




TUTORIAL 31

Developing a Phase I Commercialization Plan

In this tutorial we will discuss the Phase I Commercialization Plan that all applicants must prepare and submit with their application package. The Commercialization Plan is a required document – so keep in mind that without it, your proposal will not be reviewed. The Plan should be no more than four pages in length and is submitted as a separate PDF.

Before you start to prepare this document, review the [sample Phase I Commercialization Plan](#) that the Department of Energy has on its website. Most applicants will be surprised that the first statement that must be included in the Commercialization Plan indicates the projected cumulative sales revenue and

licensing revenue that the company will achieve during the first 10 years of commercialization. The reason that DOE requires this statement is to encourage applicants to think forward – beyond R&D to the actual commercialization of this technology. Only if successful technology makes it to the marketplace, will this innovation be beneficial to the economy. This statement is followed by four separate sections: **(1) The Market Opportunity; (2) the Company/Team; (3) Intellectual Property and (4) Revenue Forecast.** Given that this document is limited to four pages, there is not a lot that you can say in each section. However, this document should be carefully crafted.



Immediately under the Project title, add this statement and substitute your company name and revenue amounts
“ABC LLC estimates sales revenues of \$_ and licensing revenues of \$_ during the first 10 years of commercialization.”

MARKET OPPORTUNITY

In order to prepare the Market Opportunity section, you must have good information that provides insight into your addressable market. To leverage your time, it is suggested that you ask a service provider if they can develop a market research report for you. To initiate this request, you will need to clearly articulate your value proposition and identify the market you plan to serve. Be aware that most service providers will need a few

Seek the assistance of a service provider to provide market research support about six weeks before the DOE Phase I SBIR/STTR Application Package is due.

weeks to gather relevant information – so contact them approximately six weeks before your proposal submission date. Your task will then be to extract information from the report and develop a tight, brief section that identifies the

customers for your technology, indicates the size and nature of the market opportunity and discusses the competitors. In this section DOE would also like to see some evidence that you have interacted with potential customers. Such interaction will help validate the need, provide information on potential customer buying behavior, and surface other information that is needed to generate a first cut at your sales projections. This type of information should be gathered by you and again will take several weeks to collect.

COMPANY AND TEAM

The next section is about the Company and Team. Here, your objective is to highlight the experience and competence that your company brings to bear. Reviewers are asked to pay considerable attention to the skills of the team – not only the technical skills which are highlighted in the biographical sketches, but also the company's experience with commercialization or your plan to add others to the team who will focus on business development. Here, an introduction to your

business model is important – as this enables reviewers to assess your strengths relative to that model.

INTELLECTUAL PROPERTY

Section 3 deals with intellectual property. There are multiple methods to protect intellectual property which vary depending upon whether your product is hardware or software. These methods include copyright, tradesecrets, patents and trademarks. In this section of the plan, it is common to mention if you have conducted a patent search, your conclusions based on that and your future plans for protection of the intellectual property.

REVENUE FORECAST

The final section of the Phase I Commercialization Plan is the Revenue Forecast. This is actually the same statement that you had at the outset. Here's the exact quote – where you will substitute your company name and provide the dollar amounts. **“ABC LLC estimates sales revenue of \$__ and licensing revenues of \$__ during the first 10 years of commercialization.”** Although DOE does not ask you to include a pro forma, the assumption is that you have developed a basis for your revenue projections. If your business model does not include licensing, it is fine to say that the anticipated licensing revenue is \$0.

In closing, you are encouraged to put serious effort into learning how to generate plausible financials. It is beneficial to seek the advice of a service provider to help with this, as it is outside the experience and comfort zone of most entrepreneurs. As with the other sections of the Commercialization Plan, don't leave this to the last minute, but start working on this section a few weeks before your Phase I Application package is due.

A list of service providers by state can be found on the landing page of [SBIR.gov](https://www.sbir.gov). Look for the map of local assistance in the middle of the page.