

SMALL BUSINESS ADMINISTRATION

**Moderator: Ted Ashcroft
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12:30 pm CT**

(Christine Koronides): Hi everyone and thanks for calling in today and welcome to our Webinar on SBAs Advanced Defense Technology Clusters.

We wanted to make sure you all have a chance to hear from us more specifically about this request for proposal and wanted to make sure we got a chance to take your questions.

This is (Christine Koronides). I'm a Policy Advisor at SBA. And I'm joined by several of my colleagues here, (Josh Leffler), (Mark Newberg), (Steve Smith), (Ken Dodds), and (Gary Fontaine).

I want to give you guys a few ground rules before we get started and then we can jump into talking more about different technology clusters and answering some of the questions you've submitted.

First importantly this call is being recorded and the recording of this call and transcript of it will be available on our Web site shortly.

Second any time you have issues with the audio or hearing anything on this call today please press star zero and an operator will take you off-line and help address your issues.

And third we got this question many times with our last Webinar. The slides that we're using today will be posted on our Web site hopefully by the end of the day.

Right now there are slides from our last Webinar that are posted. So just know that those are coming.

Okay. As we go through the presentation today if you have any questions I know there's a Chat box over there, but the best thing to do is to email your questions to clusters@sba.gov.

We're taking the questions from there. That helps us, you know, keep track of all of them and make sure that we've sent replies.

We will be posting FAQs that come out of the last Webinar and this Webinar throughout the week and then on the 23rd. That's the deadline for questions.

And after the 23rd we'll submit a document with everyone's specific questions and answers to those specific questions. That will be available on FEDBIZOPPS and it will be available on our Web site as well.

And today as we go through the call we'll take your questions that come into the email inbox and we'll answer them as, you know - I'll leave plenty of time for questions and answers.

Okay so just to reinforce the deadline to submit questions is 5:00 pm on July 23. Please make sure to get your questions in by then.

And one more ground rule or one more announcement. We do intend to submit some technical it minutes to the Advanced Defense Technology RFP. They're bulleted out here below and we'll have those out shortly.

Second, I just want to review the general timeline for this request for a proposal with you. And so on July 8 we issued the request for proposals. July 15 we had a Webinar for our regional innovation clusters.

Today we're having our Webinar for our Advanced Technology Clusters and on the 23rd, again that's the deadline to submit questions. Please get them into clusters@sba.gov.

And August 16 at 4:00 pm East Coast times -- very important to note that time and that it's East Coast Time -- that's the deadline for submissions to the request for proposal.

All right, so we've gotten a lot of questions before the Webinar started on what is SBAs Cluster Initiative and why are we doing this and how are we doing this? I just wanted to go through some of those with you.

So SBAs issue this request for proposal that will focus on accelerating small business opportunities in existing regional clusters across the country.

We've done this through two programs that we are launching. One is a broad Regional Innovation Clusters program that will take offers from clusters in different industries with different focuses.

And the second that we're going to talk more in detail about today is our advanced defense technologies cluster program which is specifically for clusters with - that are concentrating in industries that have defense applications and really want to work with both SBA and the Department of Defense on developing those clusters and facilitating economic growth through them.

In total we're aiming to work with ten to 15 existing clusters across the country. That's between the regional and region clusters and the Advanced Defense Technology Program and we're sure that the more broad program will be a little bit larger.

And these will be contracts for nationwide for fiscal year 2010 with an additional one year option for 2011.

The basic - the price for the base term for FY 2010 and the option period should not exceed 600,000 per cluster per year.

And again we're looking for clusters that will - that have roadmaps and plans that will enhance our region's ability to compete on a national and global scale and attract further business investment, create jobs.

Since this is SBA's cluster program we're going to be focusing what we're looking for in terms of support on small business growth and development, just some general overview information about regional clusters as we've gotten several questions about that.

So we've got a lot of what is a cluster and how do I know I'm a cluster?

From our work in this area and the folks that we've met on the ground and we've talked to across the country our working definition is clusters are geographic concentrations of interconnected firms and supporting organizations that draw productive advantage from their mutual proximity and connection.

And clusters have developed in regions across the country to focus on industries and technologies and create jobs and economic growth in their region.

And they do this through connecting often government and business and research institutions to share resources and share information and better communicate and organize across industry and labor markets and services.

The economics that we've seen and the evidence we've heard from folks like you all on the ground is that clusters are a great way to stimulate economic growth, create businesses, create jobs, create good paying jobs and create more robust regional economies.

So some of the questions that have come in about the definition of an existing regional economic cluster is we've listed as a qualified offer for SBA's program, what we've define that as is a regional cluster as a geographically bounded active network of similar synergistic or complementary organizations engaged with or in a particular industry sector.

The active channels for business transactions, communications and dialogues that share specialized infrastructure, labor markets and services that are located within a defined region.

So there's really three parts of this. One is the geographic area. Geographic area may, you know, cross municipal, county or other jurisdictional boundaries. There should be some coherence to that.

There is also a possibility of working with partners outside that geographic area through virtual connection.

Partnerships, what we've seen in best practices is that they often encompass local universities, government research centers, other research organizations that serve as a catalyst for the innovation and the technology side of things.

And then there are other significant partnerships with state and local economic development organizations, businesses, and other community groups that - and labor and workforce groups that help bring all the stakeholders together.

The purpose of having clusters to leverage a region's unique competitive strength and find ways for facilitating better communication and better ultimate outcomes from business and education and workforce development and research.

Very common for networks with local governments, venture capitalists, financing organizations, private banks, investors, workforce boards, nonprofits, higher education institutions and other public and private agencies and institutions.

So more specifically that's our broader framework for clusters. And we do have a specific Advanced Defense Technologies Clusters opportunity.

And in this sphere SBA is really seeking proposals from entities that are the lead organizations or the lead stakeholders in a regional cluster project that is

interested in working with SBA and the Department of Defense to further their defense related technologies, in this case that support the growth of an existing regional cluster, demonstrate strong regional bottoms-up support.

These clusters should be market driven, involve public-private partnerships, they should align federal resources with existing state and local resources and plan to leverage their regional strengths.

Specifically in Advanced Defense Technology's Clusters we're looking for clusters that really leverage defense technology development programs and other opportunities there to create economic growth in their community.

So the next big question is okay, now we've got what a cluster is and what SBA is looking for. What are we looking for that cluster to do through this request for a proposal and through working with us?

We've spelled this out in the request for a proposal offer that you all on the ground should show how you'll provide at least one of the following services to small businesses that are involved in your cluster area looking for proposals that will provide support for business training, counseling, mentoring, technology transfer counseling, commercialization of existing research and development, counseling around exporting, support for - specifically for underserved communities and other services that your cluster can demonstrate it needs to better involve and increase small businesses.

Specifically for the defense proposal we're also looking for folks to show how they'll engage with some programs that the Department of Defense currently has including the Small Business Innovation Research programs and other development programs.

And one way that we've heard that defense technologies can best support including small businesses is support in obtaining facility clearance status and holding a security clearance. So that's something to include as well.

On top of those factors on how - those - sorry we - is that you'll support small businesses we'd also like to see offers address how they'll link small businesses with technology and development and financing opportunities which could include training on how to manage business growth, how to build customer bases particularly in this case with the Department of Defense and other program offices, support on how to build networks and partnerships, assistance with market development, opportunities for accessing new resources and really facilitating with the Department of Defense what the technology development requirements and priorities are making those clear and translatable to small businesses and matching technology capabilities to meet the Department of Defense's needs.

So some specific questions on the Advanced Defense Technologies is what is Advanced Technologies, what does that mean?

And, you know, we're very broad and open to carrying what you're defense technologies are. Some examples include but definitely this is not an exhaustive or limited list for advanced robotics -- defense systems, power and energy innovations that have defense applications, cyber security, and applied lightweight materials.

Okay. Just a reminder, I see some comments in the Chat box. Please definitely send your questions to clusters@sba.gov as we're going along. Thanks.

So I'm going to quickly go through the factors that we have listed out in our request for a proposal just to clarify anything here. And then we'll spend the bulk of the time on questions and answers.

So our first evaluation factor is cluster qualification sub factors. And we have four of those that should help you document and demonstrate how you're a cluster and that you meet our criteria for that.

The next slide which we'll get to shortly leaves out some documentation that supports each of these four factors.

First is that we're looking for an offer who's an established regional cluster. And I think we've been through what some of those elements are.

We're the lead entity for team of an established cluster with a defined management structure and the authority to find that cluster to deliver or have delivered the offered services.

And the second (unintelligible) we're looking for the offer to be recognized as such a leader with such authority from the key clusters partners and other stakeholders to further the looking for offers that currently representing and convene and have a history of representing and convening this broad array of stakeholders that we believe make strong cluster partnerships.

And we'll also be looking to see that the offer's devoted to implementing a strategic plan for the region that includes this focus on a particular industry technology or product that is - that has defense applications.

So this next slide kind of goes over some of the documents that can be used to support those sub factors we just went through -- mission statement, list of cluster partners.

We definitely need your DUNS number, an outline of the management structure, your regional strategic plan, tax status, and you're founded information and further documents that could help support the factors that we just went through, our articles of incorporation, our bylaws, operating guidelines, any memorandums of understanding between the different partners, board and management lists, and biographies.

Okay. So our next factor is really look at the technical approach and what we're looking for that - the clusters to do.

On factor two, the technical approach we're looking for just to see that the plan for supporting small businesses in this cluster area meets a documented market gap can have measurable and reportable effective outcomes, that the cluster, the lead entity has the ability to deliver the services throughout the region and that other partners and key stakeholders are engaged in delivering services and supporting the cluster effort.

Overall the outcomes should be focused on broad economic benefit for small businesses, innovation for the regional economy.

We're also looking to see demonstration of commitment for competency and the track record of key personnel, commitment to underserved markets as well.

In factor three we're asking some more about - for some more documentation and demonstration of the clusters experience, definitely articulating the cluster's organization and its focus area.

And in this case for Advanced Defense Technology it will be important to note, you know, how that focus area relates to defense, strategic defense needs.

Most clusters have mapped out their existing regional assets and show how those assets will support the overall cluster and the partnerships. And the needs of that cluster should also be outlined for us.

In Factor 4 we're looking at past performance evaluating the past performance on up to three completed projects in the last two years. So any demonstration or documentation of that will be very helpful.

And your proposal should discuss projects that have had compliance with federal, state or local laws and regulation, your experience with that, quality and timeliness of work, reasonableness of price, costs and claims, willingness to cooperate and solve problems across the cluster, and concern for the interests of the customer and integrity.

So that's kind of a short laid version of our request for proposals which I hope you've all seen.

We did get a bunch of questions in advance that I'm going to get through our frequently asked questions now and then start answering some of the questions that came into the email inbox in advance.

And I know that you're all emailing questions as we speak to clusters@fda.gov. And then we'll get to those as well.

Okay, the number one question - well actually the number one question in our last Webinar was will these slides be posted? I think I've covered that. But yes they definitely will be posted.

Right now the slides from our last Webinar which is on the broad regional innovation clusters are posted. They're not very different from this presentation. So if you need it right now you can go to our Web site and get that. It's fda.gov/clusters. And the presentation we're going through today will be available at the end of the day.

Where can I find a list of SBA clusters? So we don't have a list of clusters and we're not providing a list of clusters.

We've outlined for you all our qualifications and criteria for what an existing cluster that we're looking to work for is. And we're looking to see that you demonstrate your capabilities of meeting those criteria.

Who can tell me if I'm an existing cluster? Again please refer to the definition, the qualifications, the requirements that we've laid out in the request for proposals and determine for yourself if you meet the criteria and make your case to us.

SBA doesn't have a list and we won't be able to opine on anyone's particular situation before we get the proposal.

Along those lines we had several questions about whether an area could be certified as an existing cluster.

Right now there's no certification process. And again, please refer to the RFP and look at the definitions of qualifications that we've laid out there.

Another frequently asked question is whether or not folks can apply to both the Regional Innovation Cluster Program and the Advanced Defense Technology Cluster Program?

And the answer to that is no. We've put two, note separate request for proposals out. And we're looking for clusters that identify as qualified either in one, the regional innovation clusters or two, the Advanced Defense Technology Clusters Program.

So they're definitely could be the case that your Advanced Defense Technology Cluster could qualify as a more broad and general Regional Innovation Cluster.

However we're looking for you all to choose which vehicle you'd like to apply through, just - and just choose one.

Now it is the case that some regions may have more than one cluster in a region or their area, one of which might be an Advanced Defense Technology Cluster, the other of which might be might - may have a different industry focus area and may qualify under RIC.

And it is fine to have two separate proposals for two different clusters from the same region or area, you know. However they should have two different industry focus areas. So it shouldn't be the same cluster in both programs. And some of the partners may overlap. Again that could also be fine.

The next question was is there a formal designation of a cluster type that can tell us what kind of cluster we are, again trying to clarify this distinction?

There's not a formal designation. It's up to you to determine under which request you'd like to submit your offer. And I think in thinking through it, you know, the Advanced Defense Technology Program will be engaging more in specific partnerships with the Department of Defense if that is what you're interested in.

Advanced Defense Technology is probably the RFP you want to work through. If you're interested in just the more broad general approach to supporting small businesses in your cluster area, the Regional Innovation Clusters might be a better fit for you.

Then there are several questions we've been getting on who the lead entity can be for this offer and whether or not that can be a nonprofit?

And yes any entity including a nonprofit meeting the requirements that we've set out in the RFP is eligible to serve as a lead.

And I know we got a number of other questions on, you know, whether a university could serve that role or a government entity.

And the answer is any entity can submit as the cluster lead as long as they meet the requirements spelled out in the RFP.

And then one last frequently asked question is if you're a nonprofit, a university or government entity, do you have to submit a small business subcontracting plan?

And the answer to that is yes, all offers other than small business concerns must submit a small business subcontracting plan.

And for more information on that we can refer you to the FAR or, you know, send more specific questions before Friday and we'll get you the answer.

Okay, so I've gone through the meat of the presentation in a half an hour which is our goal. And we should have a half an hour for questions and answers. And I'm going to have my colleagues send over some of these questions.

The first one I've got here is a local financial match required for RIC or ADT awards?

The answer is no. Again this is a contract. This has been a request for proposals that we've put out through Fedbizopps.gov. It's not a grant and as such there's no match.

Second question is how many awards will there be in each category in both the regional - in the Region Clusters and the Advanced Defense?

So we'll have multiple awards under both. And the total should be ten to 15 combined. We don't have a set limit. It's going to depend on the proposals we get.

I think we are, you know, as a rough guess, should be 1/3 right, 1/3 - not 1/3, not quite 1/3 in the...

Woman:

A 1/4?

(Christine Koronides): Yes like 1/4 of the total awards that we make will be in Advanced Defense Technology. So that's just a rough, rough answer.

The next one is what role will Department of Defense have in evaluating the proposals and what role will DOD have in funding the proposal?

So the - this opportunity is all funded by SBA, the up to 600,000 per cluster that - per offer.

The Department of Defense, we're working with very closely on this and they'll have an advisory role in evaluating the proposals that come in.

The next question is I have a manufacturing client that's partnering with other manufacturers to make alternative energy. Would this potentially fit either the RIC or ADT cluster scenario?

You know, this is a very specific question. I think it - as we've kind of laid out through the discussion, there are qualifications that we're looking for for an existing cluster.

The technology that you're talking about, that alternative energy could certainly fit under regional innovation technology. It may fit under Advanced Defense Technology. It just depends on the particular application.

For instance, like if it's alternative energy that it's fueling vehicles to go for a long time with no additional fuels, that we have a defense application and may also just have a broad market application.

Next question was will you fund more than one cluster group per state and region? And I think I touched on this before. We will definitely accept offers

from states or regions for multiple clusters. So we have no limits in our, you know, in our evaluation factors based on location and region.

Can you apply and possibly be funded for both (are) - the RIC and the Advanced Defense Technology?

And again on that one, not for the same cluster. If it's one cluster focused on a particular industry you must - you must submit your offer for either the RIC or the ADT, not for both. And you definitely would not be able to be funded by both.

The next question that came in was the July 15 RIC Webinar recorded and is it available for viewing online? Yes and yes. Transcripts available at sba.gov/clusters. And that will be the theme for this call are the transcript and the audio will be up. It will be available shortly.

Next question, does the SBA expect each offer to concentrate on only one technology area, for example lightweight materials, or a cluster is expected to assist small business in a wider range of industries?

That's a good question. So going back to our criteria on an existing cluster, we're looking for an established existing cluster that has a focus and a plan around a particular industry and has that technology or, you know, sometimes there are more than one in that plan. But has that industry technology already determined and kind of underway?

So the intent is really to provide small businesses with - within - to provide services and support to small businesses within that focused and targeted cluster already.

The next question we got is can a qualified cluster submit more than one Advanced Defense Technology proposal?

For that I think the cluster should - you know, it all depends on the situation right? If it's two distinct clusters and there's two distinct technologies and two distinct networks of folks that work on those separate clusters, that would be like having two clusters from the same region apply - put in their offer which is fine.

However but, you know, as we're kind of talking through this, if it's the same lead organization and the same exact cluster, it would probably make more sense to have one proposal.

Next question I got, will the financial partner in our cluster need to have an existing relationship with SBA?

The answer to that is no, there's no requirement for any partner to have an existing relationship with SBA.

All right, keep those questions coming in. I've got another one. Did I just hear you say that ten to 15 awards between RIC and ADT but only 1/4 of the awards will go to ADT which equates to only three to four awards in ADT?

That's definitely our approximation right now. And we'll - depending on the offers that come in we may make that adjustment. But that's the assumption that we're working on.

The next question is for many years businesses have participated in the DOD Mentor Protégé Program partnering small and large businesses to successfully compete for DOD prime contracts.

Additionally federal laboratories have collaborated with clusters, businesses and other entities through cooperative research and development agreements and partnership intermediary agreements.

Do these partnerships and agreements have any bearing on the FDA ADT cluster's competition?

And yes, the mentor protégé agreements, the (cratars) and PIAs will be considered in evaluating ADT clusters.

However the existence of a Metro protege agreement, (cratar) or PIA does not - it does - so it doesn't preclude competing for an SBA ADT cluster award nor does not having one of those three things, a Mentor protégé agreement, a (crater) or a PIA (unintelligible) preclude the award for clusters.

So again as we mentioned that we're looking for offers that align existing state and federal and local resources that may be some demonstration of working across those.

However it doesn't, you know, not having - not having those or having them doesn't preclude you from putting in a proposal here.

Do we have more? Okay. The - got another question that says will a list of participants be made available? Is that participants in this call?

I don't believe we will make a list of participants in this call available.

Second, will selection depend upon regional economic needs? So I don't think that's one of the - that's not one of the sub factors, no.

So, you know, the - what we've outlined in the RFP is that demonstration of economic growth and regional development will be an important factor to us. But the starting place is not taken into consideration.

Any more questions? Anyone? Okay. We've got one about an offer about eligibility for responding to the RFPs.

A university that operates a technology-based business incubator and they worked closely in delivering services outlined in the proposal. Incubator is not a separate legal entity. Should we provide information on both the incubator and the university where information does not exist for the incubator?

So that's a specific question. We'll make sure that the - it's more clear in our specific answers.

But in general the documents from cluster participants should be submitted to demonstrate that the lead entity is qualified and the other entities can be kind of as we've outlined in our request for - in our demonstration of eligibility, the lead entity needs to be qualified under that definition and the other folks are - can be partners in your cluster area.

Do we have other ones?

Man: We need to address that answer.

(Christine Koronides): Will additional points be granted to organizations that meet more than one of the deliverables on Slide 8?

Where are we on Slide 8? Go back to Slide 8 for a second. Okay. So yes, these are the things we're kind of looking for.

And again, everything will be evaluated according to that ability to meet the outcomes that you can demonstrate.

And we're really looking for offers that meet the market needs that you can demonstrate in your cluster areas.

So having more - meeting more of those deliverables will not necessarily always line up with the goal of meeting demonstrated market gaps. But SBA will be comparatively evaluating all of the offeror's technical approach. So and it needs to align with the cost and items submitted there.

So just to clarify from a question before, you know, while we were looking for clusters that focused on specific technologies, an ADT does not need to be focused on one single technology. It could be multiple technologies that fall under a broader category.

Like the examples I think we gave where robotics and lightweight materials, obviously it's not going to be, you know, one very specific technology in that area. But it should be a industry focus.

ADT cluster offers should illustrate not only expertise in a current technology but the capability to operationalize and develop new technologies to meet DOD requirements.

So I hope that clarifies things. I'm trying to see if we have some additional questions coming in.

I've got a question. In your view does chambers of commerce and their membership with partnership with community college workforce by municipalities and others fit the requirement to apply?

So again, you know, we weed out pretty clearly and pretty specifically what the qualified lead entities of a cluster might be.

And any entity could possibly fit that description. And we'll be looking to see how the offerors demonstrate their case for that to us.

Do we have more questions?

Is the financial strength of a cluster important to the selection process?

Again we are looking for existing clusters that have the ability and can demonstrate their capability to deliver the services that their responding to in this proposal. So that may come into consideration but it's not the only factor being evaluated.

Any more questions? Keep them coming in. We're running low on questions here.

Can we provide some examples of existing clusters, their activities and accomplishments? And how are clusters different from a small business technology development center?

So a regional cluster, some of the typical examples that just come to the top of mind, and we're filling out our Web site with some of these examples. It's a good question.

But Silicon Valley is a typical example given to a regional innovation cluster where software development kind of was a strategy of one region to grow the economy through firms being located there.

And the firm's actually being located there created a network of people and organizations and overlapping needs for trained students and workers in different areas.

And so like the colleges have programs that focus in this area. The workforce training boards have programs that focus in this area. And there's kind of a regional coherence to what's going on there.

And that's an example of a cluster. A research triangle in North Carolina is a example of a cluster. There's some other ones that aren't technology related at all.

You could look at like wine growing in California is certainly a cluster. It's capitalizing on asset there. And there are a bunch of others.

We'll be posting a little bit more on that in our Web site shortly. I know that's a question we've been getting lately. Good question. Any others?

Man: Some of the questions are very specific. And we're going to have to answer those at a later time. We can't answer every question we're getting just to let you know.

(Christine Koronides): Okay.

Man: Thank you.

(Christine Koronides): So I - one question is, is the bottom line goal of this program to strengthen clusters? And the, you know, a good question and well put.

For SBA the bottom line goal for us is to increase small business success and creating jobs in these clusters areas and to make sure that small businesses are included and being developed and engaged through these clusters.

Got another one? A center within a university leads a specific technology cluster. And that center doesn't have separate legal status from the university. Should the university be the submitting entity, while defining the university center and management structure as a management entity?

And the short answer is yes, that sounds like I hope our talk around this has been clear. And that actually sounds like the correct approach for that cluster.

Any other questions?

Okay. I know we have a few other questions that came in. They were fairly specific. And we will be - so our timeline for questions is we have some more FAQs that can't - were the outcome of our last, you know, broader regional innovation Webinar last week. We hope to have those posted on FEDBIZOPPS and on our Web site very shortly.

We'll gather some frequently asked questions from this Webinar and put those as well shortly.

And then again on the 23rd is the final deadline for you to submit your written questions to us. And we will be posting on FEDBIZOPPS and on our Web site, you know, a question by question and try to organize it somehow by topic, a detailed document with the responses to everyone's detailed questions,

just trying to be fair and open make sure everyone has the same information throughout this process.

So if there's no more questions coming in - oh we've got one.

Man: Does the entity need to be registered with the CCR?

Man: Yes. All offerors have to be in CCR, have their ORCA done and also have a DMB number. And all that information is in the FAR clauses that are in the solicitation.

If you don't know what any of those things mean you can look those up in the FAR and there should be more information there.

(Christine Koronides): Okay. Anything else? One more? One question, can you provide guidance or insight into where you think some of these clusters might be across the country?

So again, we don't have any preconceived idea of what clusters may be submitting offers and qualified to work with us. So we don't have a list of clusters and where they are across the country that we're looking to check any of this again.

Okay well I want to thank you all again for hoping on this call today. I hope this information has been informative.

Please continue to submit your questions. We'll make sure to be getting answers out on these. And thank you again for your time.

Please contact us if you need any additional information. Look out for the slides and the audio posting of this on the Webinar. Thanks.

Operator: Ladies and gentlemen this does conclude the Webinar for today. We thank you for your participation and ask that you please disconnect your lines.

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