

SBIR/STTR:
GETTING STARTED,
GETTING FUNDED

SBIR/STTR Mission

Supporting scientific excellence and technological **innovation** through the investment of Federal **research** funds in critical American priorities to build a strong national economy **one small business at a time.**

SBIR/STTR Program Size

FY2011: \$2.4+ Billion allocated!

SBIR: 2.5% of extramural R&D budgets of qualifying agencies

STTR: 0.3% of extramural R&D budgets of qualifying agencies

SBIR funding is accessible to a wide range of innovators

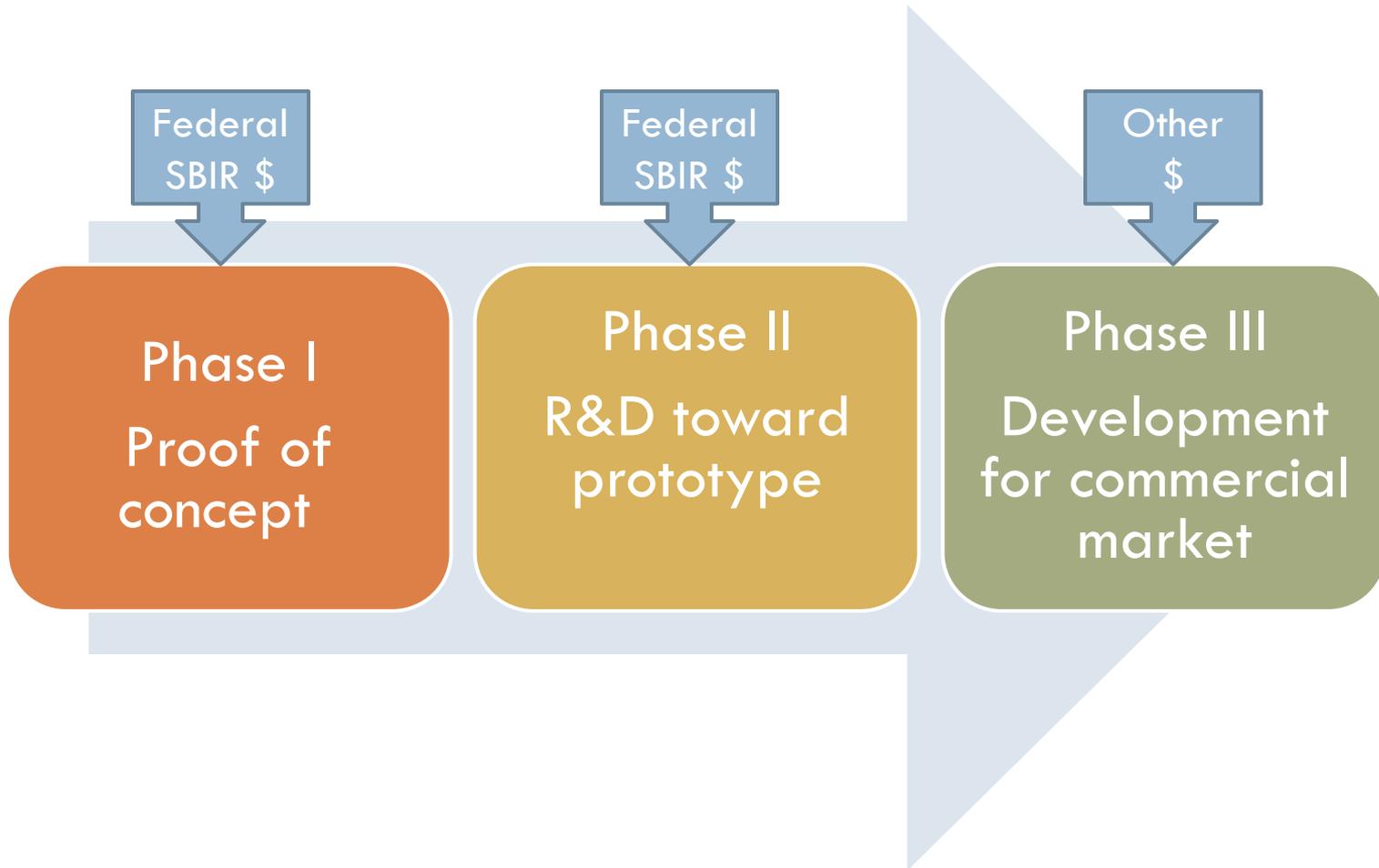
- Small US-citizen owned company or start-up with new IP
- Researcher* with an applied technology but no funding to create a prototype
- Inventor with concept funded out of your own pocket

*Restrictions apply

Grants are an overlooked source of early stage funding

- Federal SBIR/STTR grants to build and test innovative new products
- State NYSERDA PONS—energy-related R&D
- TIP, ARPA-e...

SBIR/STTR Innovation Model



SBIR/STTR Phase Guidelines

Phase I: Proof of concept/Feasibility

- SBIR – up to \$150K for 6 months
- STTR – up to \$100K for 12 months

Phase II: Full research/R&D

- SBIR – up to \$1 million for 2 years
- STTR – up to \$550K for 2 years

Phase III: Commercialization

- Funds from outside the program

SBIR Innovation

The SBIR program provides small businesses the opportunity to propose **innovative** ideas that meet federal R&D needs.

STTR—Partnership Required



The STTR (Small Business Technology Transfer) Program is SBIR's sister program, encouraging cooperative R&D between small businesses and research institutions.

SBIR/STTR allows you to test the feasibility of ideas with commercial potential

- Congress has mandated that agencies with significant external R&D budgets reserve a percentage for SBIR and STTR
- SBIR permits research institution partners
- STTR requires research institution partners

SBIR provides funding for high-risk R&D and enables you to prove your concept

- First level of investment
- **Verification** of your innovative technology
- Peer-reviewed
- **Reduces technological risk** for investors
(angels/VCs will NOT fund R&D)
- Has grown increasingly competitive
- Under a CR; rules likely to change in FY 2011

SBR builds value in your business for the owners of your business

- **Not dilutive** like equity investment
- No future debt accrued
- Inventors retain 100% intellectual property and commercialization rights
- Licensing and royalties=future revenue streams

SBIR and STTR fund direct project work in several areas

- Exploitation of **scientific breakthroughs**
- Innovative use of **emerging technologies**
- New application or **major improvements** to *existing technologies*
- Commoditized technology **won't be accepted**

Eleven agencies host SBIR programs, and six host STTR programs

- Agriculture
- Commerce
- Defense - **also STTR**
- Education
- Energy - **also STTR (program expanded in FY2011)**
- EPA
- Health and Human Services -
 - National Institutes of Health - **also STTR**
 - Health Care Financing Administration
- Homeland Security
- Transportation
- National Aeronautics and Space Administration - **also STTR**
- National Science Foundation - **also STTR**

SBIR/STTR Eligibility

- For-profit firm with fewer than 500 employees
- US-owned and independently operated
- Not dominant in the proposed field of operation
- PI employed by the business over 50% time (no other organization can claim them as FTE)
 - ▣ For SBIR; STTR depends upon the agency
- Research direction must be controlled by the SBIR grantee

Start with a multi-agency search

Using search portals, identify the topics that relate to your company's R&D interests by keyword.

- www.zyn.com/sbir/
 - (newsletter also)
- www.sbir.gov

Next step—do your homework

- The second step is to review solicitation information for the opportunities you have selected
- Pre-solicitation announcements
- Guidelines
 - ▣ Requirements - technical and personnel
 - ▣ Award amounts
 - ▣ Application and submission details
- Research funded in the past
- Be careful about ‘sample’ or ‘model’ proposals

Third step—contact the agency

- Learn why the agency is funding your topic
- Research each agency to understand their **mission** and **culture**
- Be sure you understand release date communications blackouts
- Research previous awards made in your category

Be tactical: you have to plan to win

- Have a clear vision of your first customer
- Leverage federal and state resources
- Leverage relationships with outside organizations
- Consider the use of subject-matter experts
- Leverage personal resources
- Ask for letters from potential customers

You must be prepared to sell the value of your idea

- An investor is an investor
- Evaluate how you fit the funder's needs
- Understand the funder's motives and values
- Be able to articulate how your approach is different from competing technologies
- Show that you know your market

The proposal will require more than ‘filling out a form’—write for your reader!

- Proposal quality is key
- The text should be engaging and easy to read, but avoid marketing-speak
- Don't make the reader dig for information; highlight key points
- Use pictures, tables and figures

Deal-breakers for your proposal...

- Unclear writing, including ESL issues—get readers!
- Failure to demonstrate your ability to commercialize (Bigger issue than ever!)
- Lack of a **truly qualified** Principal Investigator
- **Application errors** like wrong checkboxes!
- No clear difference from the herd

Let's talk about reauthorization...

- SIX MORE YEARS!! This is such great news, but...
- SBA has to go through miles of legislation to give the agencies the ground rules going forward.
- Took almost 15 Congressional Resolutions
- Latest Reauthorization – late 2011

Reauthorization Predictions

Insiders predict:

- More emphasis on preventing Waste, Fraud, and Abuse (WFA).
- More commercialization assistance II to III.
- Venture Capital-owned companies can play (to an extent) in SBIR, but not STTR.
- STTR will grow by 50% over six years.
- Jim Greenwood: “Expect plenty of changes & variations, follow SBA & agency implementation closely.”

New York State SBIR Outreach

- 10 Regional Technology Development Centers (RTDCs) in NY State

- ▣ Three SBIR/STTR regional specialists



- New York State has provided SBIR outreach since 1988 through NYSTAR. Funding currently on hiatus, but all three centers continuing to assist SBIR applicants.



NYS SBIR specialists can lead you through the SBIR/STTR maze

We *can*:

- ▣ Help you find the right opportunity
- ▣ Match you with a research lab partner
- ▣ Match you with a small business
- ▣ Advise you on proposal strategy
- ▣ Read your proposal with comments

We *can't*:

- ▣ Write the proposal *for* you

THANK YOU, AND FEEL FREE TO CONTACT ME WITH ANY QUESTIONS

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