBIR Training**
- Early stage tech entrepreneur training**
- Solicitation Announcements**

## **Upcoming Training**

- **Mid-Atlantic Advanced SBIR Workshop**
  - March 13, Herndon, VA
- **SBIR Proposal Prep Workshop**
  - April 16, Norfolk, VA
- **Tech Transfer Funding Sources & Resources Forum**
  - April 17, Hampton VA (Morning)
  - April 17, Norfolk, VA (Afternoon)
- **National SBIR Conference,**
  - May 14-16, National Harbor, MD

# **Federal Funding Assistance Program:**

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