Understanding SBIRs for Researchers

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Session 5 – Post-Award Expectations and Where to Go From Here
Congratulations you won a Phase I or Phase II, but now what?
Where to go from here
Student questions
Quiz
Congratulations, You’ve Won an Award!! But now what?

- Read the terms and conditions for your grant (or contract).
- Complete request for initial payment (or similar) form.
- Have “just-in-time” information ready. Be prepared to respond immediately (may have a time limit).
- May need to respond to specific reviewer criticisms.
- Agencies withhold part of the award until you furnish the Final Report.
What to Expect When You’ve Won

- Be prepared to send additional information to the agency:
  - Revised budget and/or budget justification
  - May have accounting system review
  - May have financial capability review
  - Quotes or other documentation for equipment or consultants
  - Letters from university officials for facilities, etc.
  - IRB, IACUC or other approvals
  - Training documentation
What to Expect When You’ve Won

- May have indirect cost rates (re)negotiated
- May have certain costs revised or eliminated by the agency
- You may be expected to participate in commercialization assistance or other programs.
  - Tip – This can be a real plus – be ready to ask for help – give timelines to consultant – document request. Start early.
  - Tip – It is required to go to the Awardees Conference – Have objectives for the meeting – Bring PowerPoint, two pager with you, and have your elevator pitch ready.
What to Expect When You’ve Won

- Be prepared to document hours of effort on project (i.e., time sheets)
  - Tip—never allocate an individual’s time 100% to a project. Almost everyone will be required to spend at least a small portion of their time on something else.
- Send reports as required
  - May not receive final payment until Final Phase I report is accepted
  - Tip—Phase I final report becomes part of Phase II application. Do a good job!
What to do if you struggle during Phase I

- Keep in touch with the agency and let them know what’s going on
- Make sure you fulfill contract obligations
- Remember that you can request a no-cost extension
- You only get once chance at a Phase II
- Commercialization is much more important in a Phase II.
- Publicize your success – Winning Phase I is HARD!!!
Preparing for Phase II

- Interim Reports
  - Typically required to submit brief interim reports for both Phase I and Phase II approximately halfway through the project
  - However, scope and number may vary by agency
Importance of the Phase I Final Report

- May be known as Phase I final or technical report
- Enables proposer to demonstrate Phase I success and gives credibility to the Phase II proposal
- Usually required before Phase II proposals can be submitted
- Typically included with Phase II application
- May become part of public record
- Agency requirements vary
Phase I Report Tips

- Phase I reports may be carefully read by *technical* reviewers: be sure you prove feasibility.
- Phase I reports may or may not be read by *commercialization plan* reviewers: be sure to goals and outcomes of the project are clear in the commercialization plan.
- However, assume all reviewers will read, understand and critique the Phase I technical report.
Phase I Report Tips, Con’t

- If you have not yet proven feasibility, ask for a no-cost extension to complete the work that does prove it
- Use figures, tables, and formatting to highlight Phase I accomplishments: help “sell” Phase II
- Follow the agency’s instructions
Phase I Final Report Requirements
Examples: USDA

- Comprehensive report required within 90 days of expiration of Phase I grant
- No standard format or content, but require following information (10–30 pages)
  - Cover page
  - Table of contents
  - Executive summary (5 pages or less)
  - Technical objective
  - Background
  - Results and accomplishments
  - Commercialization plan
  - Conclusions
  - Appendices (e.g., list of publications)
Phase I Final Report Requirements
Examples: NSF

- Limited to 15 pages in length
- The SBIR/STTR Phase I/IB Final Report should be submitted by the 15th day of the month following the end of the SBIR/STTR Phase I/IB grant performance period.
- Will not process a Phase II application until Phase I technical report is received and accepted
- Requires an NSF cover page
- Includes:
  - Summary description of the research carried out, the results and the extent to which the stated Phase I objectives were met.
  - Problems encountered and methods of resolution used.
  - Problems remaining or unfilled research objectives
  - Conclusions of the Phase I findings and how these conclusions support a Phase II proposal.
Phase I Final Report Requirements

Examples: NIH

- Must be submitted within 90 days of termination of the project (if applicant does not intend to submit Phase II application within 4 months)
- Required for submission of Phase II application
- No “form page” requirement
- Should present accomplishments of Phase I
Ways to Build a Phase II Company

» You will be expected to communicate regularly with your program manager
  ◦ Tip–remember that you may be *invited* to apply for Phase II. Make sure you build credibility maintain a good relationship with the agency.

» Create advisory boards to round out expertise
  ◦ Business advisory board
  ◦ Scientific advisory board
  ◦ Be prepared to compensate advisory board members
  ◦ Use their network to develop supply chain, sales channels, identify licensees, etc.
Phase II Technical Proposal Components

- Phase II project summary or abstract
- Phase I results summary
- Identification of the problem or opportunity
- Phase II technical objectives
- Work plan
- Related research/R&D
- Key personnel
- Company information and facilities/equipment
- Budget
- Subcontractors/Consultants
- Similar proposals and awards
- Assurances
- Commercialization plan—usually separate
Phase II Technical Proposal

- Some agencies have additional sections or use different terminology
- Pay close attention to specified page limits for each section
- Use same terminology as the agency for each section, and follow their format
- Keep reviewers in mind: don’t make them work to find required material
Phase II Technical Proposal: Phase I Summary

- Note that Phase II reviewers may not all read your Phase I report
- Include a concise summary of Phase I
  - Describe how you’ve shown feasibility
  - Provide a rationale for Phase II
  - Demonstrate your ability to conduct Phase II research/R&D
Phase II Technical Proposal: Identification of the Problem or Opportunity

- May also be called Background and Significance
- Describe in broad terms, then narrow to your specific focus
- Use to establish that you are working on a problem of urgent importance
- Use to establish that there is a need for continued research/R&D
Phase II Technical Proposal: Phase II Technical Objectives

- May also be known as specific aims or goals
- Briefly describe Phase I goals and how they were accomplished (1–2 paragraphs)
- Briefly describe and provide a rationale for Phase II approach and methods (1 paragraph)
- Have 2–5 technical objectives
- Make sure they are in a logical order and relationship
- Allude to Phase III (1 brief paragraph)
- Should be about one page
Phase II Technical Proposal: Phase II Work Plan

- May also be called Experimental Design and Methods
- Should only address technical aspects (marketing and business plan are discussed in Commercialization Plan)
- Should constitute a significant portion of the proposal—about 1/3 of the total
  - Agency may specify page limits
- Should have a logical relationship with Phase I and Phase III
Phase II Technical Proposal: Key Personnel

- In general, Phase I PI should be Phase II PI
- Can subcontract up to one half of Phase II SBIR award (and 60% of STTR): use consultants/subcontractors to complement expertise
  - Engineering or development of prototypes
  - Beta or field testing
  - Special reagents or equipment
Where to go From Here

- Talk to your university to find out:
  - Whether you will need to license intellectual property
  - What the conflict of interest policies are
  - What resources are available to help you launch your company

- **TIP** – Build a strong website – YouTube videos are easy now.
How to find a university partner
  ◦ Contact their office of industrial relations
  ◦ Talk to the tech transfer office
  ◦ Talk to the office of sponsored programs administration
  ◦ Contact researcher directly
  ◦ Check out partnering bulletin boards, such as SHIFT Connector, SBIR Gateway, etc.
Finding a university partner: examples

- Purdue University– Office of Engagement: http://www.purdue.edu/engagement/
- University of Iowa–IOWA Centers for Enterprise: http://enterprise.uiowa.edu/
- University of Utah–Innovation & Technology: http://www.utah.edu/portal/site/uuhome/
Partnering Links

- [http://sbir.gsfc.nasa.gov/SBIR/mall2.htm](http://sbir.gsfc.nasa.gov/SBIR/mall2.htm) (NASA SBIR/STTR Technology Mall)
Where to go From Here

- Attend a national or regional SBIR conference
- Register for 300 level NCET2 course
- Educate yourself about entrepreneurship
  - Personality assessments (are you really entrepreneurial)
  - Writing a business plan
  - Presenting to investors/partners
- Get your company registered!
- Network, network, network
Assessment and Business Plan Help

- **Tip** – SBA has a great assessment survey – it takes only 5 minutes to do.
- **Tip** – SBA Writing a Business Plan
  - [http://www.sba.gov/smallbusinessplanner/plan/writeabusinessplan/SERV_WRITINGBUSPLAN.html](http://www.sba.gov/smallbusinessplanner/plan/writeabusinessplan/SERV_WRITINGBUSPLAN.html)
- **Tip** – Sample Business Plans
  - [http://www.bplans.com/sample_business_plans.cfm](http://www.bplans.com/sample_business_plans.cfm)
- **Tip** – Startup Assessment Tool
- **Tip** – MBA Schools can help.
Women–owned and minority businesses

- Title 8 (A) Classification
  - **Tip** – SBDC can help for free.
  - Cautious of consultants
  - It takes a long time – start early.
  - Not sure if it helps – more for service companies.
  - **Tip** – Dunn and Bradstreet
    - Women owned businesses – CCR registration
      - [http://www.womenbiz.gov/faq.html#question1](http://www.womenbiz.gov/faq.html#question1)
Getting More Capital

- **SBA Loans**
  - **TIP** – D&B try to establish credit quickly

- **Company credit cards**
  - **Tip** – Start a relationship with a local bank
  - **Tip** – SBA Loans can take a long time – have financial statements ready

- **Know financial statements**
  - **Tip** – Think about where the loan should appear.
  - Quick Books helps
  - **Tip** – use startup calculator
Getting more Capital – (Cont’d)

- Need to understand the financial statement
  - Tip –

- Caution rules about being a promoter
  - TIP – need full disclosure –you maybe warranting the investment unwillingly.
  - SEC filings
  - SEC license
How do I find an Angel?

- First – do you want to find one?
- Are they necessary?
- Personal guarantee
- Preferred stock – options - undiluted or diluted
- Looking for high return – low risk
- **TIP** – Do not look for them when your company is on life support – start early
VC’s

- Most SBIR firms are not ready for VCs.
  - VCs invest at the $3M and above range.
  - Generally want to see sales.
  - Generally get seats on the Board.
  - **TIP** – Read VC –101

- Need advisors that know what they are doing.
  - **TIP** Insider’s Guide to Venture capital.
  - New language – term sheet
  - **Tip** –
    [http://www.mbda.gov/?section_id=1&bucket_id=152&content_id=2511&well=entire_page](http://www.mbda.gov/?section_id=1&bucket_id=152&content_id=2511&well=entire_page)
VCs (Cont’d)

- SBA IS A GOOD SOURCE OF VOCALBARY AND TRAINING COURSE.
  - TIP
  - BE PREPARED FOR DUE DILIGENCE – CAN TAKE 6 TO 12 MONTHS TO COMPLETE.
  - Federal Government has its own VC group.
The Small Business Investment Company (SBIC) program was created by Congress in 1958 to help small U.S. companies raise the capital they need to fuel business growth.

SBICs are privately organized and managed venture capital firms licensed by the U.S. Small Business Administration (SBA) to make equity capital or long-term loans (with maturities of at least five years) available to small companies.

In return for agreeing to finance only small U.S. businesses in compliance with SBA regulations, SBICs qualify for funds raised by the sale of SBA-guaranteed securities which, when added to their private capital bases, increase the total capital SBICs have available to invest in small companies.

Additionally, while all SBICs will consider applications from businesses owned by socially or economically disadvantaged entrepreneurs, Specialized Small Business Investment Companies (SSBICs) are chartered to invest exclusively in such businesses.
NIST TIP PROGRAM

- Technology Innovation Homepage
  - $3M – $9M requires matching funds
  - Supports high risk – high return
  - This is the level of funding most of you will need.

- It is competitive – but not impossible

- Most of our students are in a hockey stick industry – flat and then it takes off.
State Support Programs

- State Prototype or Emerging Technologies Funds
  - Ben Franklin Technology Partners– http://benfranklin.org/

- State SBIR/STTR matching programs:
  - Kentucky– http://www.kintera.org/site/c.deIDLKOuGrF/b.2857105/k.BDB5/Home.htm
  - Oklahoma– http://www.ok.gov/ocast/
Upcoming Solicitations

- NIH Omnibus SBIR/STTR (non-AIDS related technologies): August 5 and December 5, 2010
- NASA SBIR/STTR Phase I: September 2, 2010
- USDA SBIR Phase I: September 2, 2010
- NIH Omnibus SBIR/STTR (AIDS related technologies): September 7, 2010
- DoD SBIR Phase I: September 15, 2010
- DoD STTR Phase I: September 15, 2010
- NSF STTR: TBA (~November deadline)
- DOE SBIR/STTR: TBA (~November deadline)
Find a Topic

- Search the individual agency’s website
- SBIR Gateway search (http://www.zyn.com/sbir/)
- SBIR.gov search (http://www.sbir.gov/federal_links.htm)
Upcoming SBIR/STTR Events

- 2010 Beyond Phase II Conference, September 13–17, 2010, San Antonio, TX
- Fall National SBIR/STTR Conference, November 8–10, 2010, Oklahoma City, OK
- Spring National SBIR/STTR Conference, April 11–13, 2011, Madison, WI
Questions?