

## THE OPPORTUNITY PROJECT

2023 PROBLEM STATEMENT

# Financing for Innovation and Technology Transfer in Puerto Rico

Minority Business Development Agency (MBDA)

Puerto Rico Science, Technology & Research Trust (PRSTRT), Colmena66

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**THE CHALLENGE** – Help Puerto Rico-based lab-to-market entities, researchers, and entrepreneurs find and easily use information on financing and resources that advance innovation and commercialization.

**EXECUTIVE CHAMPIONS** –

Donald R Cravins, Jr., Under Secretary for Minority Business Development, Minority Business Development Agency

Denisse Rodriguez, Executive Director, Colmena 66, Puerto Rico Science Technology and Research Trust (PRSTRT)

**THE PROBLEM** – Access to capital and market awareness are both key to innovation and technology transfer, in which research-driven new technologies are commercialized – especially for minority entrepreneurs and researchers. Equitable access to capital is critical to business formation and growth for several reasons: first, every American deserves a real opportunity to build a successful business. Second, creating an equitable business ecosystem is the key to unlocking our Nation’s economic potential. Innovators and entrepreneurs need resources that help them advance their growth utilizing federal funding, resources, and technical support. However, such information is 1) difficult to find, and 2) not written in a manner that can be understood by those without advanced degrees in the topic and/or scientific discipline being announced.

Minority and PR-based researchers and entrepreneurs also face challenges to identifying funding sources. The most common source of capital for American businesses is personal or family savings, with [nearly 84% of businesses](#) using personal or family savings as a funding source. However, Black and hispanic households have relatively less access to personal wealth as a funding source. According to the [Federal Reserve report on Wealth Inequality and the Racial Wealth Gap](#), black households hold only 2.9% of overall wealth in the US despite being about 16% of the population. Hispanic households hold only 2.8% despite being about 11% of the population. For comparison, white families have a median wealth of \$187,000 compared with \$31,000 for Hispanic families and \$14,000 for Black families.

The federal government represents a major potential funding source for businesses and researchers, with a research budget of \$200 billion in FY 2024. A significant portion of these funds are distributed in the form of grants to small businesses to innovate and research new technologies, and licensing opportunities to commercialize technologies developed in federal laboratories. These resources can bridge financing gaps experienced by innovators and entrepreneurs of all communities. However, in a span of nineteen years, [the average number of minority applicants was 4.5%](#) at the National Institutes of

Health (NIH). The Department of Energy reported that only [5.7% of awards](#) went to firms owned by persons from socially and economically disadvantaged groups over a twelve-year period.

**THE OPPORTUNITY** – Technology transfer and licensing offers innovators and entrepreneurs unique advantages including accessing research advances without having to pay for original research and development efforts, bringing technology to market, and potentially converting the technology as an asset for financing and capital raising purposes. The Small Business Innovation Research (SBIR) funding and Small Business Technology Transfer (STTR) programs serve as financial catalysts for small businesses. These programs can be better utilized by minority innovators and entrepreneurs filling the capital gaps that exist for them today.

Through this sprint, teams have an opportunity to help unlock economic potential by better connecting PR-based minority researchers and entrepreneurs with one another, as well as federal funding sources for commercialization. Our economy is stronger when everyone participates, through more businesses, more jobs, greater competitiveness and innovation, and stronger communities. If our nation closed the opportunity gap between minority and non-minority businesses, we would add an estimated [2.5 million businesses, 20 million jobs, and \\$6 trillion in gross revenue](#).

**TARGET END USERS** – The primary target end users are Puerto Rican innovators and entrepreneurs, eventually expanding to innovators and entrepreneurs in communities throughout the U.S. and U.S. territories.

#### RELATED DATA SETS

- ↳ Award Data | SBIR.gov & Awards API | SBIR.gov & grants.gov
- ↳ Open Topics | SBIR.gov (Solicitations) & Solicitations API | SBIR.gov
- ↳ Portfolio | SBIR.gov (Company Data) & Firm API | SBIR.gov
- ↳ Find Local Assistance | SBIR.gov & Local Assistance API | SBIR.gov

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