

SBIR/STTR:  
GETTING STARTED,  
GETTING FUNDED

# SBIR/STTR Mission

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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**

**These percentages are changing in 2013...**

# SBIR funding is accessible to a wide range of innovators

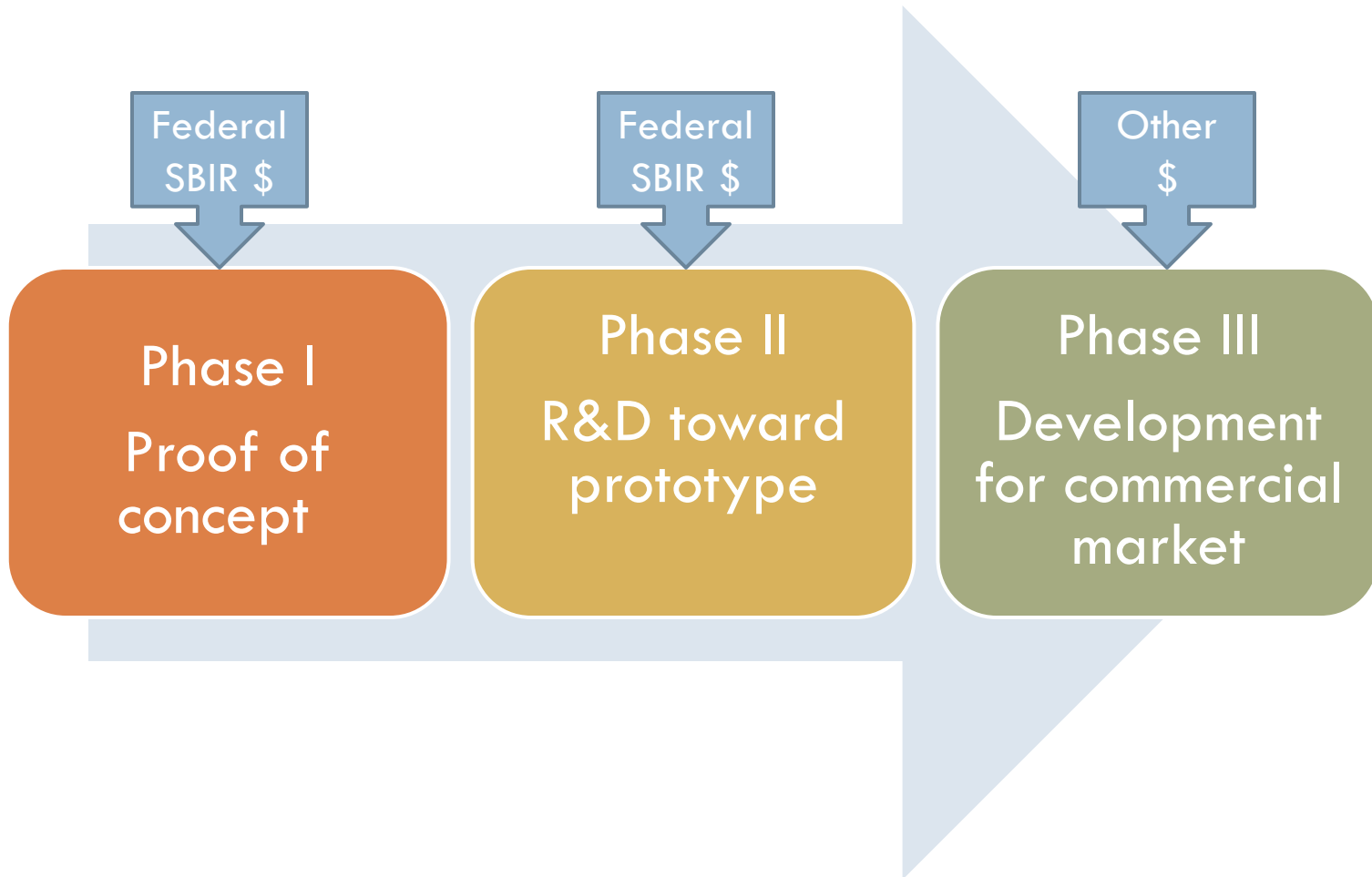
- Small US-citizen owned company or start-up with new IP
- Researcher\* with an applied technology but no funding to create a prototype
- Inventor with concept funded out of your own pocket

\*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

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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

# 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**
- 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/](http://www.zyn.com/sbir/)
  - (newsletter also)
- [www.sbir.gov](http://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.
- Not a 'real business' with a physical home (esp. NIH).

# Let's talk about reauthorization...

- SIX MORE YEARS!! This is such great news, but...
- SBA went through through MILES of legislation to give the agencies the ground rules going forward.
  - SBA SBIR Policy Directive
- Tough new guidelines are unfolding
- Don't go it alone—nobody should pretend that the new landscape is simple for companies to understand .
- Read everything twice—the rules are shifting.

# Reauthorization—key changes 1

- Set-aside percentages will increase gradually.
- Agencies may be able to add more support and technical assistance to applicants/awardees.
- Venture Capital majority-owned companies can play, but details expected early 2013.
- Companies will be required to register with [www.sbir.gov](http://www.sbir.gov)
- Possibility of cross-program and cross-agency awards



# Reauthorization—key changes 2

- Direct to Phase II pilot (DoD, NIH, Dept. Ed)
- Open Phase II competition—all Phase I awardees will be eligible to compete for Phase II, rather than by invitation only.
- Company ‘commercialization benchmark’ measured. (Multiple Phase I awards with no Phase II questioned)
- More stringent Waste, Fraud, and Abuse (WFA) compliance reporting.
- Changes rolled out from August 6, 2012 until published dates shown in the Federal Register.

# Reauthorization—key changes 3

- Previously startups had to qualify as ‘small businesses’ at ***time of award***. Now, you will have to qualify at ***time of submission***. See your SBDC!
- Agencies are required to reduce the gaps in the time it takes to make an award, but this will happen gradually.
- Phase III awardees will receive clearer preference for federal contracts.

# Some upcoming deadlines...

- USDA/NIFA Phase I extended to 9/13
- DoD SBIR 2012.3 and STTR 2012.B: 9/26
- NSF STTR 12/20, but Letter of Intent needed (LOI)
- NSF SBIR 12/3—broad topics:
  - Biological and Chemical Technologies (BC)
  - Education Applications (EA)
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# New York State SBIR Outreach

- 10 Regional Technology Development Centers (RTDCs) in NY State
- These centers are members of the NIST-funded Manufacturing Extension Partnership network for New York State, NYMEP. NYMEP is coordinated by NYSTAR.
- Three SBIR/STTR regional specialists cover 10 regions.
- New York State has provided SBIR outreach since 1988 through NYSTAR, now under Empire State Development.



# 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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