



National Venture Capital Association

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NATIONAL VENTURE CAPITAL ASSOCIATION SUPPORTS CLARIFICATIONS TO SBIR ELIGIBILITY REQUIREMENTS

Washington, D.C. - November 9, 2005 – The National Venture Capital Association (NVCA) today again voiced support for clarification of eligibility requirements for Small Business Innovative Research (SBIR) grants. Under current requirements, companies that are owned 51% or more by venture capitalists may not be eligible for these grants, based on the interpretation of the granting agency. The statement of support came on the heels of a press conference on Capitol Hill hosted by Senator Kit Bond (R-MO), a sponsor of S. 1263, a Bill that seeks to clarify eligibility.

“There is a critical misconception out there that small companies that receive venture capital funding have hit the jackpot and are not in need of SBIR grants,” said Mark Heesen, president of the National Venture Capital Association. “In reality, SBIR dollars and venture capital dollars are targeted at different purposes within a company. SBIR funding is targeted at discovery and invention; venture capital dollars are applied later in the life cycle to build strong and viable businesses through which promising discoveries can be brought to market. These sources function in critical concert to bring a continuous stream of innovation to the marketplace.”

Mr. Heesen went on to explain that by eliminating venture-backed companies from the pool of SBIR applicants, the SBA is effectively dismissing the most promising organizations – ones that have been vetted by professionals and have the most chance of succeeding as viable, ongoing businesses. The current dynamic is now hobbling young companies across the country, particularly in the life sciences sector, where the cost and time associated with bringing a discovery to market is colossal.

Daniel Broderick, Managing Director of Mason Wells Biomedical Fund in Milwaukee, Wisconsin asserted the importance of government and venture working in concert:

“One in three Americans has benefited from a venture-backed medical innovation” said Broderick. “We need to work together with government to ensure that US companies can continue to innovate efficiently and continuously improve the quality of our lives. We applaud Senator Bond, Congressmen Graves and Baird and others who support this much needed clarification.”

The National Venture Capital Association (NVCA) represents more than 450 venture capital and private equity firms. NVCA's mission is to foster greater understanding of the importance of venture capital to the U.S. economy, and support entrepreneurial activity and innovation. According to a 2004 Global Insight study, venture-backed companies accounted for 10.1 million jobs and \$1.8 trillion in revenue in the United States in 2003. The NVCA represents the public policy interests of the venture capital community, strives to maintain high professional standards, provides reliable industry data, sponsors professional development, and facilitates interaction among its members. For more information about the NVCA, please visit www.nvca.org