

**SMALL BUSINESS INNOVATION
RESEARCH (SBIR)**

**SMALL BUSINESS TECHNOLOGY
TRANSFER (STTR)**

What is SBIR?

The Small Business Innovation Research (SBIR) program is a federal program that provides seed funding to small businesses to develop high-risk, new technologies and innovative processes that have good commercial potential.

A Federal Program

The US's 11 largest federal agencies are required by law to set aside 2.5% of their agencies' research dollars and award these research dollars to qualified small businesses.

Dept of Defense

Dept of Commerce

DHHS/Nat'l Institutes of Health

Dept of Homeland Security

NASA

Dept of Education

NSF

Dept of Transportation

Dept of Energy

USDA

EPA

Provides Hard-to-find Seed Funding

- Funds high risk innovations that are too early for VCs and most investors
- \$2 billion SBIR dollars are awarded to small businesses every year

Funds High-risk, New Technologies and Innovative Processes

A wide variety of innovative projects are funded by 11 SBIR agencies:
from agriculture product marketing to
military technologies to biotechnology

Funded Projects Must Have Commercial Potential

The ultimate goal of SBIR is for the companies to move the SBIR research from the laboratory to the marketplace. Customers include military as well as private sector.

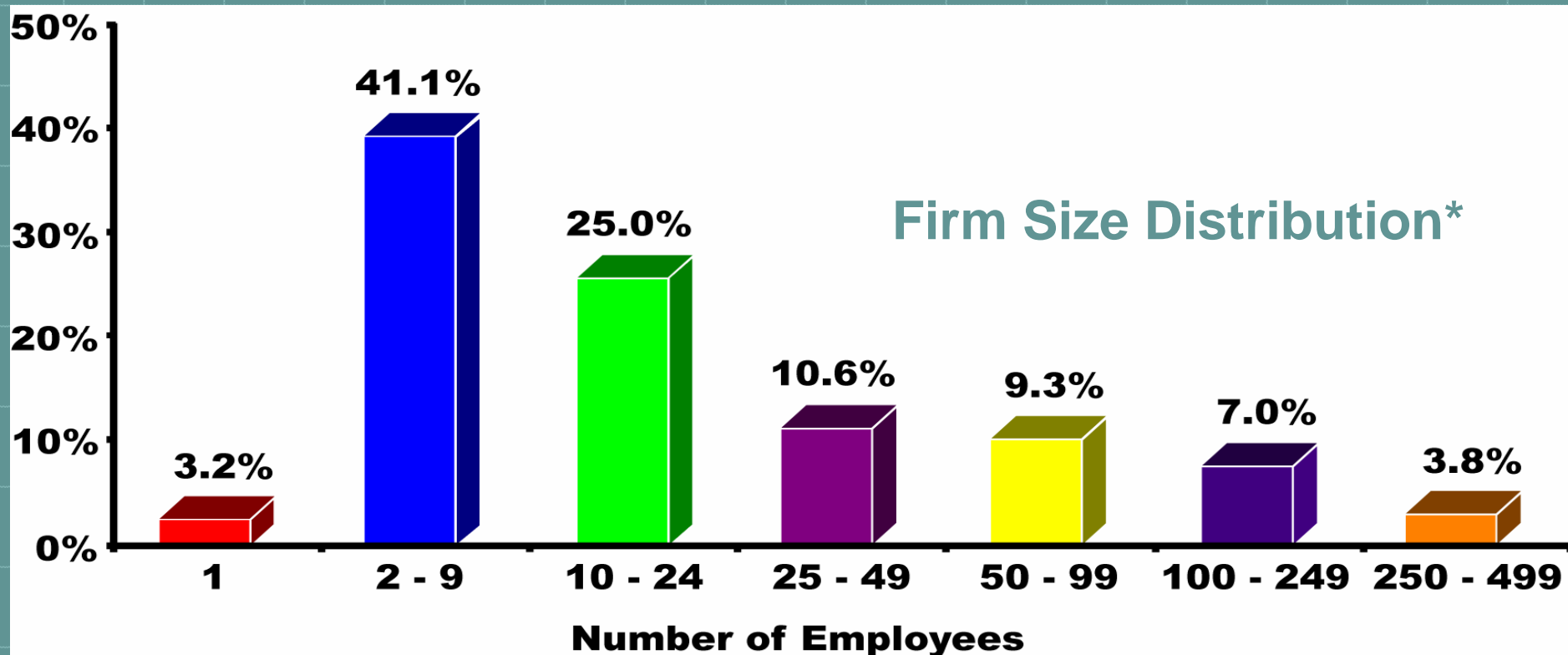
SBIR

Eligibility Requirements

- “Small Business” <500 employees
- For-profit
- Minimum 51% US-owned and independently operated
- Principal researcher employed at least 50% by the business

Very Small Businesses Win the Majority of SBIRs

- ✓ Firms typically have few employees and are new to the program
- ✓ About 1/3 are first-time Phase I awardees



STTR (sister program to SBIR)

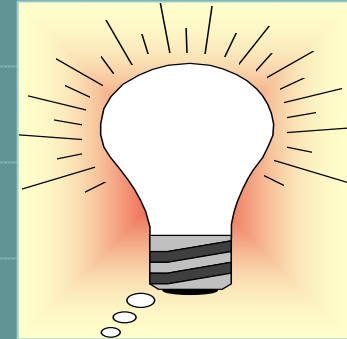
STTR encourages collaboration between university researchers and industry, and stimulates the commercialization of university research projects.

- **MUST include a non-profit research organization to perform the research.**
- **A minimum of 40% of the research performed by the small business; a minimum of 30% by the research institute.**
- **5 federal agencies fund STTR:
DoD, DHHS/NIH, NSF, NASA, DOE**

SBIR/STTR: 3-Phase Program

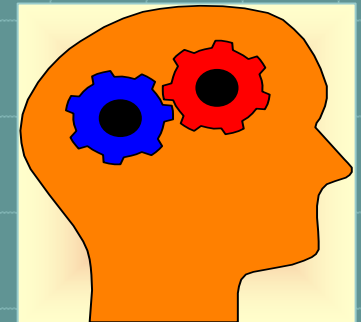
PHASE I

- ⇒ Feasibility study
- ⇒ Typically \$100K and 6 months for SBIR and 12 months for STTR



PHASE II

- ⇒ Full Research and R&D effort
- ⇒ Typically a 2-Year Award and \$750K

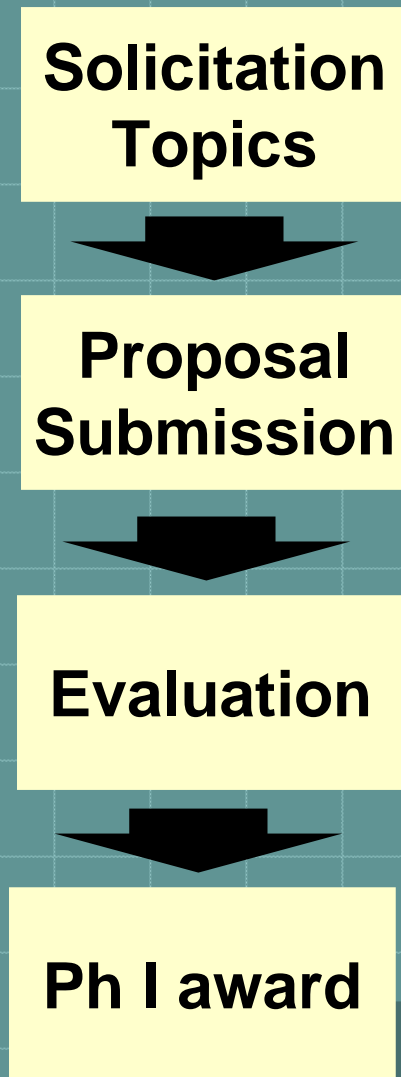


PHASE III

- ⇒ Commercialization Stage
- ⇒ Use of non-SBIR/STTR Funds



Phase I Process



About 6-9 months

- ◆ Agencies describe R&D topics in solicitations.
- Small Businesses prepare proposals (usually 25-pages).
Unsolicited proposals not accepted.
- Agencies evaluate based on technical merit, firm's qualifications, and commercial potential / societal benefit.
- Agencies make Phase I awards.

Grant and Contract Awards

Contracting Agencies v.s. Granting Agencies

- ⇒ Agency establishes plans, protocols, requirements
- ⇒ Highly focused topics
- ⇒ More fiscal requirements

- ⇒ Investigator initiates approach
- ⇒ Less-specified topics
- ⇒ More flexibility



DOD

HHS/NIH

HHS/NIH

NSF

NASA

ED

ED

USDA

EPA

DOT

DOE

DOC

DHS

Important Facts

- ◆ Eligibility is determined at time of award
- ◆ The PI is not required to have a Ph.D. /M.D.
- ◆ The PI is required to have expertise to oversee project scientifically and technically
- ◆ Applications may be submitted to different agencies (e.g., NIH, ED, DOD) for similar work
- ◆ Awards may not be accepted from different agencies for duplicative projects

Keys To Winning an SBIR



Does SBIR fit with your company's existing business plan? Are you committed to a two-year process?



Get to know your agency Program Manager



Read solicitation and follow instructions



Get your proposal reviewed before submitting

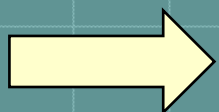
More Keys To Winning an SBIR

- ✓ Be **PERSISTENT**
- ✓ Don't go it **alone** - use support systems
- ✓ Win or lose - **get and review** evaluations

Remember:

If you don't play, you don't win

Humorous, but true advice on how NOT to win an SBIR



10 Reasons Why Your SBIR Proposal Does Not Get Funded ...by Detlev Even, NovaSol

Number 10: The device you propose to develop can be bought on eBay.

Number 9: The hardware you propose to purchase for Phase I swallows 80% of the budget.

Number 8: The ingenious device you propose has no applications whatsoever for the customer.

Number 7: You finally get around to explaining exactly what you are going to do – on page 12.

Number 6: You use a different font size than stated in the requirements because it looks better.

Number 5: Your 12-year old kid reads the technical section and explains to you why your proposed plan won't work.

Number 4: Your colleagues read the introductory paragraphs and have no idea what you are talking about.

Number 3: You try to download your proposal to an overloaded server in the last two hours before the deadline.

Number 2: You miss the FedEx deadline and your proposal arrives one day late.

And the number 1 reason why your SBIR proposal does not get funded: The customer tells you what he wants. You tell him what he really wants.

For more information on the federal SBIR/STTR program

- **Cross-agency website**

(A topic search engine for *all* agencies) :

www.zyn.com/sbir

- **National SBIR Conference website:**

www.sbirworld.com



HAWAII SBIR

Matching Grant & Assistance Program

*Helping Hawaii's companies
successfully compete for SBIR research dollars*

HTDC Helps Companies Compete in SBIR

- *Getting started*
- *Proposal writing*
- *Proposal review*
- *State matching grant*
- *Mentoring*
- *Business planning*

Phase I Proposal Writing and Review Assistance

- ◆ Is SBIR is a good fit for your company?
- ◆ Is your project a good fit with the SBIR agency?
- ◆ Which SBIR agency should you apply to?
- ◆ HTDC provides SBIR proposal writing training and reviews with experienced SBIR consultants

Hawaii SBIR Matching Grant Helps Companies Compete for Phase II

- ◆ Up to \$25,000 to match the federal Phase I award
- ◆ Helps companies become more competitive for Phase II awards
- ◆ Can serve as bridge financing between Ph I and II
- ◆ Can be used to pay for expenses restricted by the federal monies

Hawaii SBIR Partners

- ◆ **Technical Assistance, Business Planning, Financing**
 - UH Office of Technology Transfer & Economic Development (OTTED)
 - HTDC Manufacturing Extension Partnership (MEP)
 - Hawaii Strategic Development Corporation
 - Hawaii Venture Capital Association
 - Hawaii Small Business Development Center Network

Basic Eligibility for State Assistance

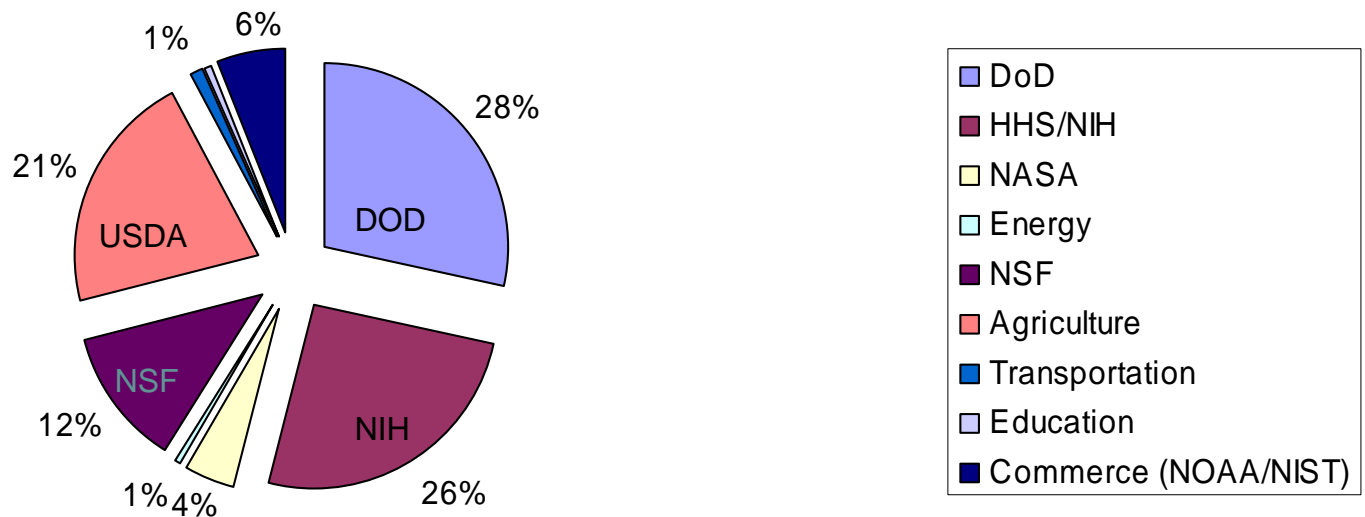
- ◆ Client/applicant must be registered to do business in Hawaii
- ◆ Research must be conducted in Hawaii
- ◆ Project must show strong economic benefit for Hawaii (i.e., job creation)

Hawaii SBIR Track Record

- ✓ 55 Hawaii companies awarded to date
- ✓ 242 Phase I and II SBIR awards totaling \$54.5 million
- ✓ The state has awarded \$3.6 million in matching grants since 1989
- ✓ For every State dollar invested in SBIR, Hawaii companies have attracted \$15 in federal SBIR Ph I and II awards
- ✓ In addition, Hawaii SBIR companies have attracted over \$60 million in Phase III commercialization funding

SBIR Awards in Hawaii by Agency

(Distribution of Phase I Awards)



HTDC SBIR Contacts:

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an agency of the State of Hawaii

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www.htdc.org/sbir