

Small Business Innovation Research (SBIR) Ireland

A Guide for the Irish Public Sector 2019

This is a guide for the Irish public sector to applying to the Small Business Innovation Research (SBIR) Ireland competitive call. Please review this guide in advance of submitting your application. More information can be found on www.sbirireland.ie

What is SBIR?

Small Business Research Innovation (SBIR) is a mechanism which aims to drive innovation across the public sector, by solving societal challenges in new, innovative ways. SBIR is intended to help accelerate solutions to market for identified unmet public sector needs. SBIR falls under the category of pre-commercial procurement (PCP). PCP, as defined by the European Union, involves the purchase of research by a Government entity which is undertaken with the objective of stimulating innovation that the contracting authority or some other party may benefit from at a later stage, when goods or services not currently available are developed from the outcomes of the research.¹ More information on SBIR and PCP is available in *Appendix 1*.

In essence, SBIR enables robust engagement between the public sector and innovative, technology agile companies, through competitive Challenges. Both risks and benefits are shared by Procurers and Suppliers. Through SBIR, a public sector body procures R&D (research & development) to develop a new solution, when no current ‘off the shelf’ solutions are readily available for purchase.

¹ <https://ec.europa.eu/digital-single-market/en/pre-commercial-procurement>

Who is eligible to apply?

Public Sector organisations will be deemed to be those bodies in Ireland which are spending public sector money and are subject to EU procurement rules. The following are eligible for SBIR support;

- Departments of State
- Other Non-market Agencies included in Central Government Sector
- Local Authorities
- Public Sector Bodies in Non-Financial Corporation Sector

Public sector bodies in the financial sector are not eligible for SBIR Ireland support. The CSO provides a comprehensive definition of the Irish public sector.²

What are the eligibility criteria?

To apply, public sector bodies must be able to demonstrate that their potential Challenge:

- Addresses an 'unmet need' i.e. no existing 'off the shelf' solution is readily available for purchase. The applicant must demonstrate that they have researched potential solutions in the market, and point to why existing solutions are sub-optimal in addressing the Challenge in question
- Has the potential to benefit the Irish citizen

In addition;

- The public sector body, or Challenge Owner must commit a minimum budget of €100,000 to the Challenge
- The Challenge Owner must assign a dedicated Project Team to manage the Challenge. The project team ideally will consist of two to three people to help manage administrative, contractual and financial activities

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https://www.cso.ie/en/media/csoie/methods/governmentfinancestatisticsannual/Register_of_Public_Sector_Bodies_in_Ireland_April_2019.pdf

How is SBIR different to a standard procurement process?

The fundamental difference in the SBIR process is that the public sector body, or 'Challenge Owner' issue the problem statement to the marketplace, but do not pre-empt what a potential solution looks like. The SMEs come up with potential solutions, so essentially the public body is getting the benefit of several companies' innovation and new ideas.

SBIR Ireland

Small Business Innovation Research (SBIR) Ireland is the national innovation pre-commercial procurement initiative administered by Enterprise Ireland. SBIR Ireland's aim is to drive innovation across all sections of the Irish Public Sector via robust engagement with technology rich companies and organisations, through competitive challenges. EI has established a fund to co-support worthy competitive challenges in partnership with Irish Contracting Authorities. To date, 20 SBIR Challenges have launched in Ireland, and EI has invested over €1.25 million, matched by public sector funding.

Enterprise Ireland opens competitive SBIR calls to the public sector every 12 to 24 months. An external panel reviews the submitted Challenges and recommends support for the strongest number of SBIR Challenges for support. Enterprise Ireland co-funds awarded Challenges. Successful SMEs who respond to the Challenge receive a 100% funded development contract, co-funded by the Challenge Owner and Enterprise Ireland.

What are the benefits of SBIR?

The public sector body gets the benefit of extensive research & development, which enables them to realise new, innovative ways to solve traditional problems. Solutions are often smarter, cheaper and more 'fit for purpose' as SMEs co-design solutions with the Challenge Owner.

In addition, feedback from previous Challenge Owners indicates that SBIR helps them;

- Find a solution to an existing challenge and improves services. Successfully identifying a low-cost alternative tech solution which can be implemented, streamlining day to day business processes and increasing efficiency
- Access cutting edge technology and the opportunity to co-design the solution for your Challenge
- Drives innovation across Public Sector and motivating employees
- Enhances Problem Identification – Engaging with relevant stakeholders to correctly frame the problem can provide new perspectives on the Challenge
- Builds awareness of available solutions across EU markets
- Provides Market Research; increased awareness of available solutions across EU markets
- Feasibility of solutions can be tested and piloted in a small area to measure potential success in a cost-effective way
- Solutions can be trialled and validated in a relatively short time period
- No obligation to procure the solution if the trial is unsuccessful but the knowledge gained will better inform future tender specifications
- Exposes public sector employees to innovative types of procurement, and provides them with career development opportunities to lead the Challenge
- Creates opportunities for collaboration and innovation partnerships with other cities and regions with similar Challenges

SBIR also develops small innovative companies;

- Provides small businesses, start-ups and entrepreneurs with a reference site. SBIR helps small businesses to explore their technological potential and ultimately accelerates commercialisation, providing the company with a lead partner. Awarded companies retain the IP developed, which can be then be further exploited
- By leveraging the SBIR contract to win business in Ireland and internationally, this

results in jobs and exports for awarded companies, which are important targets for Enterprise Ireland and local government to support economic development

How do I apply for SBIR Ireland support?

A new SBIR Ireland competitive call opens on October 14th, 2019. We recommend that applicants provide the SBIR team with a draft outline of their potential challenge, prior to official submission. (See Appendix 2). Once submitted, your Challenge outline will be reviewed and a call will be arranged by the SBIR team to advise you on the suitability of your Challenge, and to help you scope it out ahead of the formal application process.

Once you have received feedback on your Challenge outline, you may then download the application form from our website and submit your response via the link on our website. This link will be live by 25th October. Please ensure that you read this Guidelines document thoroughly in advance and contact the SBIR team at sbirireland@enterpriseireland.com if you have any questions in advance. Applications must be submitted no later than *12 noon on December 4, 2019*. Late applications will not be accepted.

What does the assessment process look like?

An evaluation panel set up Enterprise Ireland (EI) will recommend which Challenges will be funded in 2020. The panel will consist of key individuals in the public sector as well as select technologists and subject matter experts as selected by EI.

Once the application process closes, the evaluation panel will review the applications and invite a shortlisted number of public sector individuals for interview. 3-5 Challenges will be approved, depending on quality and strength of applications. Enterprise Ireland is keen to support Challenges that have a definite desire to engage with innovative SMEs offering new solutions. The competitive call is not thematic specific and Challenges from across a wide variety of sectors will be considered.

If a Challenge is approved by Enterprise Ireland, a Memorandum of Understanding (MOU) will be sent to the Challenge Owner and co-signed by Enterprise Ireland. The MOU forms the basis of the agreement between the Challenge Owner and Enterprise Ireland, setting out the roles and responsibilities of each party.

What are the assessment criteria?

Challenges will be assessed and scored under the following criteria;

1. Potential to benefit citizens

How likely is the project to deliver positive impact to Irish citizens – how many citizens are affected by this problem and what will be the improvement in their quality of life?

2. Challenge/ problem requiring improving/ solving

Has a clearly defined unmet need been identified? How much of a priority is this for the Challenge Owner? What is the size of the problem (in financial terms)?

3. Scope for innovation

What is the potential for innovative technology to solve the problem identified? Does a solution already exist? Are there likely to be Irish companies with the skills/capability to respond?

4. Scope for Broader Market Potential

What is the potential market size for a commercial supplier of the solution and what other market opportunities might there be for the technology solution when developed?

5. Value for money

Is the proposed budget appropriate for the challenge to be addressed and likely to be

attractive to commercial suppliers? Will the investment be likely to yield an appropriate return relative to the budget – in what timescale?

6. Commitment to SBIR process

Is there a champion within the department who is willing to lead this challenge? What experience do they have of similar innovation programmes and what support do they have to deliver it?

Where appropriate, the applicant or ‘Challenge Owner’ may be asked to provide further information or clarification on details contained within their application.

What does an SBIR Challenge look like?



SBIR Challenges will be approved by February 2020, and a workshop will be organised by Enterprise Ireland to guide all awarded Challenge Owners through the process of launching their Challenges. The steps are as follows;

- Once the challenge is approved for SBIR support, the Challenge Owner, guided by the central SBIR Ireland team, put an Invitation to Tender document up on e-tenders, along with a number of standard templates e.g. application form, FAQs, sample contract
- The Challenge is live on e-tenders for eight weeks, and then the Challenge Owner brings together an evaluation panel to shortlist 2-6 candidates for Phase 1

support

- A Challenge generally has a three-phased development approach that starts with initial feasibility study followed by more detailed product development
 - a. Phase 1 Feasibility Studies typically last up to four months and contracts are typically worth between €20,000 and €30,000 (project dependent).
The number of companies awarded Phase 1 funding is dependent on the quality of applications, and scope and budget of the challenge. Typically, 2-4 companies are awarded into Phase 1
 - b. An evaluation process takes place between Phase 1 and 2, and usually a smaller number of companies are awarded Phase 2A funding. Phase 2A Prototype Development projects can last up to 6 months with funding between €40,000 and €75,000 per project. It should result in a commercial product or service.
 - c. Phase 2B, which is at the sole discretion of the Challenge Owner, is intended to fund further research and development activities that will assist in the validation of the proposed technology solution
 - d. Budgets for Phase 1 and Phase 2A must be agreed in advance of each Phase, but Phase 2B is optional.

- The intellectual property is retained by the company, with user rights exercised by the department under a separate contract under fair and reasonable terms
- As such Challenge Owners will be expected to commit to a timetable up front that ensures a smooth transition between phases (no more than six weeks) and timely approval of invoicing to ensure SMEs do not incur cash flow problems during the contract. The day-to-day management of the Challenge rests with the Challenge Owner, not Enterprise Ireland

Appendix 1

Pre-Commercial Procurement & SBIR: State Aid & Eligibility

SBIR is Ireland's implementation of the EU Pre-Commercial Procurement (PCP) framework which allows exemption from public procurement directives for the procurement of R&D services (*see article 14 in directive 2014/24/EC and article 32 in directive 2014/25/EC.*)

Responsibility resides with the Irish Public-Sector Organisation leading the Challenge to ensure compliance with current state aid rules. All Challenge competitions are demand driven and result in a fully funded development contract between the company and the Challenge Owner; it is not a government grant. Challenges must fit within EU and SBIR pre-commercial procurement rules;

(1) The scope is R&D services only: R&D can cover activities such as solution exploration and design, prototyping, up to the original development of a limited volume of first products or services in the form of a test series.

"Original development of a first product or service may include limited production or supply in order to incorporate the results of field testing and to demonstrate that the product or service is suitable for production or supply in quantity to acceptable quality standards". R&D does not include commercial development activities such as quantity production, supply to establish commercial viability or to recover R&D costs, integration, customisation, incremental adaptations and improvements to existing products or processes.

(2) The application of risk-benefit sharing: In pre-commercial procurement, the public purchaser does not reserve the R&D results exclusively for its own use: Public authorities and industry share risks and benefits of the R&D needed to develop new innovative solutions that outperform those available on the market.

(3) **A competitive procurement designed to exclude State aid:** Organising the risk-benefit sharing and the entire procurement process in a way that ensures maximum competition, transparency, openness, fairness and pricing at market conditions enables the public purchaser to identify the best possible solutions the market can offer.

For further information visit <https://ec.europa.eu/digital-single-market/en/pre-commercial-procurement>

Appendix 2

Please provide details of your potential SBIR Challenge in this template. Please submit your response to SBIR Ireland's Helpdesk, SBIRchallenges@hee.co.uk, in advance of the call closing. The SBIR team will provide follow up feedback to you and your team, prior to submitting your formal application to Enterprise Ireland.

1. Your Challenge Title

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2. Briefly describe the public-sector challenge that you would like to overcome? (incl. policy, technical and / or operational issues which you are seeking to address). In your answer include details on the size of the problem, i.e. *how many citizens are affected, what is the estimated annual cost burden to your organisation if known etc*

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3. List the key issues and / or criteria to which you would like to find innovative (and often technology-led) solutions for?

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4. Describe what a successful outcome would look like? This would be desirable / realistic improvements against the challenge NOT possible solutions. Include in your answer what impact or benefit this will have on Irish citizens.

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5. Are you aware of any commercially available solutions to the problem you are hoping to overcome?

If yes, please provide details and explain why these solutions are unsuitable?

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