2019 SBIR/STTR Funding & Commercialization-
Arizona Regional Regional Summit:

**SBIR/STTR Overview**

UA Tech Park - Event Center
Tuesday, March 26, 2019

Robert Vinson
NIH SBIR/STTR Program Office,
Office of Extramural Research
To support scientific excellence and technological innovation by providing investment of Federal R&D funds into small businesses to work on critical national priorities and build a stronger economy.
SMALL BUSINESS INNOVATION RESEARCH (SBIR) PROGRAM

Set-aside program for small business concerns to engage in federal R&D -- with potential for commercialization

SMALL BUSINESS TECHNOLOGY TRANSFER (STTR) PROGRAM

Set-aside program to facilitate cooperative R&D between small business concerns and US research institutions -- with potential for commercialization
SBIR Purpose and Goals

- Stimulate technological innovation
- Use small business to meet federal R&D needs
- Foster and encourage participation by minorities and disadvantaged persons in technological innovation
- Increase private-sector commercialization innovations derived from federal R&D

Small Business Innovation Development Act of 1982
P.L. 114-328 Re-Authorizes program through FY2022
STTR Purpose and Goals

• Stimulate and foster scientific and technological innovation through **cooperative research** and development carried out **between small business concerns** and **research institutions**

• Foster **technology transfer** between small business concerns and research institutions

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**Small Business Research and Development Enhancement Act of 1992**

P.L. 114-328 Re-Authorizes program through FY2022
www.sbir.gov

Learn About
- Overview
- Policy Directive
- Authorization Act
- Intellectual Property

I'm a(an)...
- Applicant
- Awardee
- Investor
- I am Business

I Want to...
- Start a Small Business
- Register my company
- Update my company profile/commercialization
Best Things about SBIR/STTR For Small Businesses

- **Non-Dilutive Capital** – The funding agency cannot take an equity position or ownership of the firm.
- **IP/Data Rights** protection – Government can’t share reports or data with anyone outside of the federal government for 5 years (DoD) or 4 years (other agencies).
- **Direct follow on Phase III** awards – No need for further competition, which benefits both the government and small businesses.
# SBIR/STTR Budgets by Agency, FY2018

## 5 Agencies with SBIR & STTR Programs

<table>
<thead>
<tr>
<th>Agency</th>
<th>Approx Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Defense (DOD)</td>
<td>$1.750 B</td>
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<tr>
<td>Department of Health and Human Services (DHHS), including the National Institutes of Health (NIH)*</td>
<td>$1.088 B</td>
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<tr>
<td>Department of Energy (DOE), including Advanced Research Projects Agency – Energy (ARPA-E)</td>
<td>$291.7 M</td>
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<tr>
<td>National Science Foundation (NSF)</td>
<td>$202.4 M</td>
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<tr>
<td>National Aeronautics and Space Administration (NASA)</td>
<td>$198.0 M</td>
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## 6 Agencies with Only SBIR Programs

<table>
<thead>
<tr>
<th>Agency</th>
<th>Approx Budget</th>
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<tbody>
<tr>
<td>Department of Agriculture (USDA)</td>
<td>$27.0 M</td>
</tr>
<tr>
<td>Department of Homeland Security (DHS): Science and Technology Directorate (S&amp;T) &amp; Countering Weapons of Mass Destruction Office (CWMD)</td>
<td>$20.8 M</td>
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<tr>
<td>Department of Commerce: National Oceanic and Atmospheric Administration (NOAA) &amp; National Institute of Standards and Technology (NIST)</td>
<td>$14.2 M</td>
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<tr>
<td>Department of Transportation (DOT)</td>
<td>$8.5 M</td>
</tr>
<tr>
<td>Department of Education (ED)</td>
<td>$7.5 M</td>
</tr>
<tr>
<td>Environmental Protection Agency (EPA)</td>
<td>$4.2 M</td>
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</tbody>
</table>

~ $3.6 Billion in FY2018 across all agencies

*DHHS also issues contracts
### Agency SBIR Differences

#### Contracting Agencies
- Agency establishes plans, requirements, deliverables
- Highly focused topics
- Procurement capability
- More fiscal requirements

#### Granting Agencies
- Investigator initiates approach
- Less-specified topics
- Assistance mechanism
- More flexibility

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<thead>
<tr>
<th>Contracting Agencies</th>
<th>Granting Agencies</th>
</tr>
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<tbody>
<tr>
<td>DOD</td>
<td>HHS/NIH</td>
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<tr>
<td>HHS/NIH</td>
<td>NSF</td>
</tr>
<tr>
<td>NASA</td>
<td>DOE</td>
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<tr>
<td>EPA</td>
<td>USDA</td>
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<td>DEd</td>
<td>DOC</td>
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HHS/NIH ~ 10% Contracts, 90% Grants
SBIR/STTR: III-Phase Competitive Program

PHASE I  Feasibility Study
- Award Guideline: $150K (varies by Agency) - can be $225K or more
- Duration: 6 months (SBIR)/12 months (STTR)

PHASE II  Full Research, R&D to Prototype
- Award Guideline: $1M (SBIR/STTR) - varies by Agency - can rise to $1.5M, or more with waiver
- Duration: 2 years

PHASE III  Commercialization
- Subsequent investment to achieve commercialization, or sale
- Use of non-SBIR/STTR Funds
Program Eligibility Criteria

- Organized as for-profit US business
- Small: 500 or fewer employees, including affiliates
- Work must be done in the US (with few exceptions)

Individual Ownership:
- Greater than 50% US-owned by US citizens and independently operated
- Greater than 50% owned and controlled by other business concern(s) that is/are greater than 50% owned and controlled by one or more individuals
- Be a concern which is more than 50% owned by multiple venture capital operating companies, hedge funds, private equity firms, or any combination of these (For some agencies)

Determined at Time of Award!
STTR Eligibility Criteria

- Applicant is a Small Business Concern
- Formal Cooperative R&D Effort
  - Minimum 40% by small business
  - Minimum 30% by US research institution
- US Research Institution
  - College or university; other non-profit research organization; Federal R&D center
- Intellectual Property Agreement
  - Allocation of rights in IP and rights to carry out follow-on R&D and commercialization
<table>
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<tr>
<th></th>
<th>SBIR</th>
<th>STTR</th>
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<tr>
<td><strong>Partnering Requirement</strong></td>
<td>Permits partnering</td>
<td>Requires a non-profit research institution partner (e.g. university)</td>
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<tr>
<td><strong>Work Requirement</strong></td>
<td>Guidelines: May outsource 33% (Phase I) 50% (Phase II)</td>
<td>Minimum Work Requirements: 40% small business 30% research institution partner</td>
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<tr>
<td><strong>Principal Investigator</strong></td>
<td>Primary employment (&gt;50%) must be with the small business</td>
<td>PI may be employed by either the research institution partner or small business</td>
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*Award is always made to the small business!*
• SBIR/STTR programs authorized through FY22
• 4 pilot programs extended through FY22
  o **SBIR Direct Phase II** (some by 1/7/19, rest by 4/5/19)
    ▪ Apply at Application Level for SBIR Direct Phase II (New)
    ▪ NIH Only, not available for STTR by law
  o **Commercialization Readiness Pilot Program** (SB1 or other options targeting 4/5/19)
  o **3% Agency SBIR Admin funds** (more outreach, more commercialization assistance, etc.)
  o **NIH Phase 0 Proof of Concept Centers** (REACH - planning)
SBIR/STTR Legislative Update

- Increase Technical and Business Assistance
  - Up to $6,500 per year per Phase I (up from $5K/year)
  - Up to $50,000 per Phase II project (up from $5K/year)
  - Request at time of APPLICATION
  - Request in F. Other Direct Costs lines 8-10 on SBC budget
  - Label as “Technical Assistance”

<table>
<thead>
<tr>
<th>F. Other Direct Costs</th>
<th>Funds Requested ($)</th>
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<tbody>
<tr>
<td>1. Materials and Supplies</td>
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<td>2. Publication Costs</td>
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<td>3. Consultant Services</td>
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<td>4. ADP/Computer Services</td>
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<tr>
<td>5. Subawards/Consortium/Contractual Costs</td>
<td></td>
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<tr>
<td>6. Equipment or Facility Rental/User Fees</td>
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<tr>
<td>7. Alterations and Renovations</td>
<td></td>
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<tr>
<td>8.</td>
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<tr>
<td>9.</td>
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<tr>
<td>10.</td>
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<tr>
<td>Total Other Direct Costs</td>
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Subaward/Consortium/Contractual Costs are not pre-populated. Include both Direct and Indirect costs.
Some of our Home Runs