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CHAIRMAN, BOARD OF TRUSTEES

January 9, 2019

Walter G. Copan, Ph.D.
Under Secretary of Commerce for Standards and Technology
National Institute of Standards and Technology
100 Bureau Drive
Gaithersburg, MD 20899

Dear Under Secretary Copan:

On behalf of numerous state, local, university and nonprofit organizations around the country, SSTi thanks you for your leadership on the Return on Investment (ROI) Initiative for Unleashing American Innovation and welcomes the opportunity to comment on the draft green paper (NIST special publication 1234).

America makes a significant annual investment in the future through a commitment to R&D, and the National Institute of Standards and Technology (NIST)—as well as the White House Office of Management and Budget—are right to recognize that the country can do better than to leave the outcomes of this research to chance. The ROI Initiative is an important step toward a federal commitment to improving the efficiency and efficacy of these outcomes.

SSTi, a nonprofit organization founded in 1996, strengthens initiatives to create a better future through science, technology, innovation and entrepreneurship. The members that comprise our network work with researchers and entrepreneurs to transform American innovations into new solutions, products and jobs. These organizations provide technical assistance, business development services, investment capital and other support to scale innovations.

The ROI Initiative provides an opportunity to further leverage the experience of these organizations to achieve greater returns on the nation's investments in R&D. Our comments on the draft green paper focus on the areas that are most directly related to federal-regional-industry collaboration.

NIST has identified a number of promising initiatives to expand in order to unlock greater ROI. Recommendations of particular note to regional innovation economies include the following:

- Expanding the use of the Agreement for Commercializing Technology (ACT) contracting mechanism, is the right direction for federal labs. The U.S. Department of Energy* and anecdotal

* U.S. Department of Energy. (2017). *Annual Report on the State of the DOE National Laboratories*. Retrieved from: <https://www.energy.gov/sites/prod/files/2017/02/f34/DOE%20State%20of%20the%20National%20Labs%20Report%2002132017.pdf>.

evidence suggests that these agreements may effectively provide greater flexibility for federal-industry partnerships.

- Providing a clear and universal entrepreneurial leave policy for federal scientists and engineers is a sensible strategy to, in the best case scenario, help scale innovative businesses and would also provide employees with invaluable entrepreneurial experience.
- Committing to further measurement of technology transfer and commercial outcomes is also critical for federal partners and taxpayers, so that strategies can be properly evaluated and adjusted or abandoned.

One initiative discussed in the draft green paper of particular importance to regional technology-based economic development organizations is SBIR/STTR. We recognize, as explained in the paper, that most SBIR policy suggestions are more appropriately directed to the U.S. Small Business Administration (SBA). However, considering the attention given to the program in the draft green paper, we want to reiterate the importance—and potential for continued improvement—of SBIR/STTR for increasing America's ROI on innovation. With last year's defense authorization, Congress temporarily approved useful changes to the program. These include allowing agencies to continue using a portion of their funds to support program outreach, "Phase 0" programs and other services related to improving the overall function of SBIR. The legislation also allows a portion of grant funds to be used for business development services, which should help recipients receive critical assistance for the market-focused aspects of their enterprise. With these changes, SBIR/STTR can be better-aligned with proven venture development practices, which emphasize business development in tandem with technology development. We strongly encourage NIST, SBA, and other federal agencies to emphasize the further integration of SBIR/STTR with existing services and organizations that support high-growth venture development.

We also appreciate NIST's recognition of continued support for technology entrepreneurship programs, and we echo the paper's attention to the wide variety of available initiatives. I-Corps has fairly been recognized as an interesting tool for helping to change the mindset of investigators, but the program's "lean"-focused curriculum is at the root of *many* venture- and entrepreneur-development programs throughout the country. Depending on whether staff training—and hands-on experience—in entrepreneurship is a primary or secondary goal, accelerators, incubators, entrepreneur-in-residence, entrepreneurial leave, and classroom training models are offered by numerous venture development organizations, universities and other partners throughout the country. NIST's program-neutral recommendation to "establish technology entrepreneurship programs at Federal R&D agencies government-wide" is exactly right.

One omission from the draft green paper is a call for a uniform federal initiative to support regional initiatives to transform federal R&D into solutions for the American people. This type of investment would greatly improve the nation's ROI, yet is lacking in current federal policy. SBIR/STTR provides funding directly to businesses, and each agency has partner and service expectations. I-Corps is not primarily a venture-focused program (with six exits for 583 startups noted in the paper) and is operated agency-by-participating agency.

The U.S. Department of Commerce's Regional Innovation Strategies (RIS) program can provide funding for regions that identify the transformation of federal intramural R&D as a local need but is insufficient at \$21 million in the most recent budget. Whether by dramatically increasing the scale of the RIS program or by creating a new program, such as that proposed in the bipartisan *Startup Act* by Senators Jerry Moran, Mark Warner, Roy Blunt and Amy Klobuchar, the country should be making stronger investments in organizations that can work with researchers, entrepreneurs, established corporations and other partners to better unleash American innovation.

Once again, we appreciate NIST's attention to the ROI Initiative for Unleashing American Innovation, and the thoughtful development of this draft green paper. Better policies and greater investment in technology transfer and commercialization can yield a greater return on our R&D investment. SSTI and our members stand ready to work with you and NIST throughout this process.

Sincerely,

A handwritten signature in black ink that reads "Dan Berglund". The signature is fluid and cursive, with the first name "Dan" and last name "Berglund" clearly legible.

Dan Berglund
President and CEO
SSTI