



Recommendations to the White House on the SBIR Program

Technology innovation is the key to competitiveness in leading today's global economy. Small technology enterprises have historically proven to be the most effective source of technology innovations, contributing to economic growth and job creation. In the last 25 years, the percentage of U.S. scientists and engineers employed by small business has grown by over 500% from 6% to 38% of the nation's technical talent as a whole. The Federal government spends approximately \$150 Billion in R&D in 2010, yet only 5% has been directed to small business and has remained constant over these many years, even with the inclusion of the 2.5% for the Small Business Innovation Research (SBIR) program. The Federal government needs to more effectively utilize the small business sector to develop and commercialize innovations that lead to job creation and economic growth.

The Small Business Innovation Research (SBIR) Program has a proven track record of producing technological innovation and job growth. But more must be done to bring these innovations to the marketplace. Below are the SBTC's recommendations to more effectively utilize the SBIR program, each of which can be accomplished by the White House, without action by Congress.

RECOMMENDATION One – Increase the SBIR set-aside from 2.5% to 4.0%, with the additional 1.5% used to establish a competitive Phase III program for transition of Phase II technologies with the greatest promise for product/service creation, economic impact and societal benefit.

RATIONALE – The SBIR program has been shown to be highly successful in stimulating innovations. However, many promising innovations perish in the Valley of Death for lack of resources to transition them. A properly implemented, competitive Phase III program would serve to harvest the economic benefits from R&D investments and create American jobs. Such initiatives are being implemented by the Navy and the Department of Energy, and can be the model for extending the current two-phase SBIR program into Phase III in all agencies of the government.

VALUE – High economic impact and budget neutral.

RECOMMENDATION Two- Increase the university-small business STTR program allocation to 2.5%

RATIONALE – Basic research provides the knowledge base for future technology innovation, but this process can be greatly improved. Expanding the STTR program would enhance the collaboration between academic institutions and technology entrepreneurs to more rapidly transition the results of their research out of the laboratory and into the marketplace. Expanding the STTR program would serve to stimulate such partnerships.

VALUE – Accelerated utilization of federal investment in basic research results that is budget neutral.

RECOMMENDATION Three- Establish an Innovation-Implementation (I²) program modeled after the Department of Defense “Mentor-Protégé” program but expanded allow participation by all small and medium sized companies (and not just 8(a) firms).

RATIONALE – The Mentor-Protégé program was designed to bring 8(a) companies into the federal procurement programs by having large companies mentor them. However, large and small companies can each contribute to the success of the other: small companies are agile and innovative, while large companies have greater resources and access to the marketplace. This program should establish percentage targets for federal R&D procurement programs to more effectively utilize small and medium sized companies while preserving the smaller companies’ intellectual property and data rights..

VALUE – Increase the utilization of small companies’ R&D capabilities and technological innovations in joint federal procurement, with potentially significant savings to the government.

RECOMMENDATION Four-Improve the reporting of the use of SBIR technology by the mission agencies: DoD, DOE, and NASA, and their prime contractors, while establishing specific goals for Program Executive Officers. Include use of small businesses resulting from SBIR technologies as a metric.

RATIONALE—Without goals and reporting metrics, the use Phase III SBIR-developed products and the cost effectiveness of the enhanced SBIR program cannot be evaluated and its economic benefits in terms of job creation ascertained.

VALUE-High economic benefit impact, with no direct budget implications but potential long-term savings

RECOMMENDATION Five- Convene a White House Conference on Technology Entrepreneurship in 2011 and follow up by establishing a web-based forum for linking technology companies and universities to administration policy formulation and execution.

RATIONALE – Small company entrepreneurship is the principal source of the technology innovations that drive the economy. This conference will draw inputs from technology entrepreneurs and serve as the basis for administration policy formulation.

VALUE – High impact on policy development at a very low cost.

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