

SBIR/STTR Overview

Presenters:

Karen West, SBIR/STTR TAP Consultant
Shane Beckim, MTI Portfolio Manager

University of Southern Maine
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**Since 1999 82 Maine organizations
have received SBIR/STTR awards
totaling almost \$78million**

Federal SBIR/STTR Program

What is it?

- ▶ **A +\$2Billion funding program set-aside for small businesses seeking to early stage high risk research and development of innovative products, processes and services.**
- ▶ **SBIR - Small Business Innovation Research**
- ▶ **STTR – Small Business Technology Transfer**
- ▶ **Federal Agencies with extramural R&D > \$100M sets aside 2.7% for SBIR and 0.35% for STTR**

WIIFM?

▶ **What's in it for ME?**

- Allows for transition of university research to commercialization – recognizing profits and royalties
- Small Businesses tend to challenge paradigm and bring different perspective
- Opportunity for growth and innovation
- Strengthens and supports community and state

▶ **Challenges:**

- Mindset – entrepreneurial
- Focus – product, process or service to market – quickly

What is the SBIR/STTR Program?

▶ **Purpose:**

- Stimulate technological innovation
- Develop new technology
- Create new jobs
- Ensure small businesses have opportunity to become a valuable resource for innovation

▶ **Who can participate:**

- Companies under 500 employees
- Organized as a for profit business in the U.S.
- R&D must be performed in the U. S
- More than 51% owned and independently operated – each agency has its variations for ownership

Basic Elements of the Program

▶ **Three Phase Program**

- Phase I: Feasibility – will my idea work?
 - 6 months (SBIR) to 1 year (STTR) period of performance
 - STTR ~ \$235,000, SBIR ~\$150,000
 - Submit 25 page proposal
- Phase II: Prototype Development – bench level product
 - Up 1 year period of performance
 - Up to \$1,000,000
 - Submit 50 page proposal
- Phase III: Commercialization – no federal funding

Basic Elements of the Program

▶ **SBIR Program:**

- Small Business MAY subcontract with a non-profit research institute
- Must perform up 67% of the work based on budget
- Intellectual Property rights remain with the small business
- Is a grant or a contract – not a loan
- Average success rate
 - 10 – 16% Phase I
 - 40 – 50% Phase II

Basic Elements of the Program

▶ **STTR Program:**

- Small Business **MUST** partner with a non-profit research institution
- Must perform 40% of the effort
- Research Institution must perform 30% of the effort
- Balance of effort for either or additional parties
- IP rights must be negotiated between parties

In both programs, the small business is the applicant & awardee!

Basic Elements of the Program

▶ **SBIR Program:**

- The Principal Investigator must be a more than 51% employee of the small business
- Spend ~ 10% or more of time on project

▶ **STTR Program:**

- The Principal Investigator may be from either the small business or the partnering institution
- If from institution may have to reduce faculty time
- Check with institution

Which Agencies participate?

▶ **SBIR/STTR Agencies**

- Department of Defense (DoD)
Air Force, Army, Navy, Defense Advanced Research Projects Agency, Defense Technical Information Center, Defense Threat Reduction Agency, Missile Defense Agency, National Geospatial-Intelligence Agency, Special Operations Command
- National Institutes of Health (NIH)
- National Science Foundation (NSF)
- National Aeronautics & Space Administration (NASA)
- Department of Energy (DOE)

Which Agencies participate?

▶ **SBIR Only:**

- U.S. Dept. of Agriculture (USDA)
- Department of Homeland Security (DHS)
- Department of Education (Ed)
- Department of Transportation (DOT)
- Department of Commerce: (DOC)
 - National Institute of Standards & Technology (NIST)
 - National Oceanic and Atmospheric Administration (NOAA)
- Environmental Protection Agency (EPA)

Agency Differences

- ▶ **Agency mission and success metrics**
- ▶ **Number and timing of Solicitations over Fiscal Year**
- ▶ **R&D Topic areas – broad vs. specific, commercial market vs. acquisition focus**
- ▶ **Award type, size and structure – contract vs. grant; base-and-options, etc.**
- ▶ **Assistance available to awardees for commercialization**
- ▶ **Government technical monitor (TPOC) role**

Agency Differences (cont'd)

- ▶ **Financial details (e.g., Indirect Cost Rates, Gap Funding)**
- ▶ **Proposal preparation instructions, receipt dates and review process**
- ▶ **Agency mission and success metrics**
 - Never judge an agency by its title!
 - STTR is a relatively “small” program
 - Not as many applicants
 - Not as many awards
- ▶ **R&D Topic areas –**
 - broad vs. specific, commercial market vs. acquisition focus
 - Wide variety of topic areas
 - Dual-use technologies

Which should you use?

- ▶ **Depends on several variables:**
 - Does the agency offer STTR?
 - Where was the idea originated?
 - What are small business capabilities?
 - People
 - Facilities
 - Is it Tech Transfer?
 - IP ownership?
- ▶ **Don't decide by yourself!**
 - Talk to Agency topic manager
 - Call Karen West

Advantages & Benefits

- ▶ **Evaluation is based scientific and technical merit, firms' qualifications, commercial potential and societal benefits**
- ▶ **Requires NO REPAYMENT of monies received – grant or contract**
- ▶ **Requires NO EQUITY sacrifice**
- ▶ **Intellectual property rights remain with the small business**
- ▶ **Follow-on Phase III awards are sole source up to 5 years from date of last SBIR/STTR award**

The Reality

- ▶ **Highly competitive – requires excellence in all aspects of competition process**
- ▶ **Funding generally NOT CONTINUOUS between Phase I and Phase II**
- ▶ **A credible project team must be assembled**
- ▶ **A viable commercialization plan is critical**
- ▶ **You need to submit an excellent and compelling proposal that:**
 - Excites reviewers - compelling
 - Is innovative
 - Meets a need and provides a solution

SBIR/STTR is a Process

- ▶ **It can be considered Patient Capital!**
 - Submit a proposal
 - 4 to 6 month review process by either internal or external panel of reviewers (goal 90 days)
 - 1 -2 month award process
 - 6 -12 month period of performance for Phase I
 - Submit Phase II proposal
 - 4 month review process
 - 2 year period of performance for Phase II
 - Commercialization

**On average a 3-4 year program –
but uses OPM (other people’s money!!)**

How to access information

▶ **<http://sbir.gov/>**

- Information on both SBIR and STTR programs
- Handbook for proposal preparation
- State award information
- Agency contacts & more!

▶ **www.zyn.com/sbir**

- Links to the agency SBIR/STTR sites
- Agency solicitation release/proposal due dates agency
- Key word search on topics – search both open and closed solicitations
- Conference information

How MTI can help

SBIR/STTR Technical Assistance Program

Phase 0 KickStarter Grants

**Business Accelerator Grants
Phase I up to \$15,000**

**Business Accelerator Grants
Phase II up to \$50,000**

TechStart Grants | Seed Grants

Development Loan | Equity Capital Fund

SBIR/STTR Technical Assistance Program

- ▶ **MTI offers pro bono SBIR/STTR Phase I & II Proposal Development Assistance**
 - Phase I/II – Advise & guidance in developing the proposal including tech editing/reviewing
 - Phase I/II – Financial guidance for developing indirect cost rate, budget and initial award support
 - Phase II – Same as above and adds market research support as well as commercialization plan development
- ▶ **SBIR/STTR Technical Assistance is offered on an on-going basis year-round**

Phase 0 KickStarter

- ▶ **New program to support SBIR/STTR and Broad Agency Announcement (BAA) applicants**
 - Up to \$5,000 for external resource support
 - Consultants, i.e. grant writers, subject matter experts
 - Purchase market reports
 - Other activities as approved by MTI
 - Two page proposal
 - Must submit SBIR/STTR proposal
 - Cash match not required/company labor is contribution
 - One year pilot program – applications accepted on a rolling basis with decision in one week.

Business Accelerator Grant

▶ **Designed to provide support for:**

- Business development activities related to project
 - Commercialization partnering activities
 - Website development
 - Marketing activities
- Phase II proposal support (Phase I Acc. Grant)
- May be used for both internal and external costs
- Match is the SBIR/STTR Phase I or II award
- Must meet with MTI prior to submitting application

Idea not ready for SBIR/STTR?

▶ Consider MTI's programs:

- TechStart Grant
- Seed Grant
- Development Loans
- Equity Capital Fund

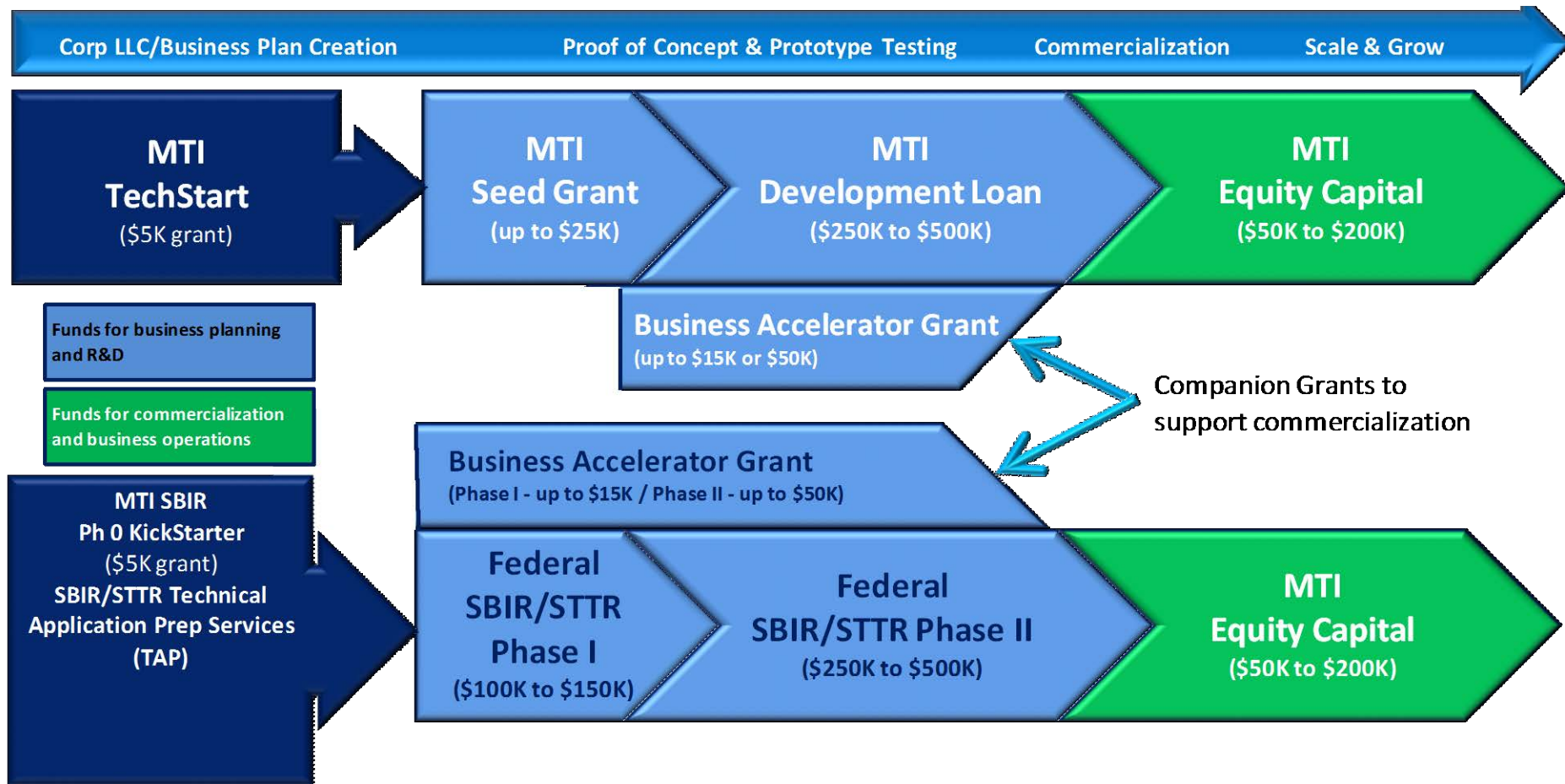
What MTI Does:

We **fund** Maine entrepreneurs and companies who engage technology to develop innovative products and **connect** them to resources to help them **grow** profitable enterprises.

FUND. CONNECT. GROW.

- ▶ **Expand Deal Flow & Quality**
- ▶ **Strengthen Partnerships.**
- ▶ **Amplify Portfolio to Investor Community**
- ▶ **Increase Commercialization Rate**
- ▶ **Broaden Culture of Innovation**
 - Accelerate Technology-Based Economic Development
 - Entrepreneurial way of life.

Business Innovation Program



TechStart Grants

- **up to \$5,000**

offered monthly

6-month project horizon

can apply for/receive 2 in 12 month period

For initial business groundwork

- Business Plan Development
- Market Research
- IP Filings

TechStart Grant funds are only eligible for specific activities

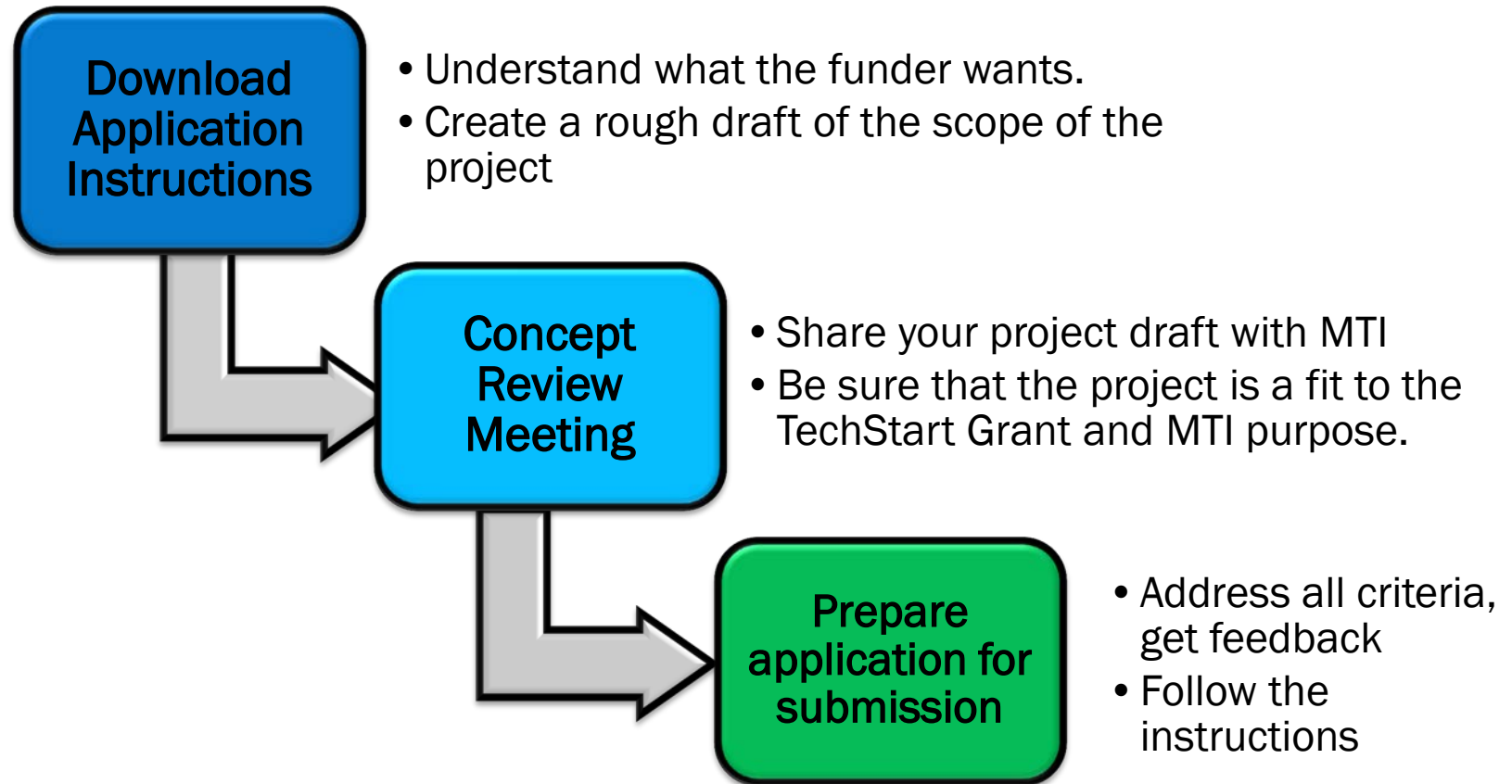
Eligible Activities

- ▶ Market analysis
- ▶ Business plan development
- ▶ Intellectual property filings
- ▶ Activities relating to Technology Transfer such as investor presentations to secure capital or other business development activity

Ineligible Activities

- ▶ Expenditures for any R&D activities
- ▶ Any expenditures before the submission date for the round
- ▶ Planning and preparation activities for the submission of Federal SBIR/STTR Phase II applications

Steps for submitting a TechStart Grant application



Seed Grants

- **up to \$25,000**

3 times per year

12 month project horizon

can apply for 2, same technology/24 months

For early stage specific R&D

- Lead to commercialization; or,
- Lay groundwork for securing additional capital

Seed Grant funds are only eligible for specific activities

Eligible Activities

- ▶ Proof of Concept
- ▶ Prototype Development
- ▶ Prototype Testing
- ▶ Field Trials and Pilot Studies
- ▶ Technology Transfer Activities
- ▶ Activities included in the TechStart Grant if they are part of a broader technology R&D project

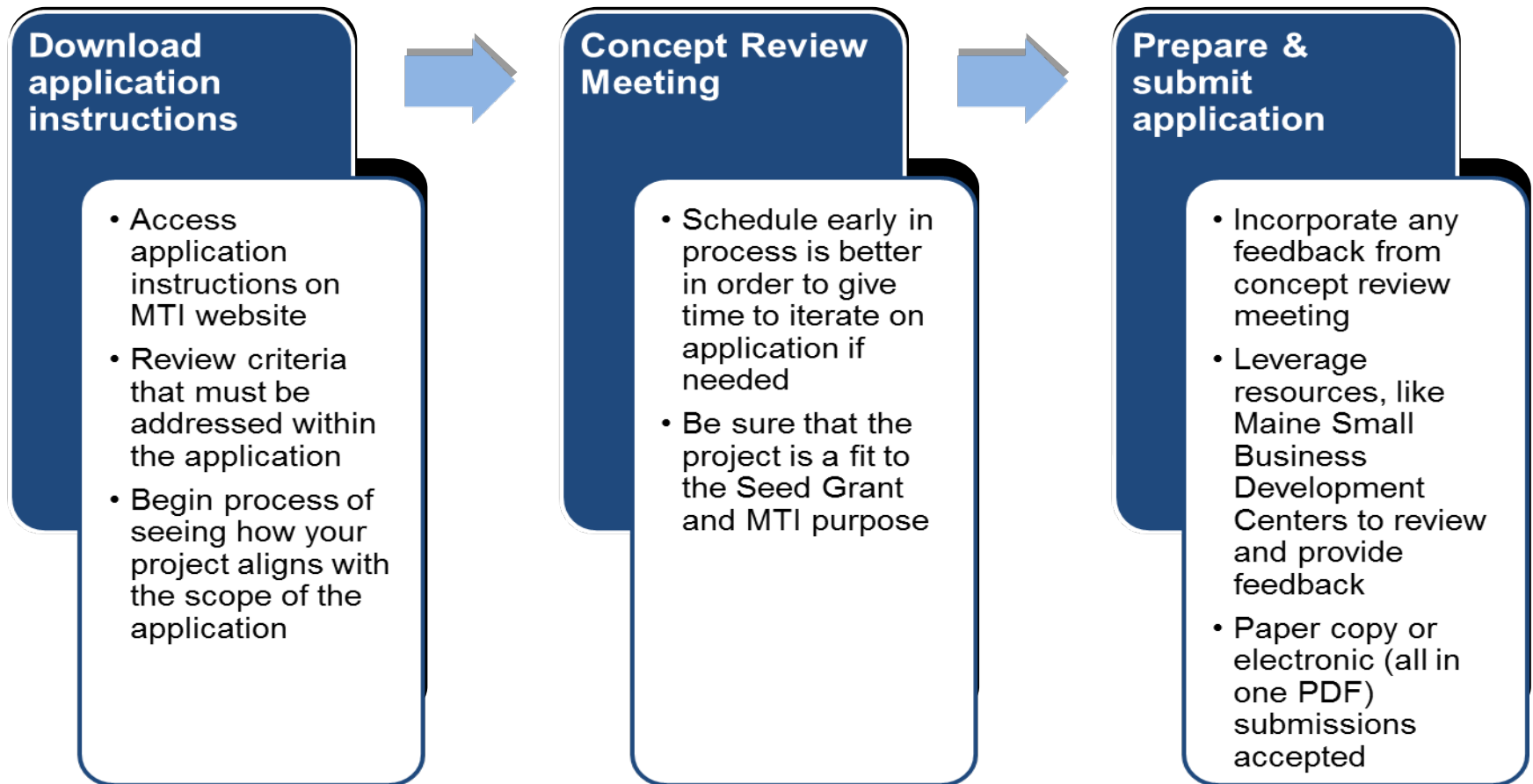
Ineligible Activities

- ▶ Expenditures for any sales and marketing activities
- ▶ Expenditures toward overhead costs
- ▶ Any expenditures before the submission date for the round

Seed Grant Program Limitations

- ▶ **An organization or principal investigator may receive up to \$50,000 for any one technology**
- ▶ **An organization or principal investigator may receive up to \$50,000 within a 24 month period**
- ▶ **Other MTI funding program awards are not counted toward the \$50,000 limitation**

Steps for submitting a Seed Grant application



Development Awards

- **\$30,000 to \$500,000**

3 times per year

terms vary by applicant type (large/small)

for production development/go-to-market

5-year repayment *after* commercialization

Other Programs

- Cluster Initiative Program
- Maine Technology Asset Fund (MTAF)
- Technology Transfer & Commercialization

Thank you for joining us today.

Contacts

Karen West, SBIR/STTR Consultant (TAP)

cpmgmt@fairpoint.net

(207) 845-2934

Shane Beckim, Portfolio Manager

sbeckim@mainetechnology.com

(207) -582-4790