



SBIR/STTR Funds High-Tech Small Business Innovations that Private Funding Doesn't

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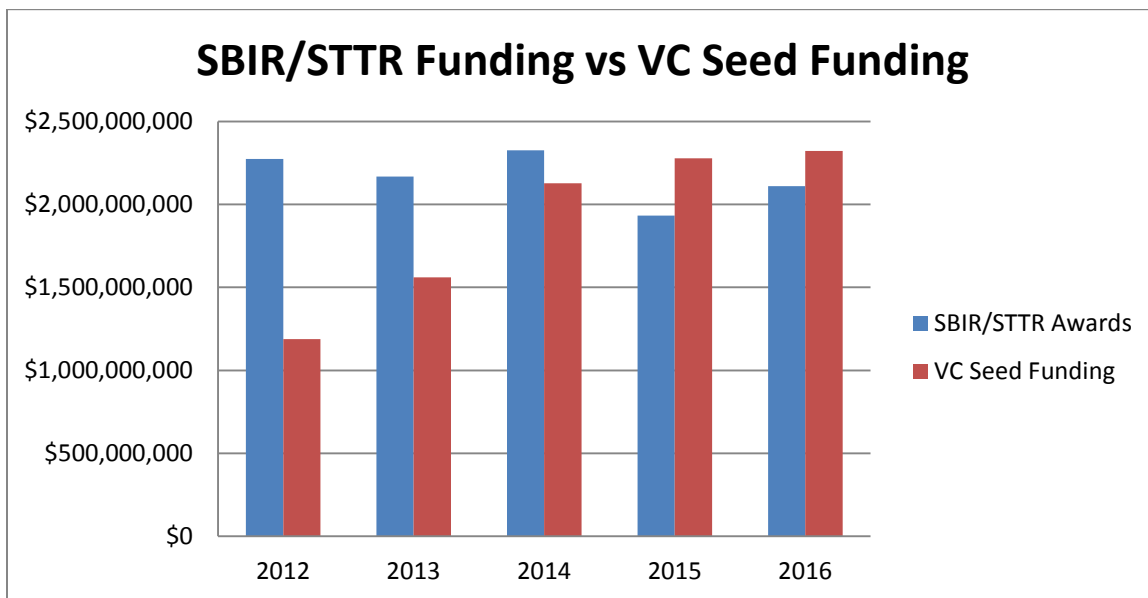
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The Small Business Innovation Research Program (SBIR) and Small Business Technology Transfer Program (STTR) form the backbone of high-tech small business funding. America's high-tech small businesses depend on SBIR/STTR to fund the next generation of high-tech innovations because, for the vast majority of small businesses, private funding simply isn't available.

On the surface, it appears that private venture capital (VC) seed stage funding is keeping pace with SBIR/STTR funding, with SBIR/STTR awarding a total of \$10.8 billion vs VC Seed Stage deals totaling \$9.5 billion over 2012-2016.



But the truth is that VC funding is heavily concentrated by sector and state, so that companies in certain industry sectors and in certain states receive the overwhelming share of VC funding. Those companies outside that narrow geographical/sector cross section end up competing for a relatively small slice of the VC Seed Stage Funding pie.

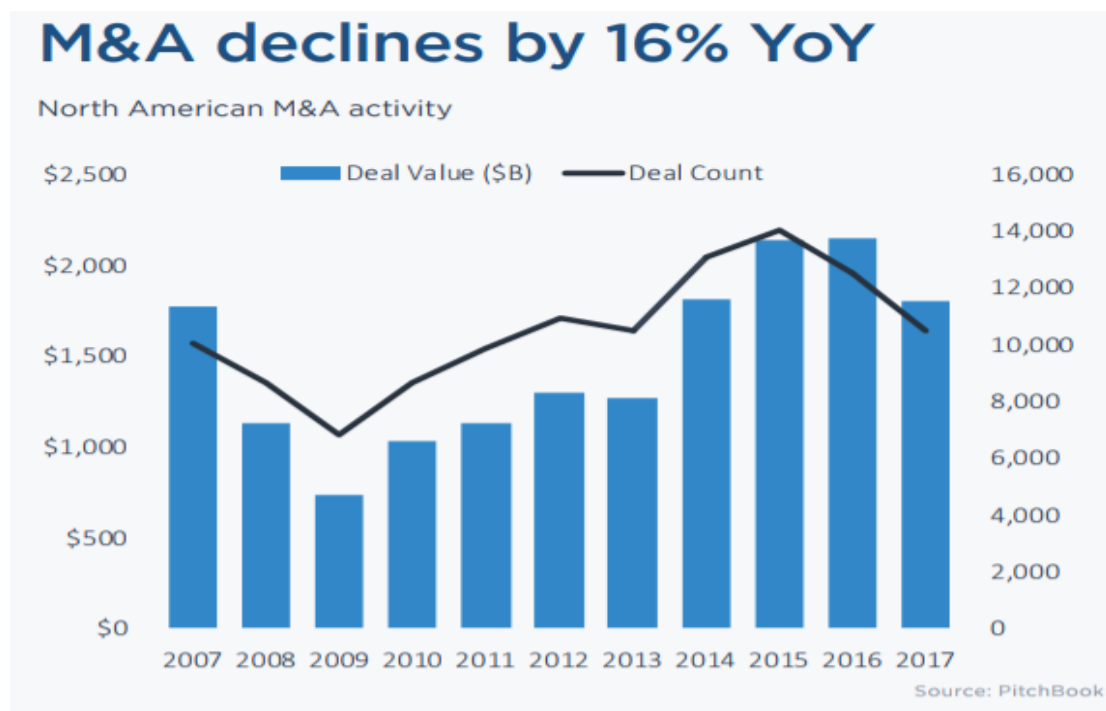
For example, if you exclude all deals in Massachusetts and California AND all Software, Internet, or Telecommunications deals, the remainder adds up to to 10% of VC Seed Stage funding, equal in total on average to about 180 deals and \$175 million a year.

- SBIR Data provided by sbir.gov
- Venture Capital data provided by PricewaterhouseCooper MoneyTree Report



While SBIR/STTR is also skewed in favor of states like California and Massachusetts, the divide is much less severe. States that receive literally no VC funding, like Wyoming and South Dakota, at least receive some SBIR/STTR awards. And SBIR/STTR also funds technology in sectors that VC has no interest in, such as agriculture and biotech.

Recent data has also shown that mergers and acquisitions by large businesses in North America are also slowing down, reducing from a peak of around 14,000 in 2015 to approximately 10,500 in 2017. This reduction in mergers and acquisitions comes in spite of strong economic numbers nationwide over the past 2 years.

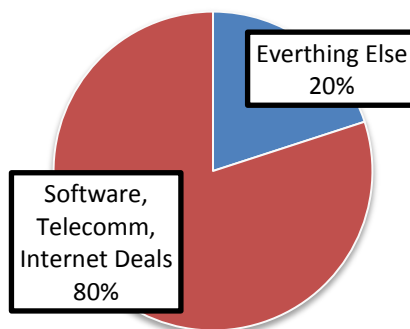


This slowdown further reduces the options that small businesses have in terms of private funding. This combination of VC's increasing focus on only three industry sectors and two states and a reduction in mergers and acquisition have left many small businesses with little realistic opportunity to receive funding to develop their technologies outside of SBIR/STTR.

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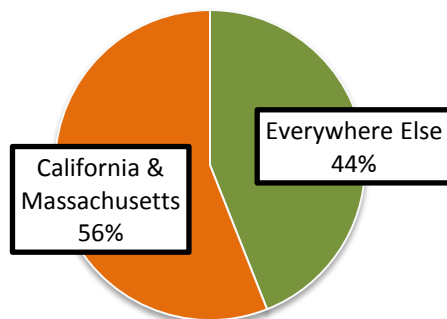
VC Funding Concentrated by Sector and State

VC Seed Deals By Industry Sector



80% of VC Seed Stage Deals in all states are in Software, Internet, and Telecomm Sectors

VC Seed Deals By State



56% of VC Seed Stage Deals in all sectors are in California & Massachusetts

	All Sectors & States		Excluding Software, Internet, Telecomm		Excluding CA & MA		Excluding CA, MA & Software, Internet, Telecomm	
	# Deals	\$ Amount	# Deals	\$ Amount	# Deals	\$ Amount	# Deals	\$ Amount
2012	1636	\$1,187,820,000	271	\$221,030,000	797	\$541,640,000	155	\$125,710,000
2013	1784	\$1,561,110,000	313	\$277,090,000	834	\$700,670,000	168	\$135,620,000
2014	2029	\$2,126,710,000	419	\$456,590,000	969	\$917,920,000	212	\$221,900,000
2015	1961	\$2,277,250,000	400	\$444,170,000	917	\$976,720,000	191	\$180,260,000
2016	1698	\$2,322,390,000	381	\$523,180,000	819	\$1,020,240,000	176	\$206,790,000
2012-2016	9108	\$9,475,280,000	1784	\$1,922,060,000	4336	\$4,157,190,000	902	\$870,280,000

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State-by-State Comparison of SBIR/STTR vs VC Seed Stage Funding

Delaware				
Year	SBIR/STTR		VC Seed Funding	
	# Awards	\$ Amount	# Deals	\$ Amount
2012	24	\$7,832,596	2	\$1,740,000
2013	33	\$10,941,155	3	\$1,550,000
2014	25	\$8,209,312	5	\$4,020,000
2015	33	\$7,792,880	7	\$4,150,000
2016	33	\$12,662,463	6	\$3,360,000
2012-2016	148	\$47,438,406	23	\$14,820,000

Florida				
Year	SBIR/STTR		VC Seed Funding	
	# Awards	\$ Amount	# Deals	\$ Amount
2012	159	\$62,628,324	17	\$8,580,000
2013	133	\$62,269,946	16	\$9,760,000
2014	139	\$55,166,711	23	\$22,780,000
2015	143	\$51,863,441	29	\$31,820,000
2016	144	\$52,863,433	28	\$25,070,000
2012-2016	718	\$284,791,855	113	\$98,010,000

Hawaii				
Year	SBIR/STTR		VC Seed Funding	
	# Awards	\$ Amount	# Deals	\$ Amount
2012	30	\$10,695,029	1	\$480,000
2013	25	\$9,365,372	2	\$700,000
2014	26	\$7,664,346	1	\$350,000
2015	27	\$4,221,174	0	\$0
2016	22	\$11,728,590	1	\$2,250,000
2012-2016	130	\$43,674,511	5	\$3,780,000

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Idaho				
Year	SBIR/STTR		VC Seed Funding	
	# Awards	\$ Amount	# Deals	\$ Amount
2012	14	\$5,672,388	0	\$0
2013	9	\$3,725,581	4	\$3,370,000
2014	8	\$1,771,985	3	\$2,730,000
2015	10	\$1,079,321	1	\$670,000
2016	10	\$2,946,592	0	\$0
2012-2016	51	\$15,195,867	8	\$6,770,000

Illinois				
Year	SBIR/STTR		VC Seed Funding	
	# Awards	\$ Amount	# Deals	\$ Amount
2012	120	\$44,531,099	37	\$24,200,000
2013	125	\$49,398,184	35	\$28,500,000
2014	108	\$42,907,557	58	\$53,320,000
2015	104	\$38,433,999	39	\$38,460,000
2016	137	\$48,756,079	46	\$45,250,000
2012-2016	594	\$224,026,918	215	\$189,730,000

Indiana				
Year	SBIR/STTR		VC Seed Funding	
	# Awards	\$ Amount	# Deals	\$ Amount
2012	42	\$14,792,622	3	\$5,430,000
2013	51	\$28,274,320	2	\$12,620,000
2014	49	\$21,975,615	5	\$3,550,000
2015	51	\$21,055,960	8	\$9,260,000
2016	50	\$14,411,438	18	\$19,820,000
2012-2016	243	\$100,509,955	36	\$50,680,000

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Iowa				
Year	SBIR/STTR		VC Seed Funding	
	# Awards	\$ Amount	# Deals	\$ Amount
2012	13	\$5,896,855	0	\$0
2013	17	\$3,410,404	2	\$1,600,000
2014	23	\$15,062,894	7	\$7,100,000
2015	13	\$3,923,069	1	\$380,000
2016	23	\$6,323,212	0	\$0
2012-2016	89	\$34,616,434	10	\$9,080,000

Kentucky				
Year	SBIR/STTR		VC Seed Funding	
	# Awards	\$ Amount	# Deals	\$ Amount
2012	33	\$12,347,094	3	\$1,930,000
2013	40	\$20,816,870	3	\$1,850,000
2014	34	\$15,192,713	4	\$2,200,000
2015	37	\$10,598,473	5	\$3,220,000
2016	36	\$13,870,278	5	\$2,750,000
2012-2016	180	\$72,825,428	20	\$11,950,000

Louisiana				
Year	SBIR/STTR		VC Seed Funding	
	# Awards	\$ Amount	# Deals	\$ Amount
2012	11	\$3,370,332	5	\$710,000
2013	14	\$5,262,928	3	\$2,650,000
2014	7	\$2,545,234	3	\$3,510,000
2015	9	\$2,748,183	3	\$1,680,000
2016	9	\$2,860,717	1	\$420,000
2012-2016	50	\$16,787,394	15	\$8,970,000

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Maryland				
Year	SBIR/STTR		VC Seed Funding	
	# Awards	\$ Amount	# Deals	\$ Amount
2012	265	\$102,581,330	23	\$16,470,000
2013	253	\$114,586,346	19	\$12,600,000
2014	259	\$120,970,707	27	\$21,670,000
2015	269	\$89,172,109	25	\$24,950,000
2016	242	\$111,774,207	23	\$34,690,000
2012-2016	1288	\$539,084,699	117	\$110,380,000

Massachusetts				
Year	SBIR/STTR		VC Seed Funding	
	# Awards	\$ Amount	# Deals	\$ Amount
2012	686	\$268,679,406	120	\$98,070,000
2013	603	\$257,693,548	123	\$115,080,000
2014	573	\$262,438,090	143	\$151,340,000
2015	585	\$226,437,717	118	\$144,920,000
2016	528	\$240,391,332	113	\$212,050,000
2012-2016	2975	\$1,255,640,093	617	\$721,460,000

Mississippi				
Year	SBIR/STTR		VC Seed Funding	
	# Awards	\$ Amount	# Deals	\$ Amount
2012	4	\$524,512	0	\$0
2013	4	\$1,280,339	0	\$0
2014	1	\$140,275	1	\$200,000
2015	3	\$717,504	0	\$0
2016	7	\$1,665,262	0	\$0
2012-2016	19	\$4,327,892	1	\$200,000

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New Hampshire				
Year	SBIR/STTR		VC Seed Funding	
	# Awards	\$ Amount	# Deals	\$ Amount
2012	78	\$33,962,736	2	\$500,000
2013	83	\$31,641,356	2	\$1,370,000
2014	85	\$45,008,339	5	\$2,910,000
2015	81	\$40,788,299	3	\$3,820,000
2016	64	\$28,272,228	2	\$500,000
2012-2016	391	\$179,672,958	14	\$9,100,000

New Jersey				
Year	SBIR/STTR		VC Seed Funding	
	# Awards	\$ Amount	# Deals	\$ Amount
2012	136	\$49,370,426	5	\$5,430,000
2013	118	\$44,495,966	11	\$12,620,000
2014	115	\$60,146,575	7	\$3,550,000
2015	106	\$33,929,773	12	\$9,260,000
2016	119	\$45,185,891	13	\$19,820,000
2012-2016	594	\$233,128,631	48	\$50,680,000

North Dakota				
Year	SBIR/STTR		VC Seed Funding	
	# Awards	\$ Amount	# Deals	\$ Amount
2012	6	\$2,177,893	0	\$0
2013	4	\$1,117,343	0	\$0
2014	4	\$1,209,846	1	\$500,000
2015	1	\$512,492	1	\$800,000
2016	3	\$998,394	0	\$0
2012-2016	18	\$6,015,968	2	\$1,300,000

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Ohio				
Year	SBIR/STTR		VC Seed Funding	
	# Awards	\$ Amount	# Deals	\$ Amount
2012	240	\$102,176,210	34	\$14,020,000
2013	174	\$65,644,580	35	\$27,470,000
2014	200	\$90,076,325	31	\$19,340,000
2015	205	\$85,936,026	27	\$18,490,000
2016	187	\$73,108,165	28	\$24,330,000
2012-2016	1006	\$416,941,306	155	\$103,650,000

Oklahoma				
Year	SBIR/STTR		VC Seed Funding	
	# Awards	\$ Amount	# Deals	\$ Amount
2012	18	\$10,884,170	0	\$0
2013	12	\$7,054,497	0	\$0
2014	18	\$6,079,205	0	\$0
2015	22	\$5,302,386	2	\$1,860,000
2016	18	\$6,485,372	0	\$0
2012-2016	88	\$35,805,630	2	\$1,860,000

South Carolina				
Year	SBIR/STTR		VC Seed Funding	
	# Awards	\$ Amount	# Deals	\$ Amount
2012	21	\$6,937,648	4	\$1,600,000
2013	16	\$5,148,172	3	\$290,000
2014	27	\$18,017,581	2	\$3,000,000
2015	22	\$9,004,355	2	\$3,700,000
2016	22	\$11,236,030	2	\$3,850,000
2012-2016	108	\$50,343,786	13	\$12,440,000

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South Dakota				
Year	SBIR/STTR		VC Seed Funding	
	# Awards	\$ Amount	# Deals	\$ Amount
2012	6	\$2,177,893	0	\$0
2013	4	\$1,117,343	0	\$0
2014	4	\$1,209,846	0	\$0
2015	1	\$512,492	0	\$0
2016	3	\$998,394	0	\$0
2012-2016	18	\$6,015,968	0	\$0

Washington				
Year	SBIR/STTR		VC Seed Funding	
	# Awards	\$ Amount	# Deals	\$ Amount
2012	119	\$48,851,899	56	\$45,210,000
2013	92	\$40,130,303	57	\$52,110,000
2014	95	\$38,276,569	46	\$45,350,000
2015	90	\$37,398,705	48	\$67,230,000
2016	113	\$46,161,193	56	\$87,500,000
2012-2016	509	\$210,818,669	263	\$297,400,000

Wyoming				
Year	SBIR/STTR		VC Seed Funding	
	# Awards	\$ Amount	# Deals	\$ Amount
2012	6	\$2,244,063	0	\$0
2013	3	\$1,835,277	0	\$0
2014	7	\$3,634,086	0	\$0
2015	5	\$2,126,448	0	\$0
2016	6	\$1,424,849	0	\$0
2012-2016	27	\$11,264,723	0	\$0

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