February 2, 2012

Francis Collins, M.D., Ph.D.
Director, National Institutes of Health
9000 Rockville Pike
Bethesda, Maryland 20892

Dear Dr. Collins:

We write to bring to your attention a proof-of-concept research provision in the recently enacted reauthorization legislation for the Small Business Innovation and Technology Transfer Research (SBIR/STTR) programs.

Although the Association of American Universities (AAU) and the Association of Public and Land-grant Universities (APLU) did not support increasing the overall set-aside for SBIR/STTR, we did endorse language included by Rep. Dan Lipinski (D-IL) to fund a pilot program at NIH to support proof-of-concept research that will enable universities to more effectively commercialize new technologies and to support the creation of successful small businesses. Modeled after the Coulter Foundation, this provision allows NIH to award competitive grants of up to $1 million to universities and other research institutions, which then would award grants to investigators for activities such as prototype development, market research, or developing an intellectual property strategy and/or business development plan.

Senior research administrators at universities have long felt that even with the existing SBIR and STTR programs, there is a funding gap that often prevents universities from moving new research discoveries and technologies quickly into the marketplace. SBIR and STTR funding presumes there is already enough evidence that a particular research advance or technology has enough commercial value to attract further investment for commercialization. Often, however, there is insufficient funding available within universities, or from other sources, to push these technologies across the “valley of death” to the point where they have sufficient commercial value. The current economic climate has left companies, angel investors, and venture capitalists even less willing to invest in the proof-of-concept, scaling up, and modeling required to explore the commercial value of such advances. AAU and APLU believe that the pilot project authorized in the SBIR/STTR legislation will help solve this problem.

We are delighted to see that NIH is already moving in this direction. In particular, the Centers for Accelerated Innovation program started by NHLBI represents an important step towards
improving the movement of NIH-funded discoveries into the marketplace. Moreover, your vision for the new National Center for Advancing Translational Sciences and the Cures Acceleration Network seems to embrace the theme of addressing obstacles to commercialization of products to improve human health. AAU and APLU urge you to take full advantage of the authority to invest in further proof-of-concept research provided by the Lipinski provision.

If we can be helpful in providing additional information, please contact AAU’s Vice President for Policy, Tobin Smith at toby_smith@aau.edu, (202) 408-7500 or APLU’s Director of Innovation & Technology Policy, Jim Woodell, at jwoodell@aplu.org, (202) 478-6044. Thank you.

Sincerely,

Hunter R. Rawlings III
President
AAU

cc: Dr Kathy Hudson

Peter McPherson
President
APLU