

SBIR/STTR & the Role of State Programs

National Academy of Sciences

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America is losing High Tech Jobs

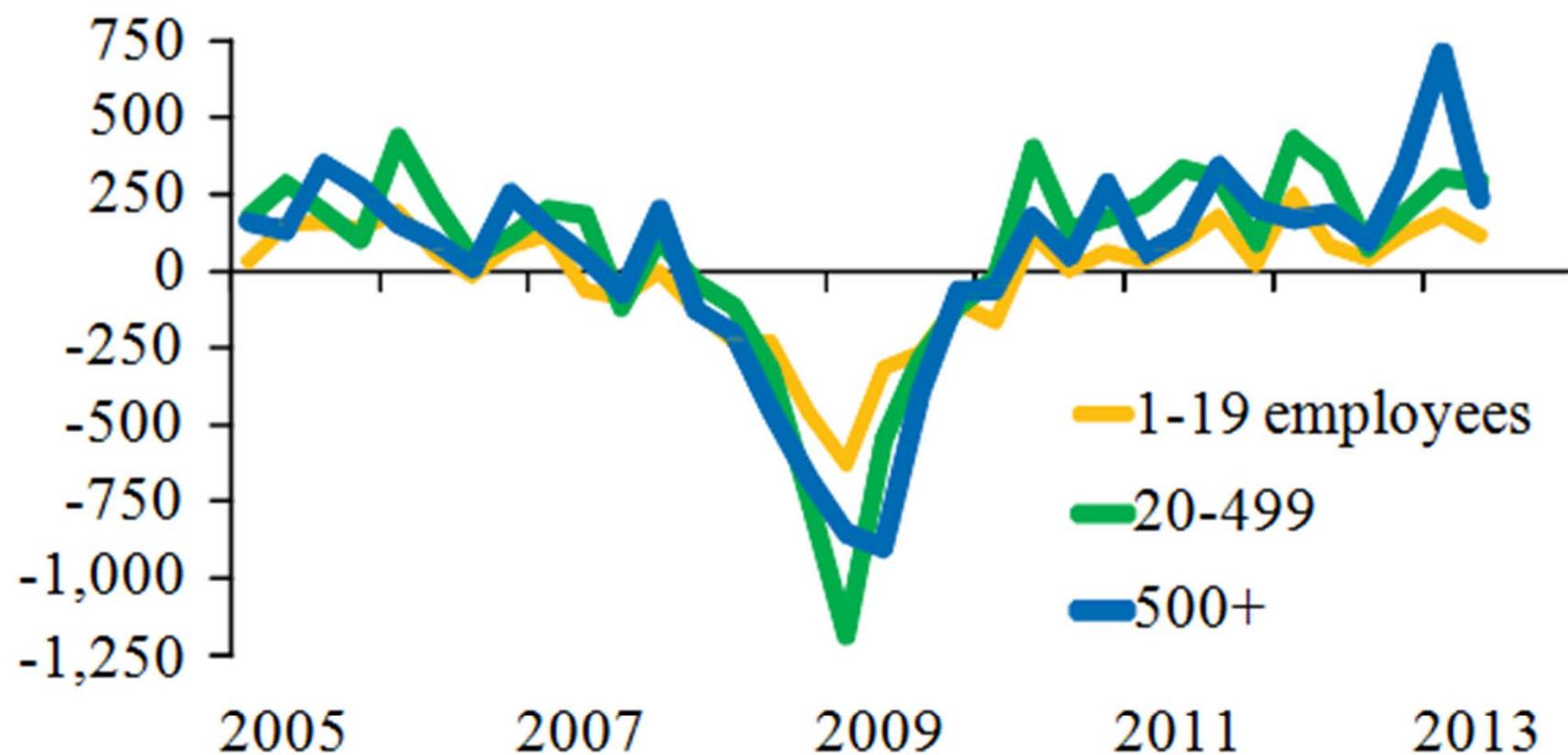
High-Technology Exports

China	\$457 Billion
US	221
Germany	186
Japan	126
Korea	122
France	105

<http://data.worldbank.org/indicator/TX.VAL.TECH.CD>

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Figure 2: Employment Change by Size of Firm
(thousands, seasonally adjusted)



Source: Bureau of Labor Statistics, Business Employment Dynamics, second quarter of 2013 is the latest available.

Where Do Key Innovations Come From?

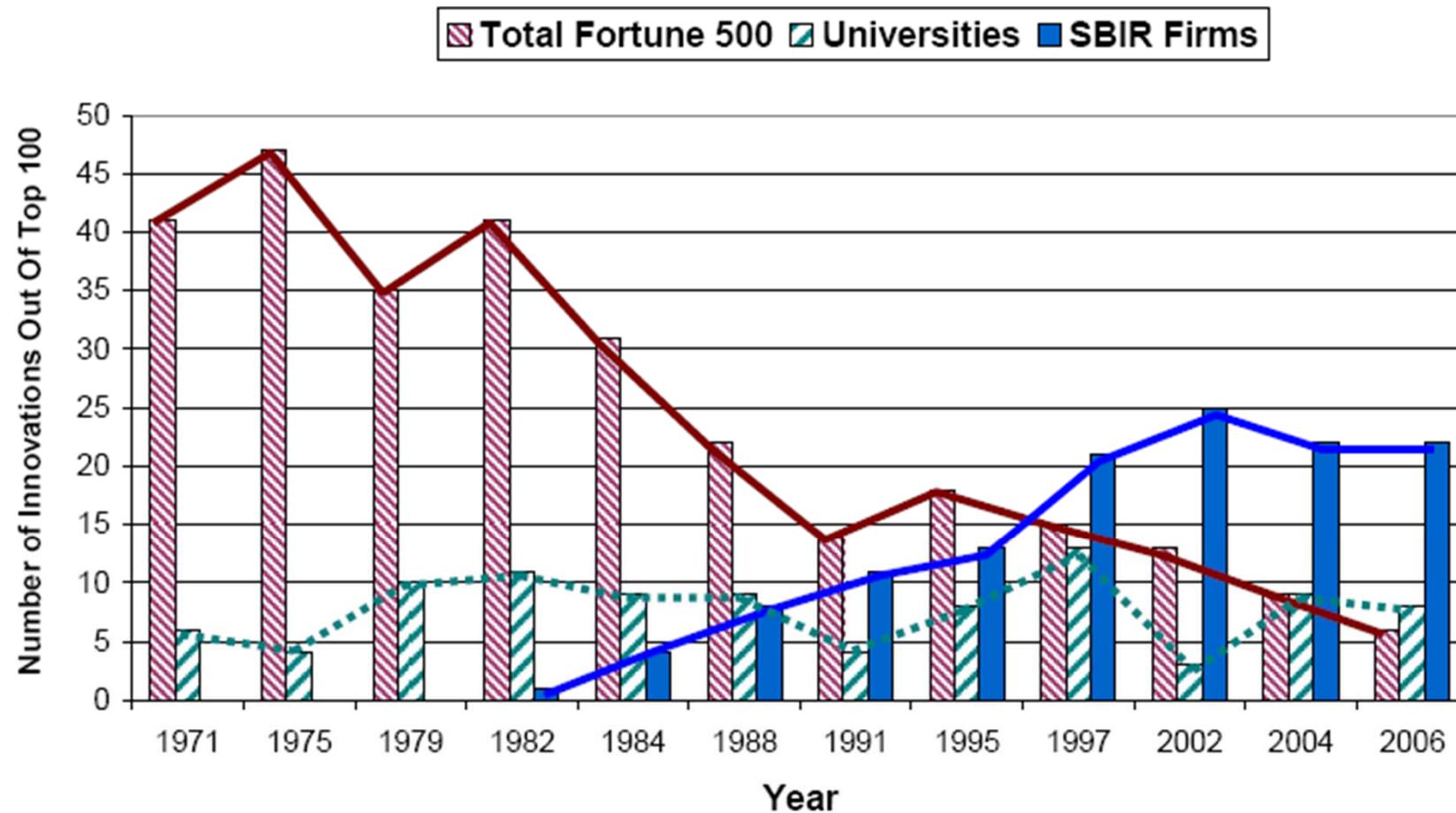
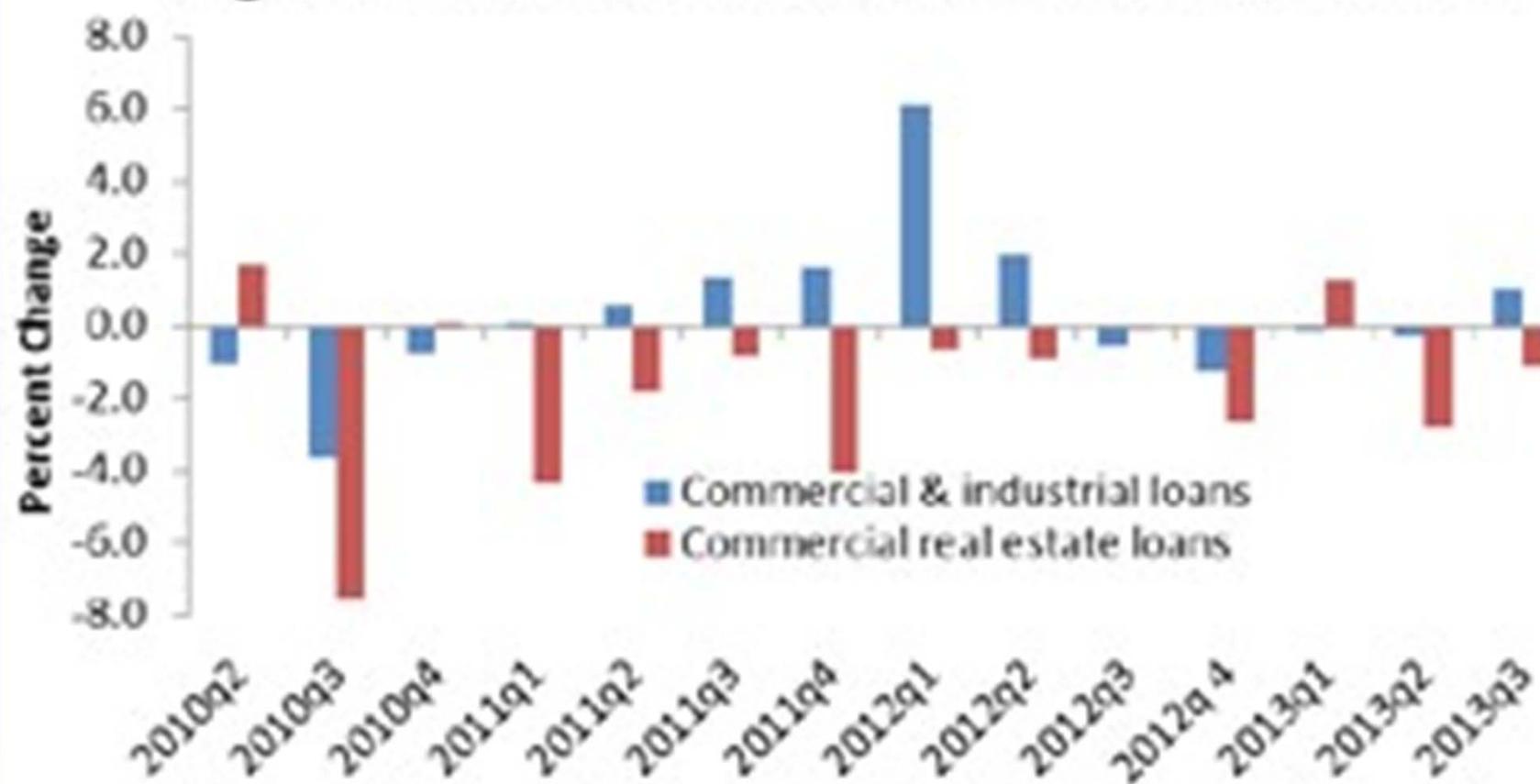
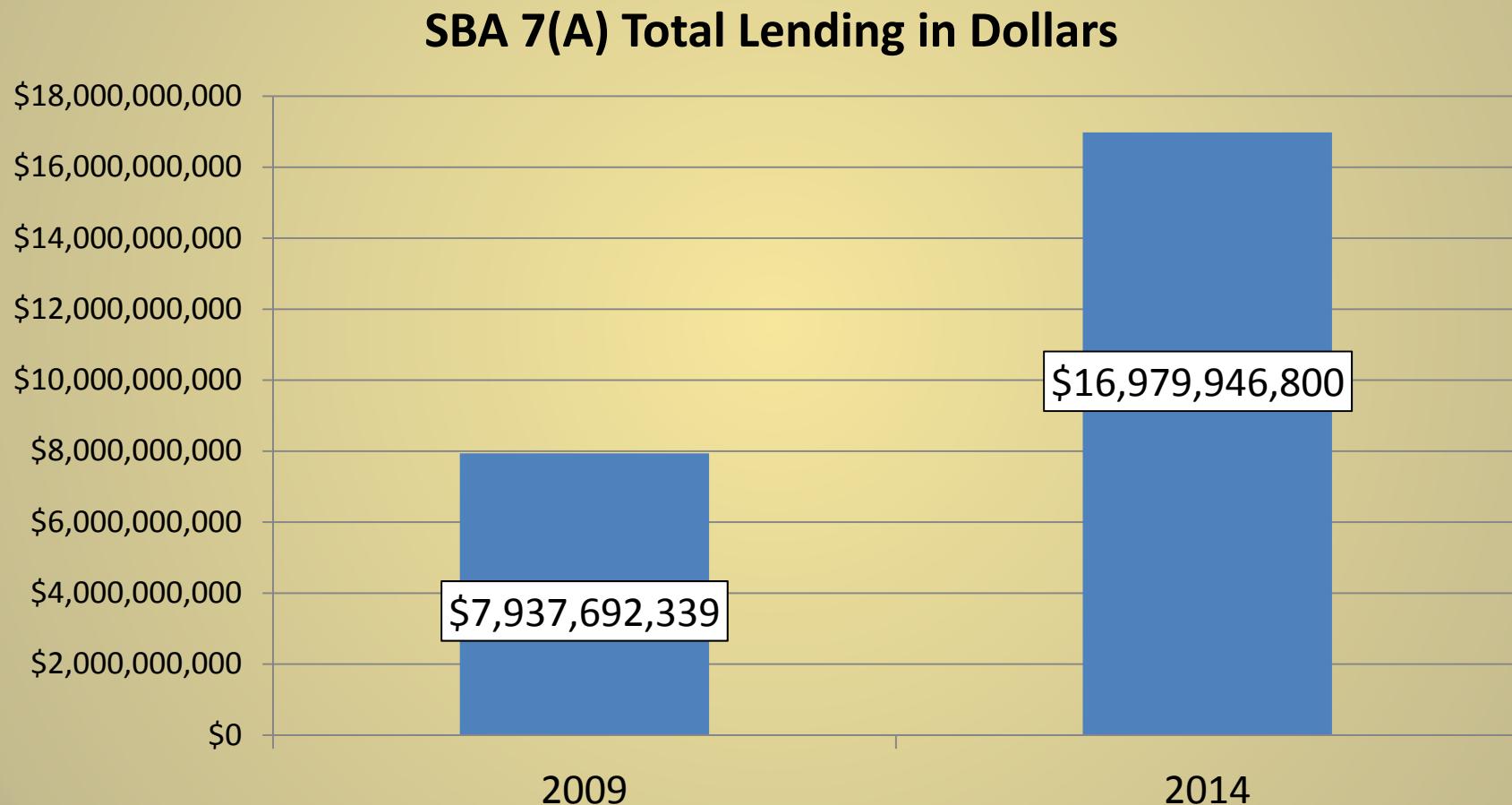


Figure 1. Growth in Small Business Loan Volume



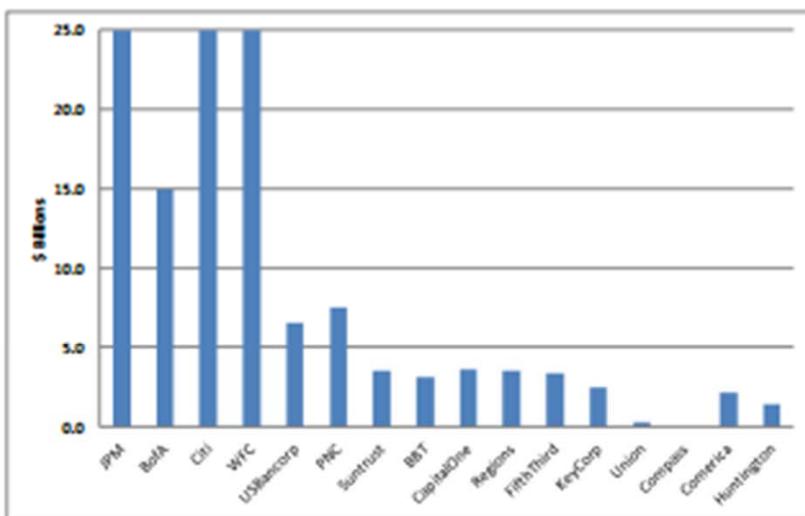
SBA 7(A) Lending has doubled in 5 years



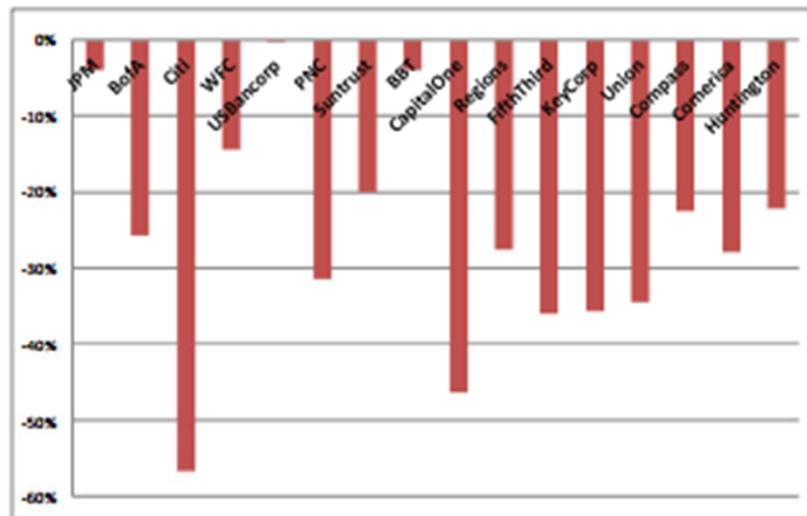
Source: "SBA Lending Statistics for Major Programs (as of 8/29/2014)"; www.sba.gov

Introduction

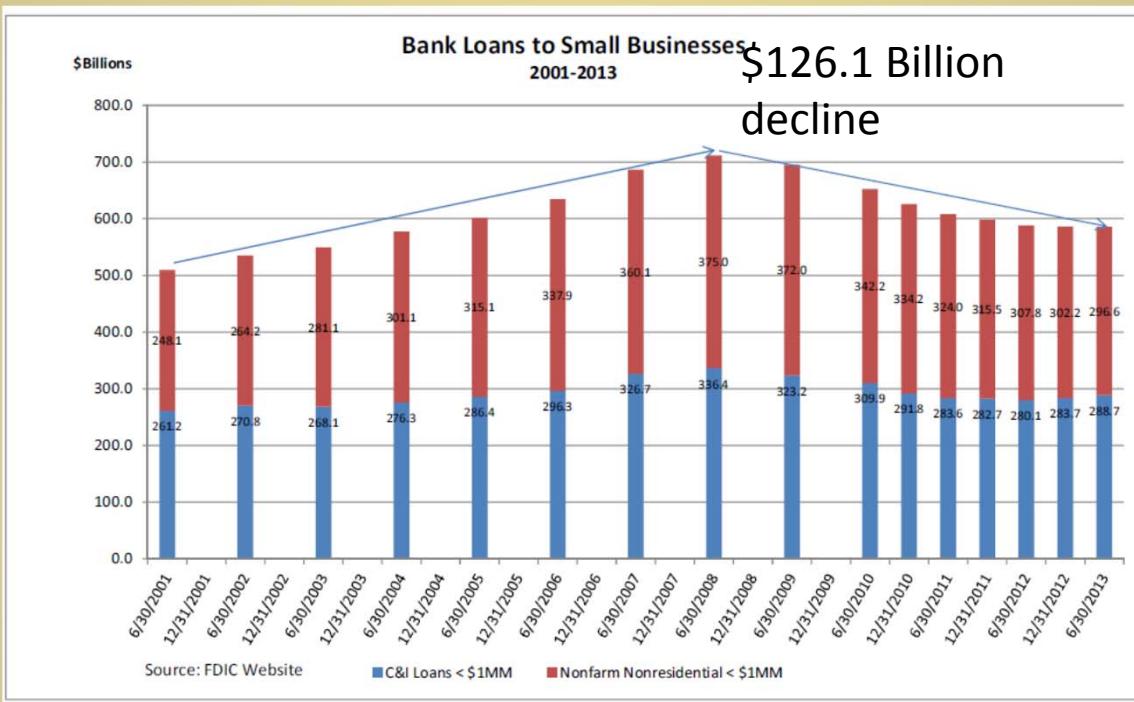
2008 TARP Capital Injections Large U.S. Bank Holding Companies with \$50+ Billion in Total Assets



Percentage Change in Dollar Amount of Small-Business Lending, 2008 – 2011 Large U.S. Bank Holding Companies with \$50+ Billion in Total Assets



This is especially true for the largest banks that received the biggest capital injections. The more they got, the more they reduced small-business lending.



VC Does Not Meet the Need

- Number of first round financing - 1300
- Number of seed and early stage venture capital investments – 218
- Dollars in early and seed stage <\$1B
- Software biotechnology and media and entertainment represent 64% of the dollars invested by venture capitalists
- By region, Silicon Valley, NY Metro and New England – Almost 2/3 of all Venture investments

Finley Memo Guidance on Phase III

- SBA Technical Data Rights extend to Phase III
- Phase III Contracts or subcontracts may be awarded without further competition
 - The Competition for SBIR Ph I and Ph II Awards satisfies statutory competition requirements
- The DOD must show preference for SBIR-funded technology in Phase III
 - Agencies are required to report to SBA all instances when R&D of a technology developed by SBIR awardee is pursued by a concern other than the one that developed that technology
- SBIR Phase III contract actions must be reported
 - “Work performed under a DOD Prime Contract that principally derives from, extends, or logically concludes work begun under a prior SBIR effort should be coded as SBIR Phase III in the Federal Procurement Data System”

Source: Under Secretary of Defense for Acquisition and Technology James Finley, “Memorandum for Secretaries of the Military Departmentts, Subject: SBIR Program Phase III Guidance”, December 8, 2008

Quotes from SBIR law:

- “To the greatest extent practicable, Federal agencies and Federal prime contractors shall issue Phase III awards relating to technology, including sole source awards, to the SBIR and STTR award recipients that developed the technology.”
- “For any contract with a value of not less than \$100,000,000, the Secretary of Defense is authorized to:
 - (A) establish goals for the transition of Phase III technologies in subcontracting plans; and
 - (B) require a prime contractor on such a contract to report the number and dollar amount of contracts entered into by that prime contractor for Phase III SBIR or STTR project.”
- “The Secretary of Defense shall:
 - (A) set a goal to increase the number of Phase II SBIR contracts and the number of Phase II STTR contracts awarded by the Secretary that lead to technology transition into programs of record or fielded systems;
 - (B) use incentives in effect on the date of enactment of the SBIR/STTR Reauthorization Act of 2011, or create new incentives, to encourage agency program managers and prime contractors to meet the goal under subparagraph (A)”

Source: 15 USC §638



Department of the Navy Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Phase III Guidebook

Phase III Guidance for Program Managers and Deputy Program Managers,
Procuring and Administrative Contracting Officers, and
Small Business Professionals on Using the SBIR/STTR Phase III Vehicle
to Realize Mission Objectives, Program Requirements and Small Business Goals

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Research Development Test and Evaluation (RDT&E)**
Mr. Nickolas H. Guertin, Director for Transformation

Department of the Navy SBIR and STTR Programs Office
Mr. John R. Williams, Director

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Mr. Seán F. Crean, Director
Mr. Bradley D. Taylor, SBIR/STTR Liaison

Transfer Act