

The SBIR Program – It Is Working!¹

The SBIR program is now 28 years old, with tens of thousands of awards and many studies. What are the conclusions? How is it being used by the SBIR agencies? Is it successful in the commercialization of advanced technology? Is it being copied anywhere else in the world? Is it relevant in today's economy?

- The most recent and most intensive study was a six-year analysis by the prestigious National Research Council of the National Academies published in 2008 by National Academies Press,² which concluded:
“By strengthening the SBIR program, the Committee believes that the capacity of the United States to develop innovative solutions to government needs and promising products for the commercial market will be enhanced.” (Paragraph 1.6, page 53)
- SBIR companies have produced approximately 25% of key innovations in the past 10 years– with only 2.5% of the Federal R&D extra-mural budget.³ The 11 agencies participating in the SBIR program have adapted the SBIR program to their particular missions with considerable success. (A Google search of “SBIR Success Stories” provides over 30,000 returns.) See SBIR Success Stories at www.sbtc.org.
- The commercialization success of the SBIR program is unparalleled in Federal R&D programs with its focus on the Phase III production outcome. According to the NAP study, “. . . approximately 30-40 percent of projects generate products that do reach the marketplace.” (Page 129) This is further exemplified by the very high rate of patents generated by SBIR firms compared to universities and large businesses – 38% of U.S. patents for small business (with < 4% of the Federal R&D budget); 3% for universities (with 28% of the budget); and 55% for large businesses (with 36% of the budget).⁴ For universities, it is “publish or perish.” For small businesses, it is “patent and produce products or perish.” These commercialization efforts produce products, jobs and tax revenue to help pay for our universities.
- The NAP study also found that the following countries have adopted an SBIR-type program – Sweden, Russia, The United Kingdom, The Netherlands, Japan, Korea, Taiwan and other Asia countries (Page 54). A European Union policy paper has a goal of 15% of EU R&D funding to SMEs.⁵
- Further, the NAP study found that the SBIR program builds meaningful bridges to universities:
“. . . about a third of all NRC Phase II and Firm Survey respondents indicated that there had been involvement by university faculty, graduate students, and/or a university itself in developed technologies. (Page 64) . . . These data underscore the significant level of involvement by universities in the program and highlight the program's contribution to the transition of university research to the marketplace.” (Page 65)
- SBTC believes that this partnership between universities and small business is an important economic multiplier that is unique to the U.S. innovation strategy. We have always strongly supported this partnership throughout the entire 28-year history of the program.⁶ We see the important successes that these strong university/small business partnerships have created in Silicon Valley, Route 128, San Diego, Research Triangle Park, Ann Arbor, and others across the country. The U.S. needs more such programs.
- The importance of these partnerships is reinforced by the NAP study of 2002, wherein they state:
“Public-private partnerships, involving cooperative research and development activities among industry, government laboratories, and universities, can play an instrumental role in accelerating the development of new technologies from idea to market.”⁷
- U.S. universities have produced 119 Nobel Laureates in the past 25 years, and they graduate the brilliant scientists and engineers that our innovative companies need. Small companies introduce the innovative products to the marketplace that keeps the U.S. in the forefront of technology. We need this partnership.

¹ From Mike Squillante, SBTC Board Chair Testimony, March 16, 2011, before the House Committee On Small Business, Appendix D.

² *An Assessment of the Small Business Innovation Research Program*, National Research Council, National Academies Press; Charles W. Wessner, Editor, Committee on Capitalizing on Science, Technology, and Innovation; 2008; http://www.nap.edu/catalog.php?record_id=11989

³ *Where Do Innovations Come From? Transformations in the U.S. National Innovation System, 1970-2006*, published by THE INFORMATION TECHNOLOGY & INNOVATION FOUNDATION, Washington, DC July 2008.

⁴ *A New View of Government, University, and Industry Partnerships*, This paper was submitted by Jere Glover, Chief Counsel of the Office of Advocacy, at the Senate Committee on Small Business Roundtable Discussion on the SBIR program on 8/4/1999.

⁵ http://cordis.europa.eu/fp7/home_en.html

⁶ *A New View of Government, University, and Industry Partnerships*, op. cit.

⁷ *Government-Industry Partnerships for the Development of New Technologies*, National Research Council, National Academies Press; Charles W. Wessner, Editor; 2002, page 23; <http://www.nap.edu/catalog/10584.html>