

# 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

**The Honorable Jacques S. Gansler**  
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