

The Massachusetts Life Sciences Center



SBMG Information Session

February 12, 2010

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2010 SBMG Program Overview

2010 Small Business Matching Grant Program

- Capitalized through Capital Fund
- The Center has launched a Small Business Matching Grant (SBMG) program that will match federal small business grant funding for early-stage life sciences companies.
- \$3M Total Investment
 - SBMG Program grants will match federal SBIR /STTR grants one dollar to one dollar, up to \$500K
- Grantees must be small businesses, as defined by the U.S. Small Business Administration
- Grants will support life sciences companies that have developed new commercialization-ready technologies to reach production and create manufacturing jobs in the Commonwealth
- **Applications are being accepted for this program through March 1 at www.masslifesciences.com.**



2010 SBMG Program Purpose – Leverage, Funding Gap, Commercialization, Jobs

■ Strategic

- Consistent with the strategic focus on small/early stage companies of the Center, the Patrick-Murray Administration and Legislative Leaders
- Portfolio balance
 - The majority of the Center’s investments to date have been awarded to academic institutions
 - Supports companies with less technology/market risk than the Accelerator program

■ Leverage

- Provides an opportunity for the Center to leverage millions of dollars of Federal SBIR/STTR funding that have come into Massachusetts. For example, NIH funded \$56.5 million of SBIR Phase II projects in Massachusetts in 2008.
- Historically Massachusetts companies have been awarded ~10 percent of all SBIR/STTR awards, thus providing a strong leverage opportunity

■ Commercialization

- Contribution to “gap funding” that impacts successful commercialization
- Encourages SBIR/STTR-funded Massachusetts life sciences companies that are engaged in commercialization to remain in the Commonwealth

■ Job creation

- Creates high quality, high paying Jobs

2010 SBMG Program Purpose (continued)

Potential to Leverage Massachusetts SBIR/STTR Dollars*

- **A federal mandate requires that 2.8% of the annual budgets of eleven federal agencies be allocated to small businesses via SBIR/STTR grants**
 - Agencies with budgets over \$100M must set aside 2.5% for SBIR
 - Agencies with over \$1Billion must set aside 0.3% for STTR.

- **During the period 2003-2008, Massachusetts companies won 12% of all SBIR/STTR Phase II grants awarded by NIH**
 - **This represents \$53.5M PER YEAR of NIH investment in Massachusetts Phase II grant recipients, a strong leverage opportunity for the Center's funds**
 - This total does not include all of the other SBIR/STTR grants provided by other federal agencies, such as NSF and DOD
 - This also does not take into account additional funds that are available to small businesses through American Recovery & Reinvestment Act (ARRA)

- **Of the active Massachusetts SBIR firms, 18% are VC-funded -- an indicator that the investment community perceives these companies to have strong commercialization potential**

SBMG Eligibility Criteria

- TO BE ELIGIBLE FOR THIS PROGRAM, YOU MUST HAVE RECEIVED A PHASE II, POST-PHASE II, OR EQUIVALENT SMALL BUSINESS INNOVATION RESEARCH (SBIR) OR SMALL BUSINESS TECHNOLOGY TRANSFER (STTR) GRANT(S) FROM A FEDERAL AGENCY (within last 10 years)
- If you meet any of the following criteria, you are not eligible to apply to this program:
 - You received funding under the Center's 2009 Accelerator Loan Program
 - You have raised \$5 million or more in total equity financing
 - You are majority owned (greater than 50%) by a parent company that is an operating or holding company and
 - Have raised \$5 million or more in total equity financing, or
 - Have received \$5 million or more in financing from your parent, or
 - Have raised/received \$5 million or more from a combination of the prior two bullets
 - You are majority owned (greater than 50%) by a parent that is an investment company, investment partnership, or investment fund and have received \$5 million or more in financing from your parent

SBMG Eligibility Criteria

SBMG vs. Accelerator Program -- Comparison

2010 SBMG Program

- Capitalized through our Capital Fund
- Grants up to \$500k per award
- Applicants must have received SBIR/STTR Phase II, post Phase II award(s) from federal agencies within the last 10 years
- Applicants have raised <\$5M in equity financing
- Applicants must meet SBA definition of a “small company”
- Adherence to MLSC reporting requirements

2009 Accelerator Program

- Capitalized through our Investment Fund
- Unsecured Loans up to \$500k per award
- Applicants are encouraged to have raised seed capital or received Phase I SBIR/STTR grant
- Applicants have raised < \$5M in financing
- Payable on financing event of at least \$5M
- Awardees must be certified by the Life Sciences Center
- Board Observer Rights
- Adherence to MLSC reporting requirements

2010 SBMG Program: Application Review Process Schedule

Feb 1 (launch) – March 1 (submission deadline)

- Applicants verify SBIR/STTR awards
- Applicants submit company-specific (not project specific) information including: estimated job creation, business and marketing plan, value proposition and competitive advantage of company
- MLSC staff conducts administrative review to verify that threshold criteria are met
- MLSC files application data

March 8-29

- Peer Review Panel screens applications and sends results to MLSC

by April 6

- MLSC categorizes results from Peer Review Panel
- MLSC sends results to Second Screen Peer Reviewers

By April 13th

- Second Screen Peer Reviewers send results to MLSC
- MLSC sends results to SAB for review
- MLSC begins corporate due diligence

May 28

- SAB and Investment Committee Chairs present to MLSC Board
- MLSC Board votes on awards
- MLSC notifies award recipients and other applicants of decisions
- MLSC makes public announcements

May 18

- Investment Committee and SAB members hear finalist presentations and make recommendations

April 21 – May 14

- MLSC invites finalists to make in-person presentations
- MLSC completes due diligence

April 20

- SAB meets and recommends finalists

2010 SBMG Program: Review Process

- Peer review process will be modeled on that of the Life Sciences Center's Accelerator Loan Program
- Evaluation of SBMG applicants will focus on company's business risk and potential for growth (vs. project-specific evaluation criteria of federal SBIR/STTR review process) – **Refer to Solicitation**
 - Intellectual property review will be more rigorous
 - Financial evaluation and company due diligence

End

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