

**National Science Foundation
Directorate for Engineering
4201 Wilson Boulevard
Suite 505
Arlington, VA 22230**



June 9, 2005

Dr. Gary May (Chair)
Georgia Institute of Technology
225 North Avenue NW
Atlanta, GA 30332-0325

Dear Dr. May:

The SBIR COV Report was transmitted previously, by Dr. Katehi. We thank you and the COV members for their support of the NSF SBIR/STTR programs.

I have attached a response to the recommendations in the SBIR/STTR COV report that was prepared by Kesh Narayanan, the Director of the Office of Industrial Innovation. I concur with this document and adopt it as the official response of the Directorate for Engineering.

I wish to express my appreciation to the individuals who participated in the COV review. This process is critical to the management of the Directorate and will help to guide our future decision-making.

Sincerely,

A handwritten signature in blue ink that reads "John A. Brighton".

John A. Brighton
Assistant Director for Engineering

**NATIONAL SCIENCE FOUNDATION
4201 WILSON BOULEVARD
ARLINGTON, VIRGINIA 22230**



MEMORANDUM

TO: John A. Brighton, Assistant Director, ENG
FROM: Kesh Narayanan, Director Office of Industrial Innovation
DATE: June 23, 2005
SUBJECT: Response to the SBIR Committee of Visitors Report

On behalf of the SBIR/STTR programs, I thank the Committee of Visitors (COV) for their confidence in the NSF SBIR/STTR program management and their thorough understanding and recommendations for improvements. We are delighted at your repeated comments 'The COV commends the NSF SBIR/STTR Program 1) for managing a 100% + increase in proposal volume while maintaining process and program quality, 2) for its successful program outcomes and 3) for substantial progress implementing 2001 COV recommendations'. The COV identified several SBIR/STTR recipients whose impressive success is predicated on Program funding in various aspects of our operations. We gratefully accept the first five findings in the COV summary and conclusions as compliments to our program and have noted just the first sentence in each for your reference. We are seriously considering the sixth recommendation to bring in commercial reviewers in to Phase I panels. We hope to report on that at the next SBIR/STTR Advisory Committee meeting. We recognize the COV concerns on resources raised in their seventh recommendation. While we have not specifically addressed that, we are in the process of reorganizing to create a new Office of Industrial Innovation (OII) and hope to give greater visibility to the small business within the NSF.

Specific key findings listed below:

1. The COV commends the NSF SBIR/STTR Program for managing a 100% + increase in proposal volume while maintaining process and program quality.

2. The COV commends the NSF SBIR/STTR Program for its successful program outcomes.
3. The NSF SBIR/STTR Program provided critical resources to new and emerging startups during the recent economic downturn from 2000 – 2003.
4. The COV commends the NSF SBIR/STTR Program for substantial progress implementing 2001 COV recommendations.
5. Successful SBIR/STTR awardees are now recognized by the investment community as having a technical stamp of approval and increased commercial credibility.

The detailed response to the COV report below is organized in terms of COV recommendations and SBIR/STTR Responses. Below is a brief synopsis of those recommendations, and a brief response from the SBIR/STTR program.

COV Recommendation:

For Phase I proposals, the COV recommends that the panels have more representatives from the business sector in order to provide earlier input to PI's and small businesses, and to improve the market success rates in the commercial world. More balance between technical and business reviewers should be achieved. The COV suggested that commercialization review of Phase I proposals could be separate from the technical review if resources continue to be limited. Such commercial review could be done via FastLane or by mail review. SBIR/STTR Program Managers should perform the technical and business review integration. The COV noted the comments of the 2001 COV on this issue, and reiterates its interest in Phase I commercialization considerations.

SBIR/STTR Response:

The program plans to integrate "commercial/business" reviewers as part of technical review process of Phase I cycle. The actual process to be used e.g. mail or as part of the panel will be developed over the next year and as the program experiments with the best format to be utilized.

COV Recommendation:

For Phase II proposals, the COV observed that more than one process was used for Phase II panels (e.g., technical and commercial panels together and separately). The COV found that generally jacket documentation was quite good. However, there is room for improvement in consistent feedback to the small business and PI. It was noted that in some panels with wider variation in individual reviews, the basis for the consensus decision could be better documented.

SBIR/STTR Response:

The program plans to clearly communicate the importance of the technical and commercial panels. When possible, a panel consisting of both technical and commercial experts will be convened. When this is not possible, the Program will provide clear direction to each set of experts what is expected. The Program will have Program Managers provide better documentation of panel discussion within their review analysis.

COV Recommendation:

Generally, the projects in the SBIR/STTR portfolio were appropriate in terms of quality and consistent with the scope of the project funding. Some inconsistencies were noted in the award threshold across topic areas (e.g. the number of “good” or “excellent” rating varied by topic area). The COV recommends that the NSF SBIR/STTR Program strive for more uniformity of the quality of funded projects across all topics.

SBIR/STTR Response:

The program will strive for greater consistency across topics in regard to award recommendations. The definitions of the review ratings are subjective. The program will provide the reviewers with clearer definitions of these review categories to reduce these inconsistencies. The program does not place “quotas” on awards by topic, but funds the most meritorious proposals submitted to each solicitation consistent with the funds available.