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National Science Foundation
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Dear Colleague Letter - Supplemental Funding Opportunity for SBIR/STTR - Technology Enhancement for Commercial Partnerships

MEMORANDUM

Date: March 29, 2012

To: NSF Small Business Innovation Research/Small Business Technology Transfer (SBIR/STTR) Grantees

From: Grace Wang, Division Director Division of Industrial Innovation and Partnerships (IIP)

Re: Supplemental Funding Opportunity for SBIR/STTR - Technology Enhancement for Commercial Partnerships (TECP)

The Directorate for Engineering's Division of Industrial Innovation and Partnerships (IIP) Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs invites all active SBIR/STTR Phase II grantees to participate in the Technology Enhancement for Commercial Partnerships (TECP) program, a supplemental funding opportunity. TECP supplements to SBIR/STTR grantees are intended to pave the way for partnerships between strategic corporate partners and investors and SBIR/STTR companies as a means to increase the potential for SBIR/STTR grantees to commercialize successfully their technology. Partnerships are recognized as a critical success factor for commercializing technology developed by small business. Potential partners, however, frequently demand technical specifications and require proof-of-concept data as a prerequisite for partnership that is beyond the scope of the Phase II project objectives. This supplemental funding will enable small businesses to conduct additional research to meet the requirements of a corporate partner that could lead to commercial products and services and a successful partnership. This supplemental funding program is intended to challenge small businesses to begin to develop an outward focus and to more rigorously evaluate their strategic business and commercialization options. It is anticipated that this research will not only benefit the small business enterprise but also provide a mechanism for large and mid-sized corporations and investors to have input into the commercial development of new technology, products and services.

Overview of Work to Be Accomplished
The Technology Enhancement for Commercial Partnerships Program will award research supplements to active SBIR/STTR Phase II grantees that are currently conducting research projects. This supplement opportunity is intended to provide funding for additional research that goes beyond the Phase II project's objectives to meet the technical specifications or additional proof-of-concept requirements of the potential commercialization partner. It is anticipated that the additional research will enhance the commercial potential of the technology and lead to partnerships with industrial partners and venture and angel investors.

Deadline Dates
TECP supplemental funding requests must be submitted within 18 months of the effective start date of their Phase II grant; a program director may, at his or her discretion, request an earlier submission deadline. SBIR/STTR grants must be active at the time of the supplement.

ELIGIBILTY INFORMATION

Organization Limit: Only currently active SBIR/STTR Phase II grantees are eligible to submit requests for supplemental funding under the TECP program.

PI Eligibility Limit: The Principal Investigator must be the PI of an active SBIR/STTR Phase II award.

Limit on Number of TECP Supplemental Funding Requests: One per active Phase II grant. A TECP supplement does not limit your eligibility for a Phase IIB award or other Supplemental Opportunities. However, you are not eligible for a TECP supplement if you have been awarded a Phase IIB. Other Supplemental awards do not limit your eligibility for a TECP supplement.

AWARD INFORMATION

- Awards will be made as supplements to active SBIR/STTR Phase II awards.
- The maximum supplement is 20% of the Phase II award: Currently, for Phase II, up to $100,000 subject to the availability of funds and the quality of the supplemental funding requests.
- The TECP supplement project will run for a duration of up to 6 months.
- The TECP supplement does not extend the date for initiating a Phase IIB supplemental funding request.
- Up to 50 supplements are anticipated in Fiscal Year 2012 subject to the availability of funds and the quality of the supplemental funding requests. It is expected that up to $5,000,000 may be available in Fiscal Year 2012 for this supplemental funding opportunity, pending availability of funds.
- **Optional Extension:** This supplemental funding opportunity may extend the current Phase II award, at the discretion of the program director, for no more than 6 months.

PREPARATION AND SUBMISSION INSTRUCTIONS

Instructions for Preparing a TCEP Supplemental Funding Request: The request for supplemental funding must be submitted according to the instructions for submitting supplemental funding requests found on the SBIR/STTR home page http://www.nsf.gov/eng/iip/sbir under *Supplemental Funding Opportunities*. A company, that has identified a commercial partner and desires to submit a request for supplemental funding, would initiate the process by first contacting their cognizant Program Officer and submitting an executive summary (no more than 1-2 pages) and a letter from the commercial partner for the purpose of obtaining authorization to submit a TECP supplemental funding request. The executive summary should include: 1) A brief profile of both the Phase II Company and the commercial partner including the size of the company and commercial capabilities. 2) A description of the commercial opportunity and market potential. 3) A description of the research required by the partner to take the partnership discussions to the next level. 4) The next steps, if the research is successful. The letter should document the partner's commercial interest in the technology and its desire to enter a relationship with the small business, if the research is successful, including: 1) A description of the problem/need for the technology; the partner must describe an unmet technical requirement that is necessary in order for the technology to be commercialized. This technical requirement must be a logical extension of the Phase II project that is not addressed in the Phase II objectives. 2) The partner's commercial/strategic interest in the technology. 3) A statement justifying why the partner is a good fit for the proposed commercial strategy. 4) The partner's next steps, if the research is successful. The TECP supplemental funding request will describe the commercial opportunity including a description of the partner, the ultimate commercial application of the technology, the proposed

research and the commercial potential.

Budgetary Information: Budgets for a TECP supplemental funding request may not exceed 20% of the Phase II award for a total duration of six months. The hourly rate of salary/wage for each budgeted employee, the rate of fringe benefits, the rate of indirect costs, and the rate of fee cannot exceed those in the final budget of the current Phase II award.

Review Information: Requests for supplemental funding submitted in response to this Dear Colleague Letter will be reviewed by a National Science Foundation program officer. The review will focus on both the technical objectives and the commercial plan and strategy in the supplemental funding request as well as the commercial potential of the future partnership.

Contact Personnel
Questions about this letter should be directed to Ruth M. Shuman (703-292-2160, rshuman@nsf.gov), Division of Industrial Innovation and Partnerships, Directorate for Engineering.

Other Supplemental Opportunities of Interest
All active SBIR/STTR Phase II grantees are invited to participate in another supplement opportunity related to strategic partners and outside investors, the Phase IIB program.
Supplemental Funding Requests. Through these supplements, NSF seeks to broaden participation of strategic commercial partners and outside investors working with grantees to successfully commercialize new products.

Grace Wang
Division Director
Industrial Innovation and Partnerships
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