

Early-Stage Capital for Innovation

SBIR: Beyond Phase II



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Innovation is Key to the Future Growth and Security of the United States

**We need to innovate to create
new products and new jobs**

SBIR is one of our Best Tools to Stimulate Innovation

**How do we know this?
We carried out a comprehensive
study of the program**



After nearly 20 years of operation,
The Congress asked the Academies:

How well is SBIR Working Overall?

Focus of the NRC Phase I Assessment of SBIR : What do we mean by “work”?

- Do the agency SBIR programs meet program objectives?
 - to stimulate technological innovation
 - to increase private sector commercialization of innovations
 - to use small business to meet federal research and development needs
 - to foster and encourage participation by minority and disadvantaged persons in technological innovation
- How effective is the management of agency SBIR programs?
 - Are there best practices in agency SBIR programs that may be extended to other agencies' SBIR programs?

NRC Study of SBIR

Unprecedented Large Scale Original Field Research

- Surveys: Over 7000 Projects Surveyed**
 - Phase I Award Survey targeted 3000 firms
 - Survey on Phase II Awards (1992-2002) involved over 4000 firms
 - Program Manager Survey
 - Technical Manager Surveys (TPOCs and COTRs)
- Case Studies**
 - Approximately 100 case studies conducted
 - Case Study selection reflects program diversity
- Surveys & Case Studies Developed in Consultation with Agencies & SBIR users**



What did we find?

SBIR is “sound in concept and effective in practice”

Why is SBIR an Effective Program?

- **SBIR is proving effective in meeting Congressional Objectives by:**
 - Increasing innovation
 - Encouraging participation by minorities and women
 - Providing support for small innovative firms
 - Resolving research questions for agencies

SBIR's Flexibility is a Strength in Meeting Multiple Agency Missions

- Adapts to Agency Missions, Agency Culture, and Technology needs
 - Each agency typically has its own manner of choosing awardees and screening applications
 - Different metrics reflecting unique agency missions and needs
 - Different Metrics by industrial sector , e.g. , software vs. drug development vs. weapon components

SBIR Awards Have a Substantial Impact on Translational Research

- **Company Creation:** 20% of responding companies said they were founded as a result of a prospective SBIR award—25% at Defense
- **Research Initiation:** SBIR awards played a key role in the decision to pursue a research project (70% claimed as cause)
- **Company Growth:** Significant firm growth resulted from award
- **Partnering:** SBIR funding is often used to partner with Universities and other firms

**The Current NRC Assessment of SBIR
will Bring better Information and
Examine New Issues and Challenges**

This study is now underway...

Issues for the Current SBIR Study

- Assessing the efficacy of post-award commercialization programs
 - Gap funding mechanisms, e.g., applying Phase II-plus awards more broadly to address agency needs and operations.
- Exploring strategies to encourage participation by minorities and women led firms in SBIR.

Issues for the Current SBIR Study

- We are also seeking to better understand:
 - University-industry partnering and synergies with the SBIR programs.
 - New approaches to streamlining the application and grant/contract awarding processes
 - The role of complementary state and federal programs.

The Focus of Today's Conference is
the Key Challenge of Transition of
Research to Commercial Products

Today's Objectives

- Examine the role of SBIR in the Obama Administration's Innovation Strategy
- Identify current initiatives to improve the operation of SBIR
 - What are proposed SBA changes?
 - How are Phase III enhancements evolving?
- Highlight recent initiatives underway across the federal government
 - Examine initiatives at NSF, DOD, NASA, DOE and NIH
 - How are they facilitating the commercialization of products funded in SBIR Phase I and II?

We welcome your
Participation

And look forward to your
continued cooperation



Thank You

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