



ARROWHEAD
SOLUTIONS, LLC

SBIR/STTR Program Overview

The Program

- SBIR – Small Business Innovative Research
 - STTR – Small Business Technology Transfer
- Funds early stage R&D at small “tech” companies
- Largest source of early stage financing for small business in the U.S.
- Three phase program
- The US Small Business Administration serves as the coordinating agency for the SBIR program. It directs the agencies' implementation of SBIR, reviews their progress, and reports annually to Congress on its operation.
- SBA is also the information link to SBIR program.

Goals

- ✓ Stimulate technological innovation.
- ✓ Meet Federal research and development needs.
- ✓ Foster and encourage participation in innovation and entrepreneurship by socially and economically disadvantaged persons.
- ✓ Increase private-sector commercialization of innovations derived from Federal research and development funding.

Participating Agencies (SBIR)

- Federal agencies with extramural research and development (R&D) budgets that exceed \$100 million are required to allocate 2.8 % of their R&D budget to these programs.
 - Participating Agencies:
 - Department of Agriculture
 - Department of Commerce - National Institute of Standards and Technology
 - Department of Commerce - National Oceanic and Atmospheric Administration
 - Department of Defense
 - Department of Education
 - Department of Energy
 - Department of Health and Human Services
 - Department of Homeland Security
 - Department of Transportation
 - Environmental Protection Agency
 - National Aeronautics and Space Administration
 - National Science Foundation
 - Each agency administers its own individual program within guidelines established by Congress.

History

- Established under the Small Business Innovation Development Act of 1982 (P.L. 97-219) with the purpose of strengthening the role of innovative small business concerns in Federally-funded research and development (R&D).
- **In 2013 alone – nearly \$2B in awards were made under the program.**
- Reauthorized in September 30, 2008 by the Small Business Reauthorization Act of 2000 (P.L. 106-554).
- Subsequently, Congress passed numerous extensions
- Most recent of which extends the SBIR program through 2017.

SBIR is not...

- A place to sell inventions to the government
- A method to have patents paid for
- A guaranteed, non-competitive contract
- A continuous R&D track
- Without requirements for reporting, audits and other government regulations

Eligibility

- Be a small business with 500 or fewer employees
- Be independently owned and operated
- Be organized for profit
- Have its principal place of business in the United States
- Be at least 51 percent owned by U.S. citizens or lawfully admitted permanent resident aliens

- VC ownership is complicated....assess case by case

Qualifications for business

- Work must be performed in the U.S.
- Business must self-perform a minimum of $\frac{2}{3}$ of the work for a Phase I and $\frac{1}{2}$ of the work for a Phase II.
 - Calculation is agency dependent
- The Principal Investigator must be employed at the business for a majority of their time

STTR Difference

- The STTR funds cooperative R&D partnerships between a small business and a research institution such as a university, Federal R&D center, or a non-profit research institute.
- A vehicle for moving ideas from research institutions to the market, where they can benefit both private sector and military customers.

Three Phased Program

- Phase I
 - Purpose to test the scientific, technical, and commercial merit and feasibility of a concept
 - Length and value are agency dependent, but usually under a year long (to include options) and under \$150,000
- Phase II
 - If Phase I proves successful, may be invited to propose on Phase II to further develop concept, usually to prototype stage.
 - Usually 2 years long and between \$750,000 - \$1,000,000 depending on agency

Three Phased Program, cont.

- Phase III
 - Purpose is commercialization
 - Non-SBIR/STTR funds used to bring the technology to military/government/private sector markets
 - The SBIR program does not fund Phase III.
 - Some Federal agencies, Phase III may involve follow-on non-SBIR funded R&D or production contracts for products, processes or services intended for use by the U.S. Government.
- **GOAL – always should bring to bring a Phase I to Phase III**

QUESTIONS?



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