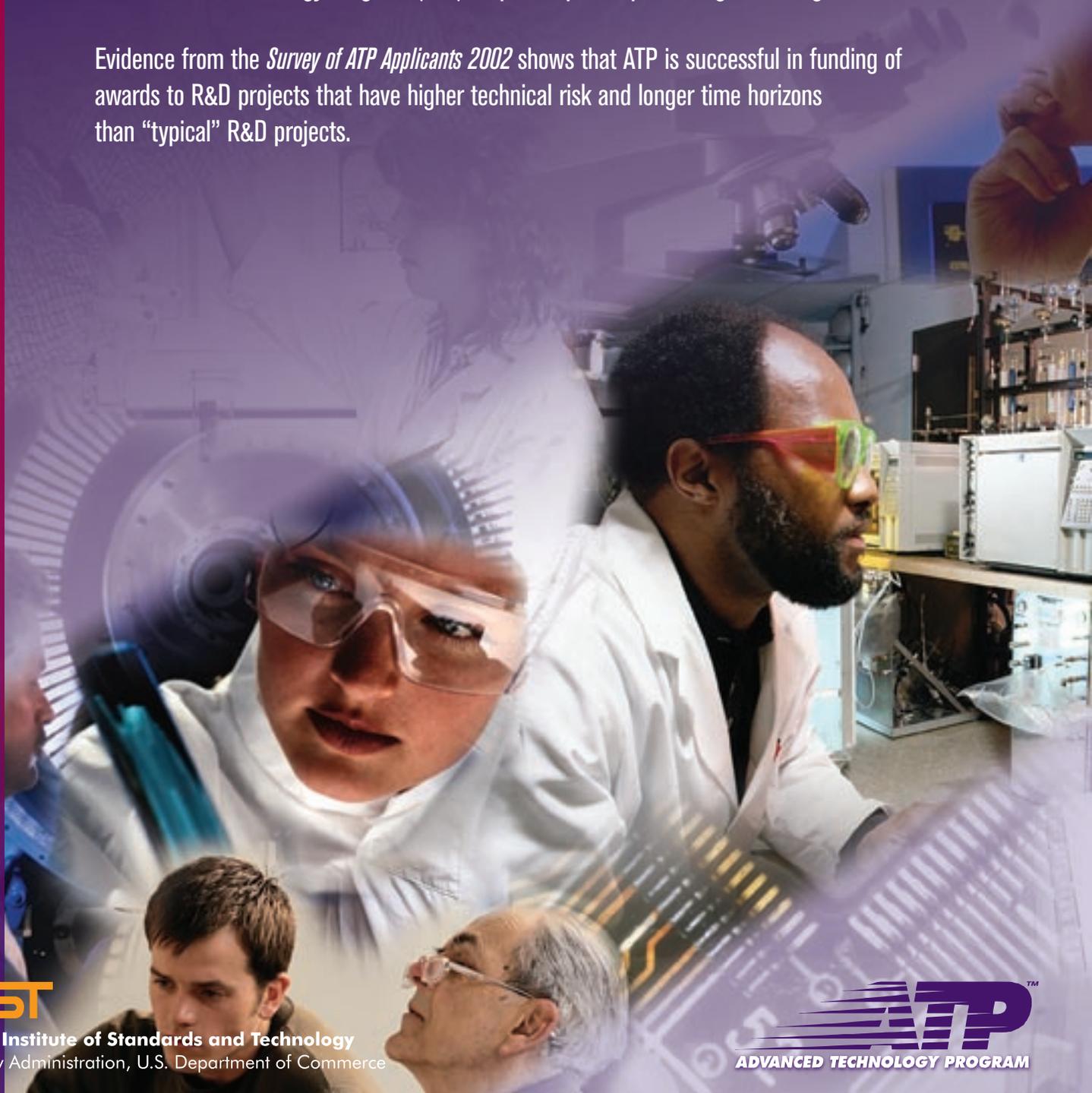


ATP Funds High-Risk and Long-Term R&D Projects

Innovative early-stage research and development (R&D) usually carries high technical risk, with a long time horizon to potential commercial benefit. Companies often cannot fund early-stage R&D on their own or through traditional sources of external funding. Through its cost-shared funding, the Advanced Technology Program (ATP) helps companies pursue high-risk long-term R&D.

Evidence from the *Survey of ATP Applicants 2002* shows that ATP is successful in funding of awards to R&D projects that have higher technical risk and longer time horizons than “typical” R&D projects.



ATP Funds High-Risk and Long-Term R&D Projects

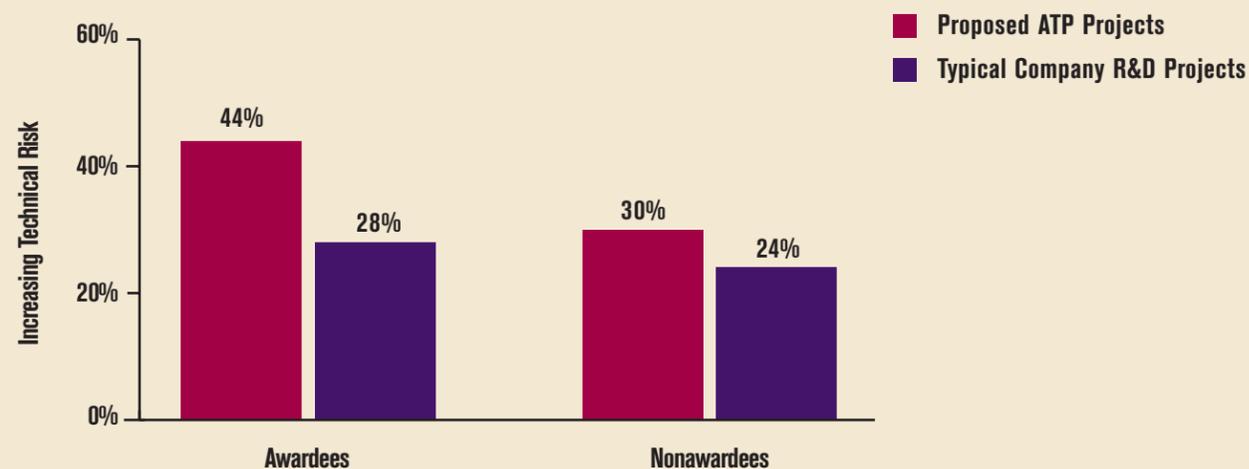
A measure of technical risk is the probability that a project will not fully achieve its technical goals. Respondents were asked to estimate this probability, both for their proposed ATP project and a “typical” R&D project in their company.

ATP-awarded projects have greater technical risk than nonawarded projects or “typical” R&D projects

- Among ATP Awardees, the average estimate for the probability of *not* fully achieving technical goals is 44%. Among Nonawardees, the average estimated probability is only 30%. (See Figure 1.)
- ATP Awardees report a greater contrast between their proposed and typical R&D projects, compared to Nonawardees.
- These findings are virtually identical to the results from the year 2000 ATP applicants.

FIGURE 1.

Technical Risk – Proposed ATP Projects and Typical Company R&D Projects



Note: Technical risk is the probability, from 0 to 100%, that a project will not fully achieve technical goals. Data shown are mean levels of technical risk as estimated by survey respondents.

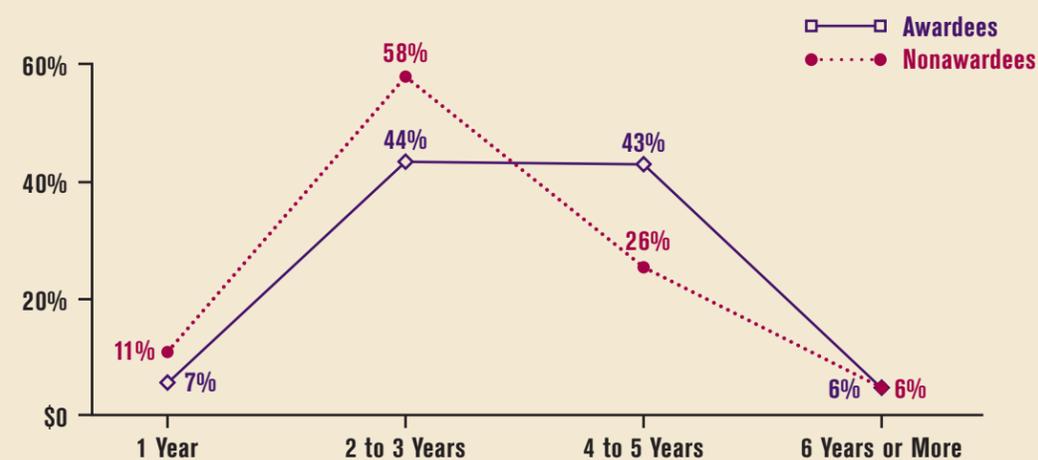
A measure of time horizon is the expected number of years from start of project to first impact on company revenues. Respondents were asked to estimate the time to first revenue impact, for both their proposed ATP project and a “typical” R&D project at their company.

ATP awarded projects have longer time horizons than nonawarded projects or “typical” R&D projects

- Comparing the distribution of time horizons for proposed ATP projects between Awardees and Nonawardees shows that Awardees expect a longer time to first revenue impact. (See Figure 2.) This was true for the year 2000 applicants as well.
- About half (49%) of ATP Awardees expect a revenue time horizon of 4 years or more on their proposed ATP project, as compared to one-third (32%) of Nonawardees.
- ATP Awardees and Nonawardees have similar time horizons for “typical” R&D projects at their companies. (See Figure 3.) This was also true for the year 2000 applicants.

FIGURE 2.

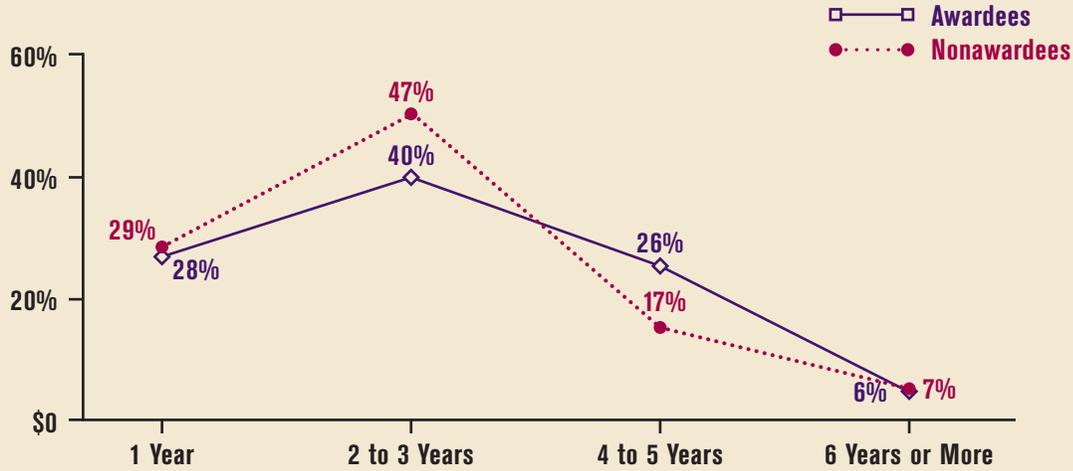
Time Horizon for Proposed ATP Project (Time to first revenue impact)



ATP Funds High-Risk and Long-Term R&D Projects

FIGURE 3.

Time Horizon for Typical R&D Project (Time to first revenue impact)



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Companies seeking to partner with the Advanced Technology Program (ATP) submit proposals to the ATP. Proposals must be for the development of innovative technologies that could not obtain private funding due to the high technical risk and that have the potential to produce widespread benefits to the economy and society. Proposals are evaluated for technical and economic merit in a rigorous competitive review process.