

One NC Small Business Program

Overview , Purpose, and Performance

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BOARD OF
SCIENCE & TECHNOLOGY

<http://www.ncscitech.com>

One NC Small Business Program

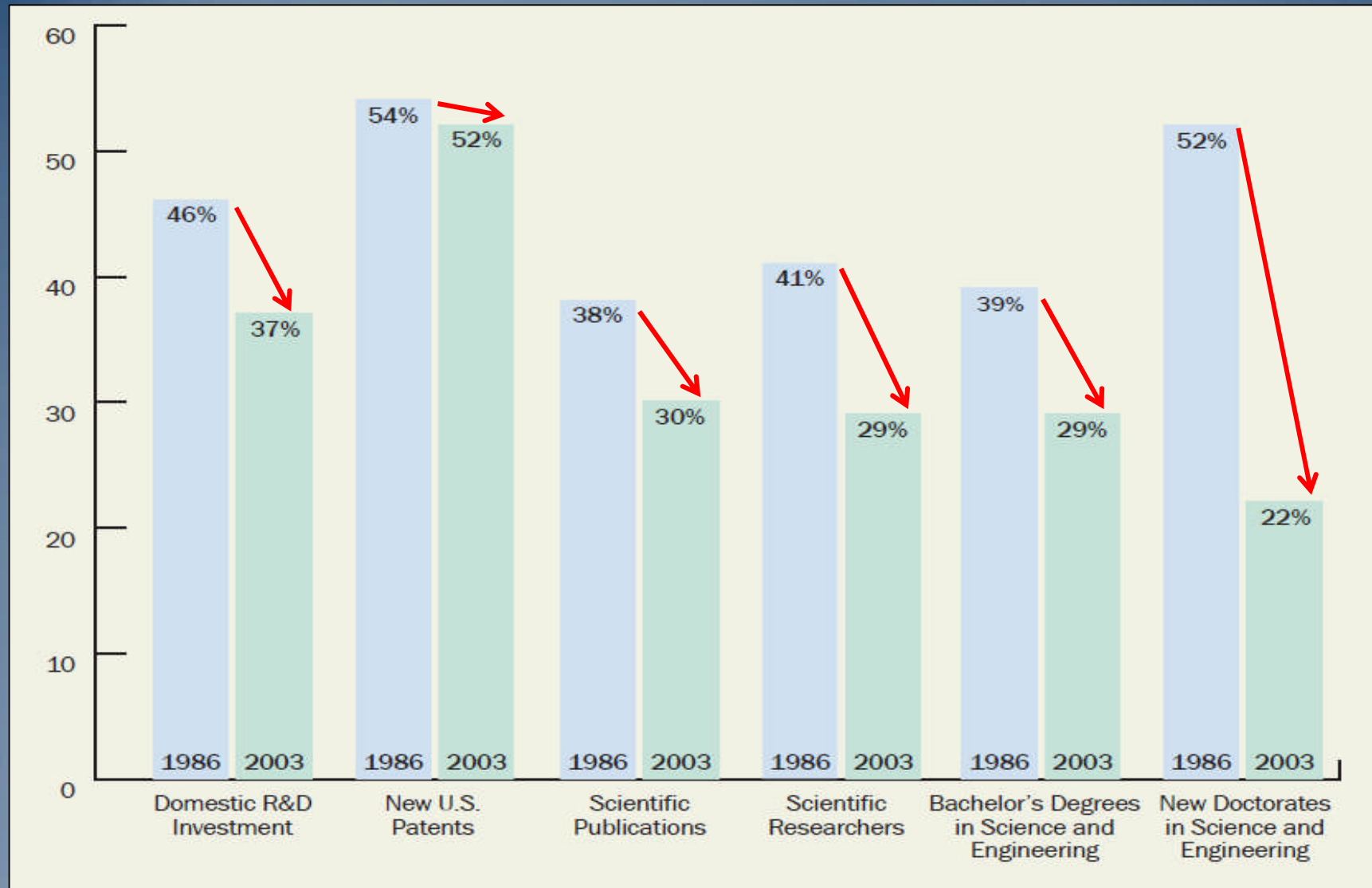
- In 2005, General Assembly created the **One NC Small Business Program** – Office of Science and Technology at the Department of Commerce

§ 143B 437.81. North Carolina SBIR/STTR Matching Funds Program.

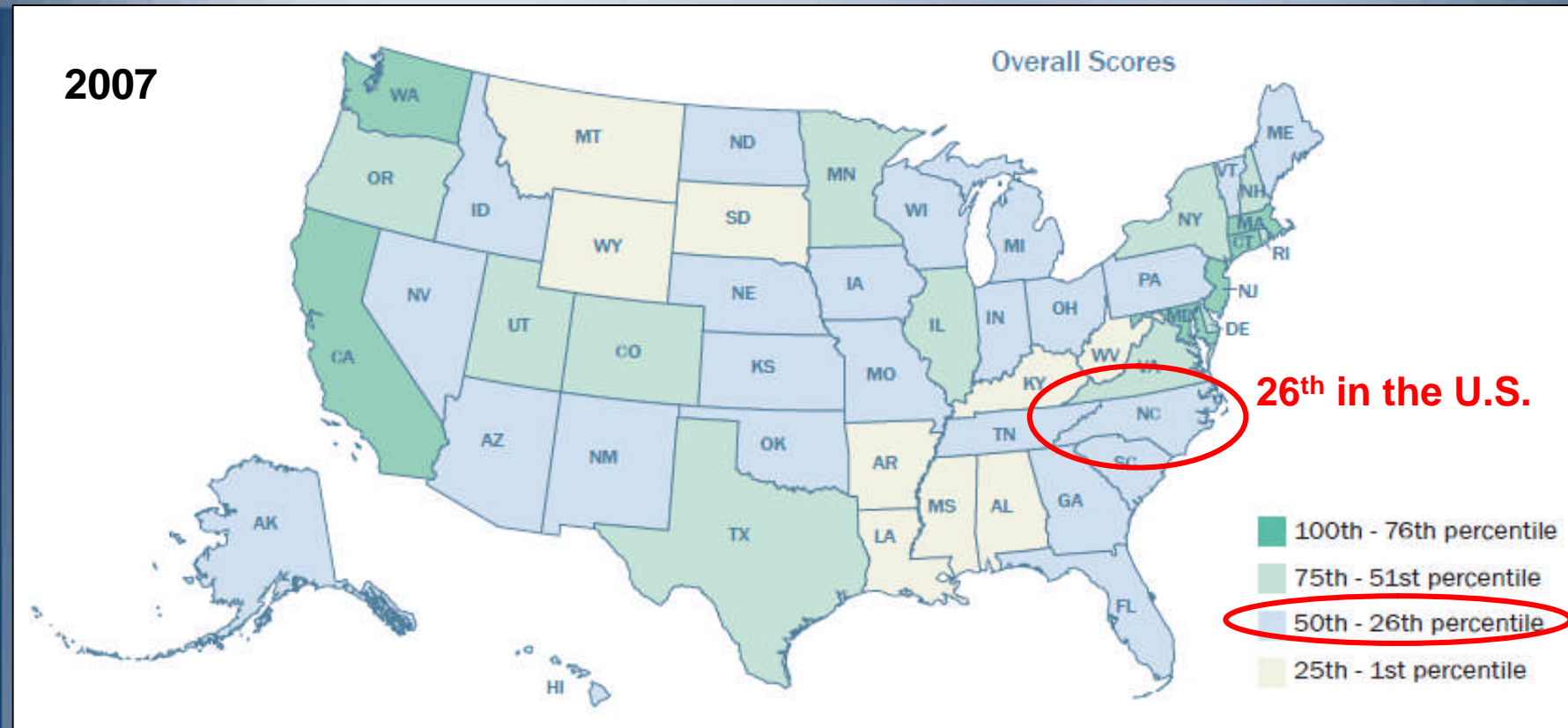
(a)Program. – There is established the North Carolina SBIR/STTR Matching Funds Program to be administered by the North Carolina Board of Science and Technology. In order to **foster job creation and economic development in the State**, the Board may provide grants to eligible businesses to match funds received by a business as a SBIR or STTR Phase I award and to encourage businesses to apply for Phase II awards.

- STTR program must partner with universities; SBIR may (and often do) partner

U.S. Activity in Innovation Economy is Falling; Global Competition is Increasing



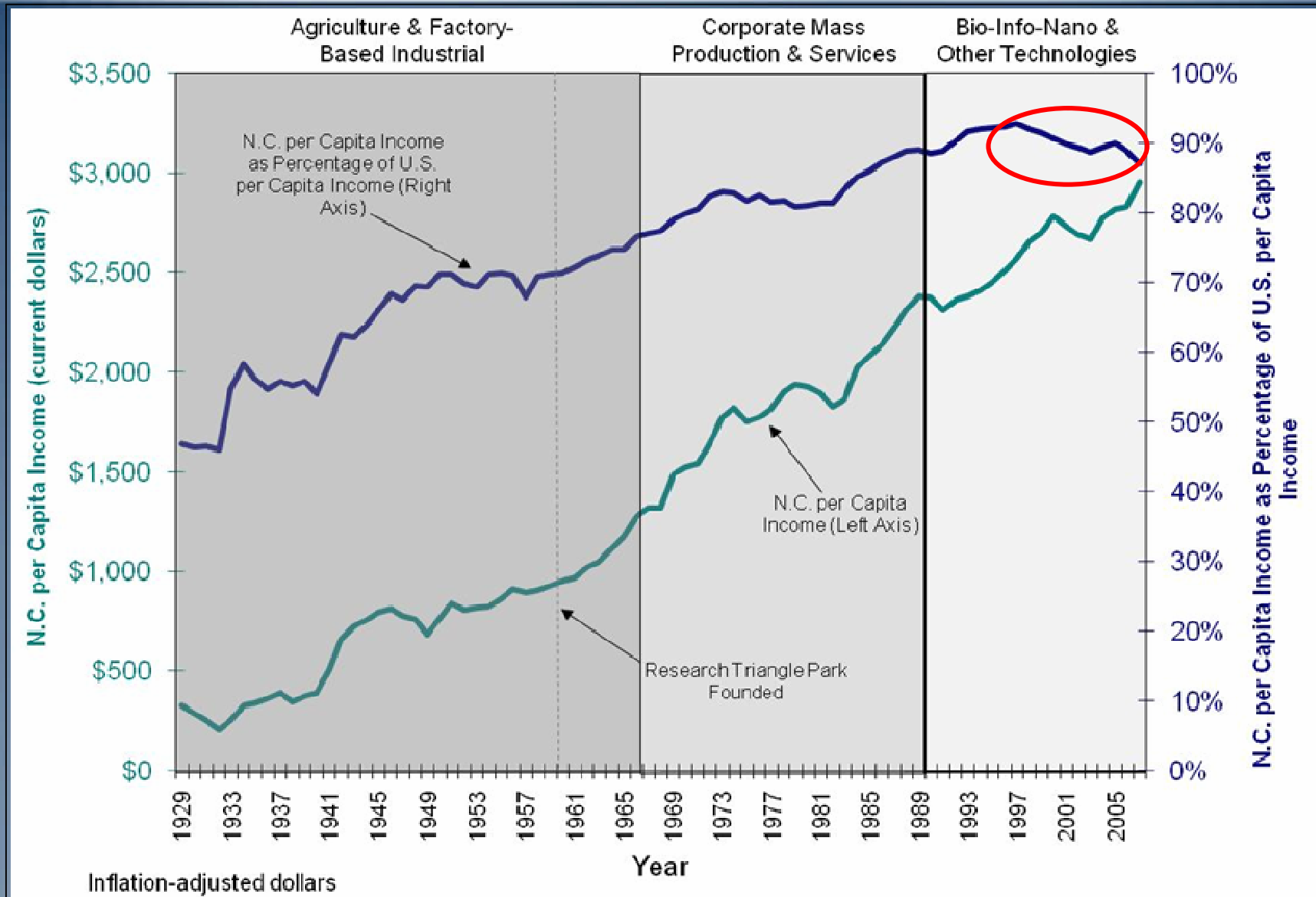
NC's Ranks in the Middle of the Pack in the Innovation Economy



Reproduced from the Information Technology and Innovation Foundation's *2007 New State Economy Index*

- Several related studies by other organizations show similar findings
- NC ranks below average on many commercialization indicators

Innovations Have Driven Growth and Prosperity in NC's Economy



Advancing Innovation is a Challenge, an Imperative & an Opportunity

“No amount of savings and investment, no policy of macroeconomic fine-tuning, no set of tax and spending can generate sustained economic growth unless it is accompanied by the countless large and small discoveries that are required to create more value from a fixed set of natural resources.”

Paul Romer, Economist 1993

The quality and timing of a government’s innovation framework are increasingly becoming primary determinants of economic success.

Gregory Tasse, Economist 2008

**North Carolina's
Innovative Response:**

***The One NC
Small Business Program***

One NC Small Business Program: Overview

- General Assembly showed foresight and innovation when it created the program in 2005 legislative session (§ 143B-437. 80-81)
- NC is among a handful of innovative states creating such a program
- SC and KY copied NC's program in the next year
- Goal is to help NC small businesses commercialize their innovative technologies and grow through two mechanisms:
 - **Assists** NC businesses with a portion of their application expenses to **federal SBIR/STTR** programs
 - **Matches federal** SBIR/STTR grants awarded to NC small businesses and encourages collaboration with universities
- **Federal** Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs are the single biggest source of early-stage funding for small businesses (\$1.8 billion) – larger than private sources

One NC Small Business Program: Appropriations

FY	NCGA Appropriations \$	Awarded #	Awarded \$
2006	\$1,000,000	25	\$1,078,100*
2007	\$5,000,000	51	\$4,491,562**
2008	\$4,830,000	49	\$4,675,962**
Total	\$10,830,000	125	\$10,245,624

* In FY 2006, \$78,100 was funded from the 2007 appropriation

** The reimbursement program was not operational in FY 2006 and 2007

- NC has been good stewards of state resources used to leverage federal funding

One NC Small Business Program: Benefits

- Small businesses need funding during their formative stage (fertilizing the seeds)
- Federal SBIR/STTR funds aren't sufficient; One NC Program attracts and leverages more federal funding (feds consider state matching funds)
- One NC Small Business funds cover expenses that federal SBIR/STTR funds cannot cover (e.g., consultants, patent costs)
- One NC Small Business award recipients are more likely to successfully commercialize their technologies and stay in NC
- One NC Small Business award recipients create jobs and hire NC workers
- One NC Small Business award recipients collaborate with NC universities and nonprofits
- One NC Small Businesses award recipients generate critical innovations for making NC a leader in the global economy

One NC Small Business Program: University and Nonprofit Collaborators

Carolinas Medical Center

RTI International

Duke University

NC A&T State University

UNC-Charlotte

NC State University

UNC-Chapel Hill

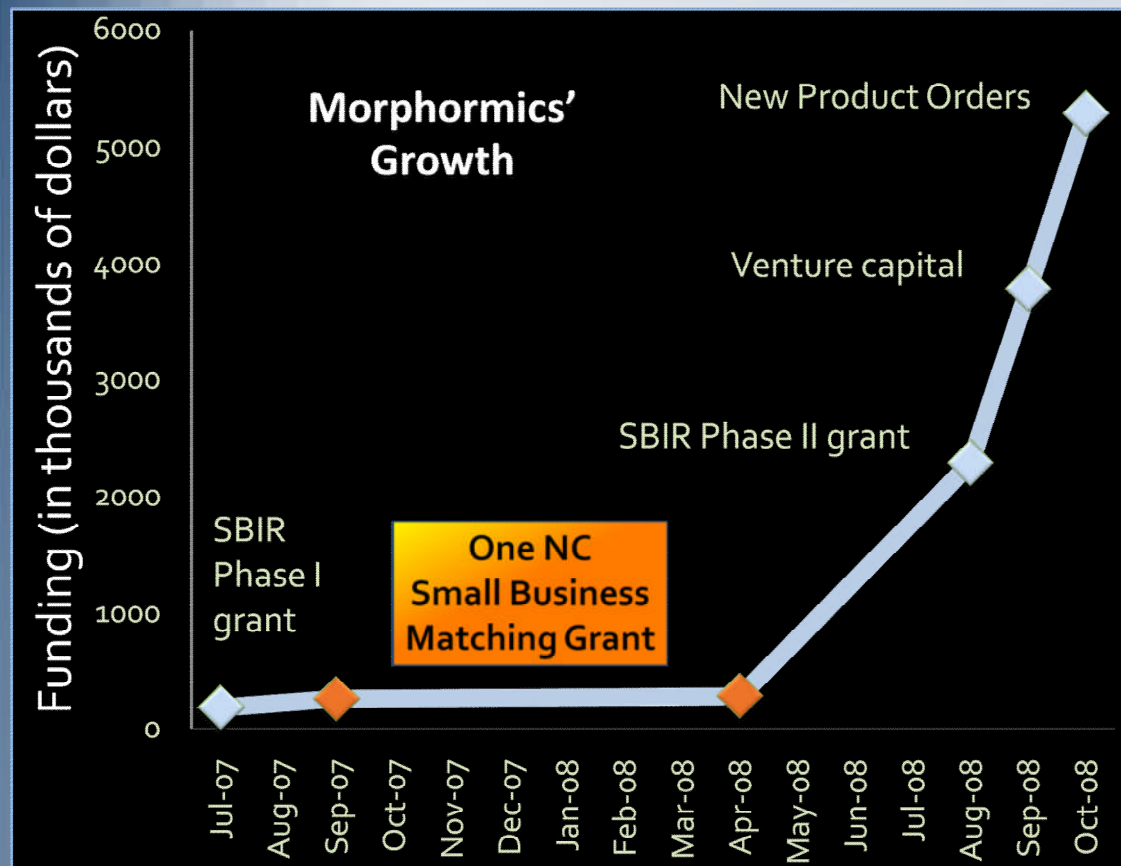
Wake Forest University

UNC-Chapel Hill Medical School

Wake Forest University School of Medicine

One NC Small Business Program: Impact on a Company -- *Morphormics*

Morphormics', a spinout of UNC-CH, provides cancer treatment diagnosis and other medical applications



“Morphormics is a poster child for the matching funds program. Because of the program, we were able to work with a consultant who ultimately became our CEO. He immediately got to work and secured \$1.5 million in equity funding plus a minimum order worth the same amount of money. We are off and running and we would not have been able to do so without the help of the matching funds program.”

– Ed Chaney, Vice President, Morphormics.

NC General Fund Dollars Have Been Responsible For:

- Advancing **biotechnology, nanotechnology, computer software, defense & medical technologies, pharmaceuticals, textiles, etc.**
- Generating **company and university collaborations**
- **\$29 million** in external company investment (3 to 1 return on investment – employment opportunities)
- **\$28 million** generated in follow-on federal SBIR/STTR funds (3 to 1 return on investment – employment opportunities)
- **Hundreds** of patents, technology licenses, and products and services – employment opportunities
- Supporting **grants to small companies** -- fewer than 10 employees
- **More than 100** new private sector jobs created – **more to come**
- These impacts **will multiply greatly** as the grants become fully utilized to grow new companies and enhance existing companies

Thank You!

**In today's economy, the One NC
Small Business Program is an
effective use of NC's resources to
foster company growth, university
partnerships, and jobs!**

Questions or Comments?