

SBIR/STTR FAQs

1. What are the Small Business Innovation Research (SBIR)/ Small Business Technology Transfer (STTR) Programs?

- Through SBIR Program, 11 federal agencies make high-risk capital available to fund R&D at the nation's most innovative small companies. Each year, federal agencies with extramural research and development budgets that exceed \$100 million are required to set aside a specific percentage of that budget to be competitively awarded to small U.S. firms under SBIR program. The SBIR allocation is 2.8% in federal fiscal year (FY) 2014, increasing 3.4% in (FY)2017.
- Federal agencies with extramural R&D budgets over \$1 billion are also required to participate in the STTR program by allocating an annual set-aside of 0.4% (FY)2014. This percentage will increase to 0.45% in (FY)2017. Combined, the agencies award \$2.5 billion in SBIR and STTR grants and contracts annually with these goals:
 - Stimulating technological innovation
 - Meeting federal R&D needs
 - Fostering participation in innovation and entrepreneurship by socially and economically disadvantaged persons, and increasing private-sector commercialization of innovations derived from federal R&D funding.

2. Which federal agencies participate in SBIR/STTR?

- The agencies that participate in SBIR and STTR programs are shown in the following table, along with their approximate funding amounts for (FY)2012.

Participating Agency	FY2012 SBIR Funding (millions)
Dept. of Defense	1,400
Health and Human Services (NIH, CDC, FDA)	717
National Science Foundation	161
Dept. of Energy	157
NASA	120
Dept. of Homeland Security	22
US Dept. of Agriculture	20
Dept. of Commerce (NOAA, NIST)	12
Dept. of Education	8
Environmental Protection Agency	4.2
Dept. of Transportation	4

3. What are the benefits of the program for entrepreneurs and small companies?

- First and foremost, funding from the SBIR/STTR program is non-dilutive capital (i.e. it's free!)
- Since many proposals are peer reviewed, a positive review provides excellent validation of your technology, which can be highly valuable when seeking following-on funding.
- Because the programs are all about funding technology risk, the process is rigorous and focused on developing commercialization and business plans that are essential in bringing innovative technologies to the market.
- Established small businesses can also apply to the programs to fund high risk/high impact projects that cannot be developed with internal resources.
- It enables early transfer of technology and establishment of start-up companies

4. What are the three phases of the SBIR Program?

- Phase 1 is the startup phase. Awards up to \$150,000 for approximately six month support for exploration of the technical merit or feasibility of an idea or technology.
 - Feasibility Study or Prototype
 - \$150K max and six months

- Phase 2 awards up to \$1,000,000 for as many as two years, expand Phase 1 results. During this time, the R&D work is performed and the developer evaluates commercialization potential. Only Phase 1 award winners are considered for Phase 2.
 - Full research and development effort
 - \$1M max and 24 months
- Phase 3 is the period during which Phase 2 innovation moves from the laboratory into the marketplace. No SBIR funds support this phase. The small business must find funding in the private sector or other non-SBIR federal agency funding.
 - Commercialization stage
 - Seek external funding (SBIR funds not used)

5. What is the difference between SBIR and STTR?

- Small Business Concern (SBC) and its partnering institution are required to establish a property agreement detailing the allocation of intellectual property rights. These rights also include to carry out follow-on research, development or commercialization activities. The Small Business Technology Transfer program (STTR) requires that SBC perform at least 40% of the R&D and the single partnering research institution to perform at least 30% of the R&D. Unlike the SBIR program, STTR doesn't require the Principal Investigator to be primarily employed by the SBC.

SBIR	STTR
Permits partnering	Requires partnering with a U.S. non-profit research institution
Small business must do 67% of Phase I	Principal Investigator (PI) may be employed by either the small business or the research institution
Principal investigator (PI) must have primary employment with the small business	Five federal departments and agencies are required to participate
Ten federal departments and agencies are required to participate	

6. How do I know if I'm eligible for SBIR/STTR funding?

- The 2012 re-authorization legislation has resulted in changes with regard to ownership, control, and size. Either for-profit companies or joint ventures can be eligible if they meet the new requirements. Potential applicants with questions regarding eligibility should refer to the "Small Business Size Regulations", Final Rule, Federal Register citation, Dec 27, 2012 for complete details.

7. Who determines eligibility?

- Applicants self-certify in their applications that their company meets eligibility requirements. You should be certain of your compliance with the eligibility requirements before formally certifying as an SBC. Information on SBA size determination and protest procedures can be found here.

8. Can I ask for money for commercialization assistance?

- Several agencies (e.g., DOD, HHS, DOE, NSF) have started Commercialization Assistance Programs (CAPs) over the past several years [for Army, Navy, and Air Force the term is Commercialization Readiness Program (CRP)]. Depending on the agency, Caps are available to both Phase 1 and Phase 2 awardees and provide services by independent consultants in defined subject areas. Typically, slots are limited, so be certain to consult your SBIR/STTR program manager about the agency's application procedures and deadlines to insure your participation.
- The latest re-authorization of the SBIR/STTR programs has added a new option. Applicants can now request an additional \$5,000 per year to pay for commercialization assistance by the consultant of their choice. (Note that if you choose this option you cannot also

participate in the agency provided commercialization assistance programs.) This budget item is above and beyond the maximum budget limits. For example, a Phase 2 proposal that requests the maximum budget to execute its technical plan, can add an extra \$10,000 (\$5,000 per year) for commercialization assistance over the two-year project. This expense must be described in the Budget Justification and supported by a letter of commitment from the consultant that will provide the assistance. Carefully review your specific Funding Opportunity Announcement to be certain this option is available in your situation and be sure to talk with the appropriate agency personnel to further determine what the best option is for your company. In addition to proposal development assistance, BBC etc is available to help with your commercialization needs.

9. When can I submit an application?

- Receipt dates and related policies vary by agency and are posted on our website, sbir.gov and the agency websites. SBIR Impact's advice: always submit early to give yourself time to correct errors by the deadline since grace time is hard to come by.