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SBIR/STTR funding

The Small Business Innovation Research (SBIR) program is a highly competitive program that encourages domestic small businesses to engage in federal research and Development that has the potential for commercialization. Through a competitive awards-based program, SBIR enables small businesses to explore their technological potential and provides the incentive to profit from its commercialization. By including qualified small businesses in the nation's R&D arena, high-tech innovation is stimulated and the United States gains entrepreneurial spirit as it meets its specific research and development needs.

Small Business Technology Transfer (STTR) is another program that expands funding opportunities in the federal innovation research and development (R&D) arena. Central to the program is expansion of the public/private sector partnership to include the joint venture opportunities for small businesses and nonprofit research institutions. The unique feature of the STTR program is the requirement for the small business to formally collaborate with a research institution in phase I and phase II. STTR's most important role is to bridge the gap between performance of basic science and commercialization of resulting innovations.

The SBIR/STTR programs provide much needed capital and validation to move technology from the laboratory or garage to the marketplace. While not a fit for every small business, these government programs help thousands of entrepreneurs realize their dreams every year.

- SBIR/STTR is the largest, most accessible source of seed capital for the nation's innovative small businesses.
- More than \$2.2 billion in annual funding is available.
- SBIR/STTR provides funds to explore, develop and demonstrate the feasibility of proposed innovations without the entrepreneur having to take on debt or lose equity.
- SBIR/STTR provides government validation to potential investors and customers that a technology is likely to have commercial value.
- SBIR/STTR participation qualifies a small business to bid non-competitively for sole source contracts with the funding agency for the developed technology.
- More than 60% of awardees of phase I grants have less than 25 employees.

Key distinctions between SBIR and STTR

- SBIR: Small Business Innovation Research
- Small business can perform research projects alone
- STTR: Small Business Technology Transfer
- Small business must have a nonprofit research institute or federal research lab as a partner

SBIR/STTR 3-phase program

Phase I grants:

- Funds a feasibility study
- \$150 K+ for 6-month project (SBIR)
- \$150 K+ for 12-month project (STTR)

Phase II grants:

- Funds a full research and development (R&D) project
- \$1 M+ for a 12-month project (SBIR/STTR)
- Prerequisite: phase I grant awarded

Phase III:

- Graduation to commercialization stage
- Must use non-SBIR/STTR funds

Federal agencies that participate in SBIR/STTR programs

The Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs were established in 1982 by Congress to allocate funds to stimulate research and development within the United States. The program increases federal R&D funding for small businesses while meeting the R&D needs of federal agencies and encourages the commercialization of technology.

Currently there are five federal agencies that participate in both SBIR/STTR programs:

- Department of Defense (DoD)
- Department of Health and Human Services (DHHS)
- National Aeronautics and Space Administration (NASA)
- Department of Energy (DoE)
- National Science Foundation (NSF)

Another six federal agencies participate in only SBIR programs:

- Department of Agriculture
- Department of Commerce
- Department of Education
- Department of Homeland Security (DHS)
- Department of Transportation
- Environmental Protection Agency (EPA)