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Looking for the end of the Rainbow - Funding for Commercialization

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▶ Objectives

- ▶ Identify basic requirements and differences between Small Business Innovation research (SBIR) and Small Business Technology Transfer (STTR) programs.
- ▶ Describe several sources of commercialization funding.

OVERVIEW

- SBIR and STTR – what they are and parameters
- Sources of Commercialization Funding
- Accelerator Funding
- Cautions

What are SBIR/STTR Proposals?

Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) are research projects that have potential for commercial impact and benefit the research goals of the federal agency. Projects may require a business and a non-profit research university to partner on the work involved.

SBIR/STTR Proposals

The Small Business Administration (SBA) oversees and coordinates all the federal agencies that have SBIR/STTR programs and can approve solicitation budgets outside of the normal parameters. Note that they also call these programs 'Seed Funds' and 'America's Seed Fund'.

The SBA requires that all federal agencies with extramural R&D budgets exceeding \$100M to allocate 3.2% of their budget to SBIR. It requires those whose budget exceeds 1B to allocate 0.45% to STTR. 11 agencies fund SBIR and 5 fund STTR.

SBIR/STTR Proposals

The SBA provides information on their website (www.wba.gov) and America's Seed Fund (www.americasseedfund.us) and runs www.SBIR.gov. Each of these has a variety of information such as links to federal agencies involved, opportunities, state contacts for information and assistance, and tutorials on various aspects of the programs and things to consider such as Intellectual Property. (The ppt 'Leveraging America's Seed Fund' is a good overview of resources.) They also do road tours, 1-2 conferences a year, and virtual conferences.

Any information on the above websites should be compared to federal agency websites for accuracy.

SBIR/STTR Proposals

Three Phase Process

***CAVEAT**



Oct 2024 update Phase 1 to \$314,363; Phase 2 to \$2,095,748

SBIR/STTR Proposals

The Three Phases of SBIR/STTR

- ▶ *Phase I.* The objective of Phase I is to establish the technical merit, feasibility, and commercial potential of the proposed R/R&D efforts and to determine the quality of performance of the small business awardee organization prior to providing further Federal support in Phase II. SBIR/STTR Phase I awards are generally for 6 months (SBIR) or 1 year (STTR).
- ▶ *Phase II.* The objective of Phase II is to continue the R/R&D efforts initiated in Phase I. Funding is based on the results achieved in Phase I and the scientific and technical merit and commercial potential of the project proposed in Phase II. Typically, only Phase I awardees are eligible for a Phase II award. SBIR/STTR Phase II awards are generally for 2 years.
- ▶ *Phase III.* The objective of Phase III, where appropriate, is for the small business to pursue commercialization objectives resulting from the Phase I/II R/R&D activities. The SBIR/STTR programs do not fund Phase III. At some Federal agencies, Phase III may involve follow-on non-SBIR/STTR funded R&D or production contracts for products, processes or services intended for use by the U.S. Government.

SBIR/STTR Proposals

Differences Between SBIR and STTR

	SBIR	STTR
Partnering Requirement	Permits partnering	Requires a non-profit research institution partner
Principal Investigator	Primary employment (>50%) must be with the small business	PI may be employed by either the research institution partner or small business (check solicitation)
Work Requirement	May subcontract up to: 33% (Phase I) 50% (Phase II)	Minimum: 40% Small Business 30% Research Institution Partner

From SBIR.gov

SBIR/STTR Proposals

- ▶ **Company involved in an SBIR/STTR:**
 - ▶ Must be for profit.
 - ▶ Must be US owned, operated, and located.
 - ▶ Must have less than 500 employees (most awards 10 or fewer)
 - ▶ May be start-ups or established companies.

SBIR/STTR Proposals

For STTR, the partnering nonprofit research institution must also meet certain eligibility criteria:

- Located in the US
- Meet one of three definitions:
 - Nonprofit college or university
 - Domestic nonprofit research organization
 - Federally funded R&D center (FFRDC)

SBIR/STTR Proposals

Submitting SBIR/STTR proposals:

- Exact contents of the submission package and the submission system will vary by the sponsor so read the guidelines closely. If copies of legal agreements or special certifications are needed start the process early.
- Be aware that some federal agencies require some type of preliminary submission.(Example-NSF may ask for a 'pitch proposal')
- If subcontracts or FFRDC are involved the submission will usually require specific paperwork from them. Check guidelines for special or unusual requirements such as ND agreements being included with submission.

Sources of Commercialization Funding

- Opportunities posted in Grants.gov
- Small Business Administration related sites (SBA.gov, SBIR.gov, americasseedfunds.us)
- Federal agencies websites (note that most have SBIR offerings and at least 5 have STTR offerings. Many have multiple solicitations tied to different divisions (for example DOD has 12)
 - Current List: USDA, Dept of Commerce, DOD, DOE, Dept of Ed., Health and Human Services (HHS), Dept of Homeland Security, NASA, Dept of Transportation, and NSF.
 - Sign up for list serves
 - Watch changing information on areas of interest or focus
 - Talk to program officers (NIH says this is most important and to do at least a month before the deadline.)

Sources of Commercialization Funding

- Federal and State Technology Partnership Program (FAST)
 - Funds available for outreach, training, mentoring
 - Eligible to Universities, economic development organizations, and accelerators
- State offerings may be under commerce or business ventures, economic development, etc. Some require extensive cost share. Some have funds for O Phase proposals (to prepare for attempts at federal funding).
- Accelerator Funding

Accelerator Funding

- Growth Accelerator Fund Competition (GAFC) run by Small Business Administration
 - Stage 1 winners (\$50,000) are those organizations who are contributing to America's innovative startup ecosystem. They can be public, private, nonprofit, or academic partners that align their submission to certain GAFC theme areas.
 - 2024 themes = National and Economic Security, Domestic Manufacturing and Production, Sustainability and Biotechnology
 - Stage 2 awards are \$50,000 - \$150,000 to assist in transitioning R&D to the marketplace.
- Accelerator Funding is 'non-dilutive' funding – business owners are not required to give up equity or ownership to receive funds or assistance.
- Organizations or companies are welcome to ask SBA to introduce them to award winners.
- Many states are pursuing/offering accelerator funding to improve state economies.

CAUTIONS

- ▶ An organizational PI may create a company, have fiscal or relationship ties with one, or may want to involve a company of a colleague.
- ▶ The company must be an official entity (registered in Sam.gov, have a Unique Entity Identifier, have a tax id number) and able to do business with the government.
- ▶ The company must have or establish accounting systems that will allow them to track and report expenditures and if they are the primary also accomplish needed reports and grant/contract management.
- ▶ Audit flags:
 - ▶ Company address is home address
 - ▶ Using an email address or phone number of another entity for official communications
 - ▶ No apparent physical address (only PO Box is ever listed)

CAUTIONS

- ▶ You cannot have the same PI at the company and at the educational institution.
- ▶ Usually, one organization's assets cannot be used for accomplishing the other's objectives for free.
- ▶ The company may want some type of Intellectual Property agreement or Non-Disclosure agreement at proposal state and/or at award stage. Some solicitations require a copy of agreements to be submitted with the proposal.
- ▶ Conflict of Interest, if present, must be declared and addressed (this can be fiscal, could involve honoraria or other payments or could be relational - involvement in company creation, management, consulting/advising or familial ties).

QUESTIONS??