Advanced Technology Program Collaborations Extend Beyond R&D

“The strategic risks that companies face stem from uncertainty in their technological, market, and competitive environments...Alliances can help.”

Between 2005 and 2006, about half of all ATP companies participated in formal alliances or collaborations to develop technology funded by the Advanced Technology Program (ATP). Recent data indicate that ATP companies expect to continue to collaborate after ATP funding is finished. This fact sheet describes these expectations.

Collaborations Extend Beyond R&D
Organizations form alliances or collaborate to take advantage of complementary resources, to share information, and to take advantage of economies of scale. This is true for both R&D collaborations as well as commercial collaborations. The collaboration strategies employed by ATP firms during the commercial phase mirror these reasons. ATP survey data\(^2\) indicate that over nine-tenths of ATP firms plan to collaborate as one of their commercial strategies. More than 4 out of 5 have initiated commercial collaborations and over one-third have actual commitments. Companies plan to use these commercial collaborations to pursue product development, research, product testing, marketing and sales, manufacturing, and distribution (see Figure 1).

**Figure 1 – Commercial Collaborations**

![Commercial Collaborations Diagram](image)

**Source:** ATP BRS Data (2005-2006)

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\(^1\) Financial Times: Mastering Risk, pp6-7, May 9, 2000.

\(^2\) Based on Business Reporting System (BRS) survey data from 226 organizations in 172 ATP projects active between 2004-2005.
Organizational Size

Alliances are important to small firms because they often provide them access to resources they do not have, such as research, manufacturing, or marketing. Alliances also provide a small firm to a willing buyer who has the ability to fund additional product development, or has access to the needed distribution channels a small company often lacks. Commercial alliances are equally important for large firms because they allow them to manage business risk directly. By forming an alliance, a large firm can help shape the agenda of a start-up firm which may eventually be a supplier of a key component necessary to bring the ATP-funded technology to market.

When it comes to planning commercial collaborations, companies of all sizes plan to use research collaborations in similar proportions (more than 60% of the time). Where start-up and small companies differ from their large counterparts is in their planned use of marketing/sales and distribution collaborations. Start-up and small companies are about twice as likely to plan to collaborate in their marketing and sales activities as large companies, and three times as likely to collaborate in their distribution activities as large companies (see Figure 2).

Figure 2 – Commercial Collaborations: Planned (by Company Size)

Source: ATP BRS Data (2005-2006)

Start-up and small companies are about twice as likely to have initiated collaborations in marketing and sales activities as large companies, and more than six times as likely to have initiated collaborations in their distribution activities as large companies (see Figure 3).
Technology Area
Commercial collaborations vary by technology area. Firms pursuing chemistry and materials projects are the most likely to plan commercial alliances in all areas except for distribution alliances (see Figure 4). Similar relationships hold for commercial collaborations initiated (not shown).

Source: ATP BRS Data (2005-2006)
Figure 4: Commercial Collaborations: Planned (by Technology Area)

Source: ATP BRS Data (2005-2006)
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