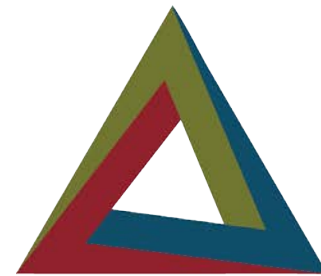


SBIR & STTR Subcontracting

PHASE I APPLICATIONS



APIOix
Innovation Transfer

About SBIR/STTR Assistance

The Nevada Governor's Office of Economic Development provides assistance to companies in the preparation and submission of SBIR/STTR proposals

The goal is to increase the number of proposals submitted and grants awarded under the SBIR/STTR program to Nevada technology-based small businesses

APIO Innovation Transfer (APIOiX) works in partnership with UNLV's SAGE program (<https://www.unlv.edu/econdev/sagesouth>) to assist technology-based small businesses (<https://apioix.com/sbir-assistance>)

- Assessment of the business concept
- Guidance for registration of the company
- Review and input on project pitches and proposals
- Assistance in submitting the proposals

About APIOiX

Programs, Services, and Solutions to Accelerate Innovation Ecosystems

APIOiX accelerates innovation through business development, training, and technical assistance to innovators and inventors at universities, small businesses, and government entities across the globe.



Eligibility for SBIR/STTR Funding

“America’s Seed Fund”

Technology based

Diverse portfolio

Commercial application

Non-dilutive funding

STTR requires
partnership with a
research institute

The Nation’s largest source of early stage/high risk funding for start-ups and small business

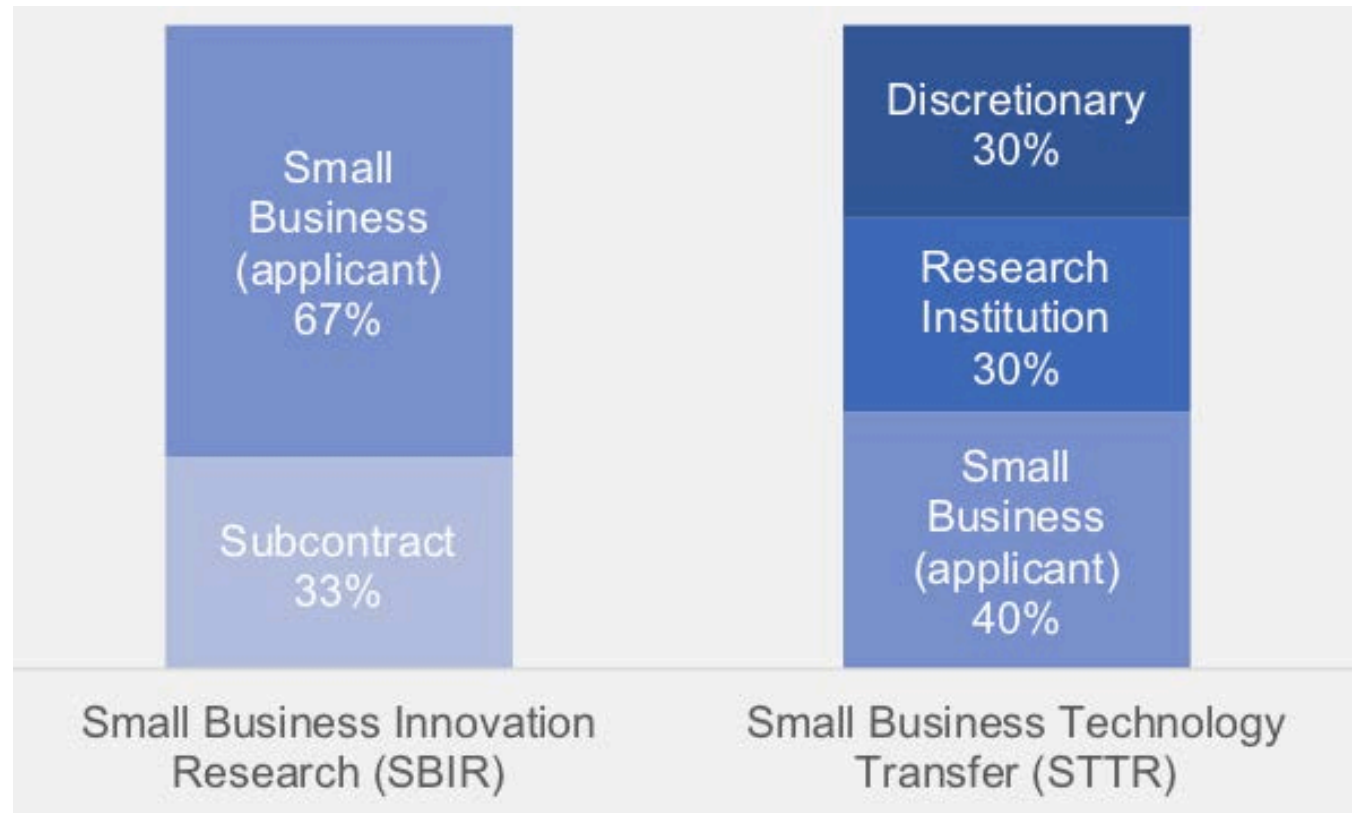
- In the words of program founder Roland Tibbetts: "to provide funding for some of the best early-stage innovation ideas; ideas that, however promising, are still too high risk for private investors, including venture capital firms."



Small Business Technology Transfer Program (STTR)

An STTR project requires the small business, to be teamed with a non-profit research institution

- The applicant is always the small business
- However, the PI for the project can be from the research institution
- The small business and the research institutions must be US based
- The narrative should clearly state what work is done where
- Each entity will need their budgets and budget justifications entered separately



Subcontractors vs. Consultants

Subcontractors are entities such as universities, Federal labs, or private enterprises (profit or non-profit)

Subcontractors differ from consultants in the eyes of the government agencies; consultants are individuals and subcontractors are entities

Government agencies offering SBIR and STTR funds regularly encourage small business applicants to identify and engage subcontractors and consultants

Small business applicants need to negotiate “the deal” with their partners prior to submitting their application

STTR funding mandates at least one subcontractor, the research institution

SBIR allows flexibility to use either subcontractors or consultants

Subcontractors vs. Consultants Part Deux

University faculty are frequently engaged by small business applying for SBIR funding; they can be engaged either as consultants or subcontractors

- As consultants, faculty can bring experience and certain know-how, but generally won't have access to their laboratories and equipment. They will also need to address and receive approvals from their institution related to potential conflicts of commitment and conflicts of interest prior to signing a consulting agreement. **The small business applicant should ensure that these conflicts checks are approved before engaging the faculty member**
- As subcontractors, faculty operate under the subcontract negotiated between the small business applicant and the university. Faculty will have access to facilities and certain personnel, and oversight will be directed by the terms of the subcontract. **Subcontract negotiations and execution may take some time to complete; start this process well ahead of the application deadline**

Having a university or a well-known company engaged as a subcontractor has multiple benefits including substantial resources, research facilities and personnel; these factors can boost the credibility of the small business applicant

Subcontract Budgeting

As indicated before, up to 33% of a Phase I SBIR can be subcontracted and at least 30% of a STTR **MUST** be subcontracted

Government agencies measure these percentages using different models

- NIH, NSF and DHS use a simple calculation. For example, If a Phase I SBIR award is \$150,000, then up to \$50,000 can be subcontracted
- DOD calculates the subcontracting total after the profit/fee is deducted. Given the example above, if the max fee was \$7000, then the total amount available to subcontract is ~\$47,666
- DOE allows the profit/fee to be included, but excludes materials, supplies, and equipment purchased or leased from the the calculation

For the agencies that use grants.gov for submission, the budgets for consultants are separate from those for subcontractors

It is imperative to fully understand the government agency's requirements prior to calculating your budgets; this will allow you to maximize the subcontractor budget

Subcontractor Responsibilities



Most government agencies dictate that the small business applicant outline the roles and responsibilities of the subcontractor and/or consultants in the proposal

Also, bios for key members of this class are generally required in the team description as well as letters of support and commitment

Clear descriptions of the research plan and the roles and responsibilities of each key member will allow for facile progress and reporting

Subcontractors and Intellectual Property

Before finalizing a relationship with a potential consultant or subcontractor, understand and outline how intellectual property (IP) will be reported, managed, and potentially shared

- University faculty and federal lab employees generally have obligations regarding the types and amounts of outside work they may perform in any given period
- **IP ownership can be a thorny topic; understand the subcontractor research institution's policies and plan accordingly**
- A written agreement isn't always required by the government agency, but it's generally prudent to execute a written agreement to memorialize the rights and responsibilities of each party
- A written agreement is required for an STTR application, and it must describe how IP will be allocated between the small business applicant and the research institution
- **Determine if there is background IP owned by the research institution necessary to legally practice any new IP developed under the grant**

Final Thoughts

Citizenship policies related to workers on SBIR and STTR projects extend to consultants and subcontractors; full disclosure is necessary

Relationships between the small business applicant and a consultant or a subcontractor can take significant time to establish; start early to determine compatibility, schedules, and philosophies

Understand your IP position and IP expectations before going into a relationship with a consultant or subcontractor; consultants often will cooperate in assigning IP rights under the terms of a consulting contract, but research institutions and large companies will have policies and limits on assignment or licensing of IP

Resources

APIOiX Small Business and Technical Assistance: <https://apioix.com/sbir-assistance>

- Provide general information and email link to obtain additional information

SBIR / STTR Tools & Resources: <https://apioix.com/tools-resources>

- Links to finding grant solicitations, examples of successful proposals (Phase I, Phase II, Fast Track), NSF Project Pitch rubric, budget templates for NIH and NSF Phase I proposals, budget justification templates for NSF and NIH

APIOiX Learning Center: <https://apioix.com/learning-center>

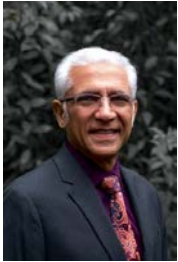
- Access to presentations on SBIR/STTR topics such as budgeting basics, subcontracting, how to write a winning proposal, basics of customer discover, and agency specific requirements.

SBIR presentations and slides: <https://www.sbir.gov/tutorials/accounting-finance/>

Salary validation: https://www.bls.gov/oes/current/oes_nat.htm#11-0000

NIH annotated SF424: https://grants.nih.gov/grants/ElectronicReceipt/files/Annotated_Forms_SmallBus_forms-e.pdf

Thank You



Arundeeep S. Pradhan, MS Pharm Ad., RTTP has been engaged in technology transfer for over 30 years; was at the forefront of creating the biotech burst in Salt Lake City; helped develop the first biotech roadmap for Colorado; and, helped create the first biotech incubator and the first translational research development center in Portland, Oregon. Mr. Pradhan served on the AUTM Board, was the AUTM President in 2009, and AUTM Foundation President and Board Chair in 2011. He was the interim CEO of a research tools startup and currently serves as the president of Apio Innovation Transfer (APIOiX) and as the CEO and the vice-president for business development of Practical Biotechnology, an oncology therapeutics startup. Mr. Pradhan managed technology transfer offices at the University of Utah, Colorado State University Research Foundation, and Oregon Health and Science University. He continues to work with clients across the globe. arundeeep@apioix.com



Ray Wheatley, MS CLP(E) is former Director for Technology Commercialization in the Office for Technology Development at the University of Texas Southwestern Medical Center, retiring in 2015 with 31 years of service. Mr. Wheatley and his staff evaluated over 2,500 new invention disclosures which led to more than 650 issued US patents and hundreds of foreign patents. These efforts resulted in more than 900 negotiated option agreements, license agreements and intellectual property management agreements generating more than \$178 million in license revenues. In addition, over 30 start-up companies were created. He has worked with US and foreign companies, including major pharmaceutical companies, venture capital firms and leading medical device manufacturers. He has been an invited speaker at many national and international meetings and has spoken on a variety of topics, most notably on negotiation skills and advanced licensing topics. ray@apioix.com



Michael Batalia, PhD is a serial entrepreneur and an expert in academic technology commercialization. He is also a member of the Mission II Team for the Perlan Project, an effort to fly engineless aircraft to the edge of space. He has over 16 years of experience in academic technology transfer, intellectual property management, and licensing at Wake Forest University as executive director of commercialization and North Carolina State University as associate director then director of technology transfer. Dr. Batalia is active regionally and internationally in support of technology transfer and biotechnology. He has served on the Boards of the Association of University Technology Managers, the North Carolina Biotechnology Center, the Biotechnology Advisory Committee of Piedmont Triad, and the North Carolina Center of Innovation for Nanobiotechnology. He is a co-founder of Wide Eyed Technologies and the CSO for Arctic, Inc. michael@apioix.com