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

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

Phase I
Proof of concept

Phase II
R&D toward prototype

Phase III
Development for commercial market

Federal SBIR $

Federal SBIR $

Other $
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
The SBIR program provides small businesses the opportunity to propose innovative ideas that meet federal R&D needs.
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
SBIR 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/
- [ ] (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.
- 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 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
- 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.
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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  - Nano, Advanced Materials, and Manufacturing (NM)
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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

Colleen Gibney
SBIR Program Director
Technology Consultant
ITAC

CGibney@ITAC.org

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