SBIR/STTR Program

An Overview for Faculty of Indiana University School of Medicine

Module 1: Basics of the Program
The Program

SBIR
(Small Business Innovation Research)

and the

STTR
(Small Business Technology Transfer)

are programs
administered by the
Small Business Administration (SBA)
and implemented by 11 Federal agencies.
Born out of the Small Business Innovation Development Act of 1982...

...**SBIR** is designed to promote technical innovation and commercialization by small businesses.

...**STTR** is designed to promote cooperative research and development resulting in commercialization between small businesses and research institutions.
• The primary purpose of SBIR/STTR is **Growth in the U.S. Economy** and market presence.

• In FY2012, there were approximately 5,656 awards totaling more than $2.2 billion.

• **SBIR/STTR is non-dilutive capital**
  – with a higher success rate than other forms of outside investment;
  – often attracts other investment; and,  
  – allows company to:
    • maintain control of operations;
    • retain intellectual property; and,  
    • Safely “test” new ideas
Eligibility
(determined by SBA)

• Company must have **500 or fewer employees**
• Be a **for profit** business
• Located and primarily **operate in the U.S.**
• Be at least **51% owned and controlled by U.S. Citizens or Permanent Resident Aliens**
  – Some participation allowed by Venture Capital controlled firms (see guidelines for clarification)

*Eligibility is determined at time of award*
Which Agencies Participate?

• Once a Federal agency spends $100 million on annual extramural funding, it must participate in the SBIR Program.

• Once an agency reaches $1 billion on annual extramural funding, it must also participate in STTR Program.

Not all SBIR agencies offer STTR

Agencies can be IN or OUT
## Participating Agencies

<table>
<thead>
<tr>
<th>Department of Health &amp; Human Services</th>
<th>Department of Defense</th>
<th>Department of Education</th>
<th>Department of Transportation</th>
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</thead>
<tbody>
<tr>
<td>Department of Energy</td>
<td>Department of Homeland Security</td>
<td>Department of Commerce</td>
<td>National Aeronautics and Space Administration</td>
</tr>
<tr>
<td>Department of Agriculture</td>
<td>National Science Foundation</td>
<td>Environmental Protection Agency</td>
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</tbody>
</table>
• Applications can be submitted to multiple agencies (but not multiple Institutes and Centers within an agency) for similar work*

• Applications for different work may be submitted to the same agency (some agencies have limitations on the number of submissions per deadline or per calendar year)

• Must disclose all other submissions and can only accept one award for each project

*You cannot submit applications to two different Institutes or Centers within NIH for the same work. You can submit applications to NIH and NSF for similar work
Three-Step Program

Phase I
• Tests feasibility
• Usually around $150,000 (NIH allows budgets to exceed this)
• SBIR is 6 month project period/STTR is 1 year project period

Phase II
• Development of prototype
• Usually $1 million (NIH allows budgets to exceed this)
• Project period is 2 years

In between Phase II and Phase III there are sometimes a variety of other funding mechanisms to support development and transition depending on the agency.

Phase III
• Commercialization
• Often included in the discussions of the program, but no actual funds to support Phase III
• Agencies sometimes offer other (non-SBIR/STTR funds) in this phase
Other Possibilities

**FastTrack**
- FastTrack is a Phase I and Phase II proposal submitted together
- Not recommended for new companies
- Phase II funding remains contingent on performance and results of Phase I work
- Not all agencies offer a FastTrack program
  - NIH accepts FastTrack; CDC and FDA do not

**Direct to Phase II**
- Pilot program within NIH ONLY
- for innovations that have already surpassed the feasibility stage but require additional development in preparation for commercialization
Grants and Contracts

Some agencies are **granting agencies**

Some agencies are **contracting agencies**

Some agencies are **both** granting and contracting (NIH)

Some agencies are **one but act like another**
## SBIR or STTR: Same or Different?

<table>
<thead>
<tr>
<th></th>
<th>Same or Different?</th>
<th>SBIR</th>
<th>STTR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Success Rates</td>
<td>Same</td>
<td>Average award rate in all programs is approximately 12%</td>
<td></td>
</tr>
<tr>
<td>Budget</td>
<td>Same</td>
<td>Approximately $150,000 for Phase I (varies by agency)</td>
<td></td>
</tr>
<tr>
<td>Project Period</td>
<td>Different</td>
<td>6 Months</td>
<td>1 Year</td>
</tr>
<tr>
<td>Subaward</td>
<td>Different</td>
<td>Subaward to research institution allowed</td>
<td>Subaward Required</td>
</tr>
<tr>
<td>Subaward Cap</td>
<td>Different</td>
<td>Only 33% of an SBIR can go to outside subawards</td>
<td>A minimum 30% must go to subaward in STTR</td>
</tr>
<tr>
<td>PI’s employment</td>
<td>Different</td>
<td>PI must be 51% at small business</td>
<td>PI can be at research institution or small business</td>
</tr>
<tr>
<td>PI’s effort</td>
<td>Same</td>
<td>PI must allocate a minimum of 10% effort on the project</td>
<td></td>
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</table>
SBIR or STTR: *How do You Decide?*

**Q1:** Is the small business going to contract (subaward) with a Research Institution(s)?

- **Yes:**
  - Is the subaward more than 33% of the total project budget?
    - **Yes:** SBIR
    - **No:** SBIR

- **No:** STTR
SBIR or STTR: *How do You Decide?*

**Q2:** Will the Principal Investigator’s primary employment (51%) be with the small business at the time of award?*

- **Yes**
  - SBIR or STTR

- **No.** The PI’s primary employment is with the Research Institution (subaward)
  - STTR

*See Module 2: Selecting a Principal Investigator for further details and restrictions.
SBIR or STTR: *How do You Decide?*

**Q3:** Is the small business going to conduct at least 66% of the work (effort) during Phase I of the project?

- **Yes** → **SBIR**
- **No** → **STTR**

*Note:* Effort is measured by time and money. This means efforts described in the work plan must match funds requested in budget and both must meet percent effort requirements outlined by the program.
In an SBIR, the **small business must conduct a minimum of 66%** of the work on the project. The **Research Institution or other outside partner cannot conduct more than 33%** of the work.
In an STTR, the **small business must conduct a minimum of 40%** of the work on the project. The **Research Institution must conduct a minimum of 30%** of the work. This totals **70%** of the project effort, leaving up to an **additional 30% effort that can be allocated to the small business or the research institution**—or even an additional outside contributor.
What Does “Percent Effort” Really Mean?

Percent Effort is measured in both:

**Time** and **Money**

**Time** is measured by work outlined in the Research Plan.
- Providing details about *where* work will take place and *who* will do it allows reviewers to accurately determine effort.

**Money** is measured by allocation to resources in the budget.
- Funds provided to the subaward must be consistent with work outlined and *correspond with tasks assigned* to the university (or small business) in the Research Plan.
Supporting “Time” Allocation

Work takes place at the Small Business and the Research Institution:

Research Institution

All work that will take place in IU facilities must be pre-approved through a routed version of the Research Plan.

Small Business

The Research Plan must outline the allocation of work (names, locations, etc. with associated Specific Aims) and match the budget. The Small Business must complete:

- A minimum of 66% of work in an SBIR
- A minimum of 40% of work in an STTR

It is illegal to represent a proposed (and approved) division of effort and not follow that approved effort.
Supporting “Money” Allocation

Each SBIR/STTR submitted with a Research Institution collaboration must have, at minimum, the following documents for submission:

• **Routed and approved** budget and budget justification with overhead fees

• Letter of support from **authorized individual** clearly stating the resources will be available for the project

• Letter of support from the **faculty member** summarizing their participation
Case Study

A tenured and very well respected faculty member proposes an STTR with a division of effort that falls within the program guidelines. The budget is routed and approved.

The proposal is funded and work begins on the project.

The faculty member (who is also CSO of the company) decided to just do all the work in his lab. He had all the equipment and grad students on hand to complete the necessary work in his lab. It was easier for him to accomplish the Specific Aims and required less coordination of efforts. It eliminated the need to go back and forth from his lab on campus to the company office at the IU Innovation Center.

The project ended and he wrote his final report, which detailed work done at both the University and the company.
Case Study Results

It is illegal to misrepresent a division of efforts associated with federal funding. This is an offense punishable by disbarment and even criminal charges.

Significant ramifications will result for faculty who conduct research using university resources without appropriate subaward documentation and approval.
Module Test Questions

The Principal Investigator can reside at the Research Institution in an SBIR.

a) True
b) False

A project will involve a subcontract of $75,000 to a Research Institution. Therefore, this proposal must be submitted as an:

a) SBIR
b) STTR
Module Test Questions

As a faculty member at the University, I am allowed to allocate my lab and University-owned resources without prior approval in the form of a routed subaward budget.

a) True  
b) False

An SBIR project period is 6 months and an STTR project period is one year.

a) True  
b) False
DHHS
SBIR/STTR Program
An Overview for Faculty of Indiana University School of Medicine
Module 2: Selecting a Principal Investigator
How do you select the Principal Investigator?

**SBIR:** The PI must be 51% employed by the small business at the time of award.

**STTR:** The PI can be employed by the small business or the Research Institution.
Other Things to Consider when Selecting a PI on an SBIR or an STTR:

• Where will most of the work be done?

• Who is most qualified to lead the project? Who has the skills and experience closest to the science?

• Who has relevant articles published in peer-reviewed journals?

• Are there any issues related to residency and/or visas?
  — Is the potential PI allowed to collect salaries and wages?

• If the PI is a “new investigator” is there a strong advisory and/or mentor in place?
**Scenario 1:** John works 100 hours a week. Of those hours, 55 are at the university and 45 are at John’s new startup company ZuperLab.

- 55% of his time is at the university
- 45% of his time is at the company

John is not 51% employed by the company

<table>
<thead>
<tr>
<th>SBIR</th>
<th>STTR</th>
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<tbody>
<tr>
<td>In order to serve as the PI on an SBIR application, John would need to take a leave of absence from his position at the university and include a letter from his department chair agreeing to such a leave for the term of the project.</td>
<td>John can serve as the PI at the university without taking a reduction in time.</td>
</tr>
</tbody>
</table>
Leave of Absence

A partial leave of absence is initiated through your department chair.

• It is available to anyone currently employed by the university.

• As long as you maintain some level of employment at the university, your benefits will remain unchanged.
Leave of Absence

• For tenure-track faculty, it must be negotiated up front with your chair if this work will contribute to your tenure dossier.

• Citizenship status (current visa, etc.) may affect your ability to qualify for a leave of absence.

• Allow time for the negotiation of the leave.

• Everything must be in writing prior to submission of the SBIR/STTR proposal.
The PI must commit a **minimum of 10% effort** toward the project on both an SBIR and STTR.

**Scenario 1:** Susan is a faculty member at the university and wants to serve as PI on an STTR grant. She has the following commitments:

- 25% on an active NIH R01
- 25% as a collaborator on an active NIH R01 in another state
- 35% teaching requirement
- 7% as an advisor on an active NIH R21

Susan is **not** eligible to be the PI on an STTR or SBIR. Total commitments for all projects cannot exceed 100%
Identify an Opportunity

**Grant solicitations** are presented for SBIR/STTR through various announcements

- **Omnibus:** The large, all-encompassing solicitation issued each January with broad-based topics from all ICs
- **Special Programs:** unique opportunities for programs like “new investigator” or “emerging markets”
- **Joint Solicitations:** ICs combine resources and interests to release special solicitations on more focused topics

Contracts are issued on separate timelines and vary by issuing agency
Each solicitation may have its own due date or follow standard SBIR/STTR due dates:

April 5  Aug 5  December 5

Standard due dates for all **AIDS and AIDS-Related** Applications:

May 7  September 7  January 7

Don’t forget to allow **7 business days** for IU routing prior to submission!

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<tbody>
<tr>
<td>R41</td>
<td>STTR Phase I</td>
<td>R42</td>
<td>STTR Phase II</td>
<td></td>
</tr>
<tr>
<td>R43</td>
<td>SBIR Phase I</td>
<td>R44</td>
<td>SBIR Phase II</td>
<td></td>
</tr>
</tbody>
</table>
Identify a Topic

• Search through topics in the Omnibus Solicitation and look for special announcements.

   If you are working on commercializing something that has a potential impact on public health, DHHS wants to see it!

   You do not need a specific topic to submit a proposal in response to the Omnibus
   (You do need a specific topic to submit a proposal in response to a contract solicitation)

• Identify an Institute or Center (IC) that may be interested in your technology
• Identify a potential study section or review committee (if desired) to request in your cover letter
Contact DHHS Staff

• Each topic has an assigned **Program Manager (PM)** listed within the solicitation.
  – The SBIR/STTR program is just one of the PM’s responsibilities

• Contact with the PM is an important step in preparing your application.
  – While the PM does not participate in the scoring of your application, this is a relationship-based program and you need to get to know PMs

*Never contact study section chair!*
• Contact the PM via email, followed by phone.

• The PM will often request a **one page executive summary** of your proposed project.

• Schedule a time to talk to the PM via telephone to:
  – Determine whether your proposed topic is of interest to the particular IC
  – Learn about particular areas of interest or focus of an IC
  – Make sure the IC is the right place to send your proposal

• Focus your conversation on **solving the IC’s problem**—not more research in your university-based lab.

*Listen more than you talk; ask open-ended questions!*
Create the Pathway to Commercialization

Develop a sense of what the **Specific Aims** will be for each of the three phases

- Phase I
- Phase II
- Phase III (Commercialization)

For example, determine for Phase I Specific Aims:

- Who is doing what?
- Where does it need to happen?
- How much is needed ($) to achieve each aim?
- What resources are required?
- What outside support is needed?
Conceptually think about the work and proposed **Specific Aims in three phases** (feasibility, prototype, commercialization)

This process will contribute significantly to determining things like:

- SBIR or STTR
- Who should be PI
- Division of efforts between company and subaward
- Early draft of the budget
- Outside contributors/partners needed
- Potential sources for letters of support
What Other Expertise is Needed but missing on the team?

• **Biostatistician?**
  – Example: are you collecting health-related data or using a power analysis in your project design?

• **Practitioners in the field?**
  – Example: is this a device to improve the occupational therapy experience but you don’t have any practicing OTs on your team?

• **Potential end users?**
  – Example: are you developing a new tool for individuals with a chronic condition but don’t have any connection to that population?

• **Centers of Excellence or World’s Leading Expert?**
  – Example: is this a device for individuals who are in wheelchairs but you have no connection to someplace like a Rehabilitation Engineering Research Center (Georgia Tech)?
How Can you Demonstrate Outside Support for the work outlined and the further development of the technology?

• **Consultants?**
  – Example: do you need consultants to provide third party input to the design, results, process, etc.?

• **Advisors?**
  – Example: is what your team is lacking in experience made up for by committed, experienced and engaged advisors?

• **Subcontractors/Subawardees?**
  – Example: is a strong research institution partner willing to engage on the project and invest their resources, faculty and equipment?

• **Commercialization Partners?**
  – Example: is a major manufacturer or potential acquisition partner watching and interested in what you are doing?

Demonstrate their support through inclusion of biosketches, letters of support and references to partners in the research plan.
The Team—What’s Your Role?

Often for technology coming out of the university setting, the PI and the university person (and owner of the company) are all the same person.

It is important to draw distinctions between roles and create clear allocation of responsibilities....How do you do this?

• Include a name attached to tasks in the research plan (let reviewers know specifically who is doing what and where—company, university, etc.)

• Provide a clear description of responsibilities and roles in the budget justification
• Be aware of your contact information
  – If you are the PI through the company, do not use university contact information
  – If you are the PI through the university, do not use company contact information

You cannot appear on both the Company and the Research Institution (University) Budgets—
*it’s one or the other, but not both!*
• Use your biosketch as a place to describe and elaborate on your roles.
  – If you are the PI through the company
    • List your position (in the table at the top of the biosketch form) as with the company (not university).
    • List the company in your experience section.
  – Use your personal statement as the opportunity to describe your roles and why you are the right person to be involved in the project.

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**BIOGRAPHICAL SKETCH**
Provide the following information for the key personnel and other significant contributors in the order listed on Form Page 2. Follow this format for each person. DO NOT EXCEED FOUR PAGES.

<table>
<thead>
<tr>
<th>NAME OF FELLOWSHIP APPLICANT</th>
<th>POSITION TITLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>James E. Smith</td>
<td>Chief Scientific Officer</td>
</tr>
<tr>
<td>Era Commons User Name</td>
<td>ZuperLab, LLC</td>
</tr>
<tr>
<td>jamesesmith</td>
<td></td>
</tr>
</tbody>
</table>

**EDUCATION/TRAINING** (Begin with baccalaureate or other initial professional education, such as nursing, and include postdoctoral training.)

<table>
<thead>
<tr>
<th>INSTITUTION AND LOCATION</th>
<th>DEGREE (if applicable)</th>
<th>YEAR(s)</th>
<th>FIELD OF STUDY</th>
</tr>
</thead>
<tbody>
<tr>
<td>DogPaws University, Greencastle, IN, USA</td>
<td>B.A.</td>
<td>2004-2008</td>
<td>Biology</td>
</tr>
<tr>
<td>Indiana University School of Medicine, Indianapolis, IN, USA</td>
<td>Ph.D.</td>
<td>2008-2013</td>
<td>Medical Neuroscience</td>
</tr>
</tbody>
</table>

A. Personal Statement
Initiate Registrations

The **small business is always the applicant** on an SBIR/STTR grant—even if the PI will reside at the university.

The small business must complete several registrations successfully submit a grant application:

- EIN (Internal Revenue Service)
- DUNS Number
- SAM
- SBA/SBIR (SBA Certification)
- eRA Commons (PI account and company account)
  - Your eRA Commons username follows you throughout your entire career for the PI
  - Create an eRA Commons Signing Official (SO) account for the company
  - Link the PI to the company’s account as an active PI
- Grants.gov

*Start early, these take lots of time!*

Seek support from your pre-award specialist or other university-based support.
Module Test Questions

If you are participating as a team member at the Research Institution (university) and are a founder of the company, you can appear on both budgets.

a) True

b) False
Module Test Questions

How long should you allow for routing your subaward documentation through the university?

a) 4 working days
b) 7 working days
c) 14 working days

It’s always a good idea to contact the listed Program Manager on a solicitation prior to submission.

a) True
b) False
DHHS SBIR/STTR Program

An Overview for Faculty of Indiana University School of Medicine

Module 4: Proposal Development
Four Most Common Mistakes

1) Not enough detail
The research plan should provide extensive detail about your plans to execute the work outlined in the project (including who, where, when, why, with what and how)

2) Not following the agency’s guidelines
Yes, the rules apply to you
3) Too much unrelated information
While some discussion about preliminary studies and your knowledge of the field is necessary, the bulk of the proposal should focus on what you will do with the requested funds.

4) Proposing an academic research study instead of a plan for the commercialization of innovative technology
No matter how cool your technology is, there must be a potential market to support it—SBIR/STTR is a program about commercialization, not just research.
Other Helpful Hints

• Use the company name (write in third person)
• Be positive in your approach, use “will”
• Know who your reviewers are
• Use clearly labeled, descriptive and relevant visuals
• Avoid technical jargon
• Keep focused on feasibility and be very specific
• Do not refer to things outside the content of the proposal
• Make sure timeline is realistic
• Do not propose work that has already been done
• Include a discussion of Preliminary Studies
Proposal Requirements

• Project Abstract
• Specific Aims
• Research Strategy
• Biographical Sketches
• Equipment
• Facilities & Other Resources
• Project Narrative
• Others as required (Human Subjects, etc.)
• Budget(s)
• Budget Justification(s)
Project Abstract

- Abstract is designed to give reviewers an **overview** of the project.

- Abstract is **public**—do not include proprietary information.

- This section should be written last; make it a mini version of the proposal and include the overall hypothesis, specific aims and end results.

- Limited to 30 lines of text

- Use company name and mention collaboration with university.

*Example:* SuperLabs, an Indiana-based small business, in collaboration with its research partners at Indiana University School of Medicine, will...
Specific Aims

This section provides an overview, an introduction and is limited to one page

**Aims** should be:

- Listed in chronological order
- Achievable within the project period/program limits
- Action-oriented (test, develop, measure, etc.)

Provide a summary paragraph describing success in Phase I

- State the Phase I hypothesis and how you will test it (Aims)
- Touch on plans for Phase II efforts
Research Strategy

This section is **limited to six pages**. Start each section with the appropriate section heading listed below. Provide full references on the Bibliography and References Cited page.

**(a) Significance (approximately 1 page)**

Explain the following:

- the importance of the problem or critical barrier to progress in the field that the proposed project addresses
- how the proposed project will improve scientific knowledge, technical capability, and/or clinical practice in one or more broad fields
- how the concepts, methods, technologies, treatments, services, or preventative interventions that drive this field will be changed if the proposed aims are achieved
- the project’s potential to lead to a marketable product, process or service
(b) **Innovation (approximately 1 page)**

- Explain how the application challenges and seeks to shift current research or clinical practice paradigms.

- Describe any novel theoretical concepts, approaches or methodologies, instrumentation or interventions to be developed or used, and any advantage over existing methodologies, instrumentation, or interventions.

- Explain any refinements, improvements, or new applications of theoretical concepts, approaches or methodologies, instrumentation, or interventions.

- **Must address commercialization** in a minimum of a paragraph
  - Do good market research
  - A commercial market must exist for your technology (or it’s not a fit for SBIR/STTR)
  - Include stats on current and potential market (impact)
    - How will you enter the market?
    - Who you will sell to, license to?
    - Do you have letters of agreement/interest?
  - Remember: you may not use SBIR money for marketing and commercialization activities (or legal).
  - There is an increased focus on commercialization success by all agencies.
(c) **Approach (at least 4 pages—most important part)**

- Preliminary Studies: Preliminary data are not required for Phase I applications; however, it is strongly suggested. Share with reviewers the genesis of the technology and work completed to date (where are you right now? What do you already know? What makes you think this Phase I will be successful?)

- Describe the overall strategy, methodology, and analyses to be used to accomplish the specific aims of the project

- **Explicit** detail is critical to this section
  - Cut and paste specific aims and use each aim as a separate sub-headers for the work plan
  - Under each aim, detail explicitly—for each aim—how you will accomplish it
    - Where will the work take place
    - **What will you use to complete the tasks (equipment, facilities, tools, materials, etc.)**
    - Why is it important to achieving the objective/aim
    - Using what equipment, resources, support, etc.
    - How long will it take
    - Who will do the tasks (list team members by name and separate out company or research partner)
    - How will you do it (sequential steps) and how will you know you have completed the tasks
  - Include a potential road block and alternative strategies and a benchmark (how do you know you are done?) for each aim.
  - Make sure you discuss any and all data collection efforts (who, what data, how, reported to who, etc.).
Example of detailed required in work plan

Aim 1) Determine the most appropriate and effective location of the battery chamber in the detector.
Four preliminary prototypes will be produced (why four?) from modeling material (what kind of modeling material; why did you choose that kind? Where will they be produced? Who will make them?) to scale.

The PI will identify four potential locations (why four? What is he/she basing those locations on?) for the battery chamber and will determine the feasibility of each configuration using the following criteria:

- proximity to detection source (what proximity is desirable?)
- Connection requirements (what is needed?)
- Available space for other components (what other components are required and how much space to they need?)
**Summarize Research Plan with a simple Gantt chart (not Microsoft project)**

<table>
<thead>
<tr>
<th>STTR Specific Aims</th>
<th>Months</th>
<th>Responsible Party</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Identify components required</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12</td>
<td>Smith (PI) Rogers (IUSOM)</td>
<td>Component list complete</td>
</tr>
<tr>
<td>2. Engineer the system architecture</td>
<td>2 3 4 5 6 7 8 9 10 11 12</td>
<td>Smith (PI)</td>
<td>System architecture complete</td>
</tr>
<tr>
<td>3. Test the system in the lab</td>
<td>7 8 9 10 11 12</td>
<td>Rogers (IUSOM)</td>
<td>Feasibility demonstrated</td>
</tr>
</tbody>
</table>

Example provided uses overly simplified Aims

**In the final paragraph:**

- provide a statement of end results. *At the conclusion of Phase I, the team will*...What will you have, know, created, demonstrated, etc.?
- Mention matching funds from the state (state matches Phase I awards $.50 on every Phase I dollar awarded, up to $75,000)
- Provide a brief overview of what’s planned for Phase II and beyond
Budgets

There are two requirements for the budget:
- budget forms
- supporting budget justification

A budget is required for the overall SBIR/STTR Phase I project and is made up of individual line items, including one for subawards.
- The subaward line item is the total of all subaward budgets.
- Each subaward (usually research institution) must have their own budget form and supporting budget justification.

A budget justification is the narrative explanation of each line item, including a full breakdown (or formulary) of line items like materials and supplies or travel.

Budgets must:
- correspond with agencies rules
- Be realistic and accurate
- Correspond with narrative
# Budgets

## SBIR Budget

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Direct</th>
<th>Indirect</th>
</tr>
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<tbody>
<tr>
<td>Total</td>
<td>$225,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fee</td>
<td>7%</td>
<td>$15,750.00</td>
<td></td>
</tr>
<tr>
<td>Subaward</td>
<td>33%</td>
<td>$74,250.00</td>
<td>$47,596.15</td>
</tr>
<tr>
<td>Spinup Budget</td>
<td>60%</td>
<td>$135,000.00</td>
<td>$96,428.57</td>
</tr>
</tbody>
</table>

## STTR Budget

<table>
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<tr>
<th></th>
<th>Total</th>
<th>Direct</th>
<th>Indirect</th>
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</thead>
<tbody>
<tr>
<td>Total</td>
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<td></td>
</tr>
<tr>
<td>Fee</td>
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<tr>
<td>Subaward</td>
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<td>$135,000.00</td>
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<tr>
<td>Spinup Budget</td>
<td>33%</td>
<td>$74,250.00</td>
<td>$53,035.71</td>
</tr>
</tbody>
</table>
Budgets: Subaward

Work with your pre-award specialist to complete the subaward R&R budget.

All budgets **must be routed** through the IU system *prior to submission*—Allow 7 working days for this process

A complete subaward package includes:
- a routed and approved budget
- a budget justification
- a signed scope of work
- a letter of support from the participating faculty member
- a letter of support from the research institution committing the resources to the project
12 Practical Steps to Starting Your Company
12 Steps to Starting Your Company

1) Choose a name
2) Develop a Business Plan.
3) Decide which type of business (Partnership, LLC, S Corp or C Corp)
4) Prepare and file Articles of Organization (also called Articles of Incorporation) with the appropriate state office.
   - Indiana – Secretary of State
5) Draw up the Operating Agreement among the owners.
6) Get your EIN or TIN (Employer Identification Number or Federal Tax ID Number)
12 Steps to Starting Your Company

7) Set up bank account and a financial record keeping system.
8) Get corporate insurance
9) Lease or purchase the place of business.
10) Lease or purchase any supplies and equipment needed.
11) Hire and train employees (file BT-1 with the State).
12) Open the doors for business.

Can wait until time of award
Available Resources

• ISBDC – Proposal Creation Support
  – http://www.indianaptac.com/sbirsttr/
• IURTC Spin Up Program – Partnership
• Elevate Ventures – Up to $50K Match
• i-Corps – NSF and now NIH
Tips in Choosing a Name

• Choose a name that your customers will remember and that inspires you.

• Think about acronyms.

• Check exiting Trademarks, Copywrites and Business Names.

• Think Long-Term.
Questions?

Joe Trebley
jtrebley@iu.edu
Indiana University Research and Technology Corporation
Head of Startup Support and Promotion
Legal Documents

• AT LEAST HAVE AN ATTORNEY LOOK THEM OVER!!!!!!

• Articles of Incorporation/Operating Agreement
  – Cost
    • $500-$25,000 (Typically $500-2,000)
  – Timeline
    • 1 - ? weeks (Depends on negotiation between owners)
Insurance

• What should you consider covering?
  – General liability ($1000)
  – Product liability ($5000-$10,000)
  – Professional liability ($2500-$3000)
  – D&O Liability ($2500-$3000)
  – Key Person Life ($400)
  – Key Person Disability ($1200-$2000)
  – Workman’s compensation ($1000-$2000)
Tips in Getting Insurance

• Work with a broker/professional that knows your industry
• Compare Coverage/Costs
• Get a package deal
• Look through getting a deal through an association
• Rates vary depending on industry, number of employees etc.
Ongoing

• Tax Returns
  – State
  – Federal
• Audit or Review
• State Payroll Tax