SBIR/STTR PHASES

Both the SBIR and STTR programs have three phases. Applicants must apply first for Phase I awards. Applicants who receive Phase I awards can then apply for Phase II awards.

Phase I

This is the start-up phase of the SBIR/STTR program. In this phase, the SBIR/STTR applicant needs to prove technical merit or feasibility of a state-of-the-art technology or a new application of existing technology. SBIR Phase I award winners will receive award amounts of up to $150,000 for approximately six months, while STTR Phase I award winners typically have a 12-month project period.

Phase II

Only Phase I award winners are considered for Phase II. In Phase II, full R&D work is performed that expands upon Phase I results. The awardees develop proof-of-concept and develop a prototype of their technology or a novel application of existing technology. Phase II SBIR awards are typically for two years and range from $300,000 - $1,000,000. During this phase, the developer may also propose to perform technical risk reduction efforts that improve commercialization potential of the technology.

Phase III

Phase III money is any other funding, in-kind investment, or contribution other than SBIR or STTR funds. This is the period during which Phase II innovation moves from the laboratory into the marketplace (i.e., the commercialization stage). No SBIR funds support this phase. The small business must find funding in the private sector or through non-SBIR federal agency funding. Some of these non-SBIR funds include other federal funds, venture capital or angel equity funds. Another source of non-SBIR funds could be customer orders contingent upon certain agreed-to milestones or achievements. Contract-based SBIR agencies such as the Department of Defense may offer to continue engaging Phase II awardees through sole-source contract arrangements upon successful completion of SBIR Phase II projects.