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.
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.

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.

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.
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