SBIR Economic Impact & Legislation
Beyond Phase II
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EXECUTIVE DIRECTOR
SMALL BUSINESS TECHNOLOGY COUNCIL
Small Business Innovation Research (SBIR): Leveraging American Business Growth and Jobs

SBIR: Entrepreneur-Driven R&D to Support American Economic Revitalization

A White Paper

January 19, 2017
SBIR Successes

- 1.7% of total Federal R&D Funding
- 25% of Key Innovations
- 1 SBIR Technology Saved $500 million on F-35 program
- Qualcomm, Symantec, Biogen, iRobot, Genzyme, Illumina, Gentech all received SBIR awards
- 45%-70% of SBIR Phase II technologies have been commercialized
- Federal Government receives $4.16 in Federal taxes for every dollar spent on SBIR
- 217% Return on Taxes at the state and local level
SBIR Legislative History

- Reagan & Congress created SBIR in 1982
- SBIR then reauthorized for 6 years to 1988, 7 years to 1993, 8 years to 2000, 8 years to 2008
- 14 Continuing Resolutions before 2011 6 year Reauthorization passed
- Reauthorized in the 2017 NDAA for another five years until 2022
SBIR Creates 25% of Key Innovations

Where Do Key Innovations Come From?

- Total Fortune 500
- Universities
- SBIR Firms

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THE NATIONAL ACADEMIES
Advisers to the Nation on Science, Engineering, and Medicine
96.86% of Federal R&D goes to Big Business, Universities, and Labs (in 2012). Only about 3% of the funding goes to small business.
“SBIR began with a deduction of 0.2 percent from agencies’ research budgets. Today, the SBIR allocation from basic research is 3.2 percent, or 16 times higher. Eleven federal agencies with research budgets of $100 million or more are currently subject to the SBIR funding ‘tax’.”

“This is a significant diversion at a time when U.S. research and development leadership is under challenge.”

“...we must assure that not a single tax dollar is wasted.”

– Waste, Fraud, & Abuse

-Statement of Chairman Lamar Smith before the Committee on Science, Space, & Technology, May 4, 2017
2018 NDAA

Sec. 897 Phase III Awards:
“SBIR Awards considered to satisfy competition requirements, and issue, without further justification, Phase III Awards”

Sec. 898 (d) Use Of Contract Vehicle:
“A multiple award contract described in subsection (b) may be used by any service or component of the Department.”

HR 2763 SBIR/STTR Improvement Bill, Sec. 9:
“as direct follow-on awards issued without further competition”
Air Force SBIR Economic Impacts

**Huge R.O.I.**
58%

Of Phase II contracts resulted in sales of new products and services based on the innovations developed with these contracts.

- **$14.7B** in total sales of new products and services, including $4.4 billion in military product sales.
- **$1.9B** in outside investment from venture capital, angel, and other private-sector funding sources.

**225 Companies**
Acquired by larger corporations

**180 Technologies**
Licensed to other companies for commercialization

**125 New Spin-Out Companies**
To commercialize Air Force-funded innovations

The research team used IMPLAN economic-impact assessment software to estimate the total economic impacts related to both the $4 billion in Air Force SBIR/STTR Phase II contracts and subsequent $14.7 billion in sales of new technologies. Results included:

- **$47.9B** total economic output nationwide
- **$15.5B** in labor income
- **$24.7B** in value added, representing new wealth creation in the economy
- **16,751** average new full-time jobs per year, with an average wage of **$65,968**
Navy SBIR Economic Impacts

$2.3 Billion Phase II Naval Investment*

Commercialization Results

- $14.2 billion in resulting sales of new products and services
- $7.0 billion in sales of new products to the U.S. military

Economic Impact

- $22.2 billion in new wealth creation, or value added
- $14.4 billion in labor income

64% of SBIR/STTR contracts with subsequent innovative technology sales

14,973 full-time jobs created per year with an average salary of $68,535

*2000 - 2013
The DOD has commissioned a DOD-wide study of the economic impacts of the SBIR/STTR Programs that is currently being undertaken.
Department of the Navy
Small Business Innovation Research (SBIR)
and
Small Business Technology Transfer (STTR)
Phase III Guidebook

Phase III Guidance for Program Managers and Deputy Program Managers,
Procuring and Administrative Contracting Officers, and
Small Business Professionals on Using the SBIR/STTR Phase III Vehicle
to Realize Mission Objectives, Program Requirements and Small Business Goals

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DoD SBIR/STTR Awards, PH I

Award Summary By Year