A Virginia SBIR Success Story

CIT CENTER FOR INNOVATIVE TECHNOLOGY

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Colvin Run

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About Colvin Rund and early SBIR Experiences: Colvin Run Networks is an applied data science company. We enable mission-critical capabilities using the best available commercial and open-source tools for complex data-driven activities including cloud analytics, machine learning, and blockchain-based applications. We've received six Phase I's and are currently three for three on Phase II awards. We've received SBIR's from Department of Microelectronics Activity at DOD, Navy/NAVAIR, and USAF/AFWERX/NSIN. This non-dilutive SBIR funding is critical to Colvin Run's early stage development. We are currently leveraging the "angel" (Phase 1) and "seed" (Phase 2) funding to build our team, crystallize our solutions portfolio, and build go-to-market strategies with our partners.

The early days of Colvin Run Networks: Colvin Run Networks started in 2016. It's important to align yourself with the right co-founders – our team complements each other very well. SBIR was not our first funding. Before we won SBIR's, we secured a small contract with a non-profit in Virginia to study and understand blockchain for their organization. We then secured a few more small contracts. That's when we then found CIT's SBIR support program for Virginia based companies. We attended several SBIR training courses hosted by CIT and then applied for and received a Micro Grant from CIT's SBIR Support Program. That small grant providing some funding to engage with SBIR consulting firm BBC ETC. They helped us to apply for and win our first SBIR with the Defense Microelectronics Activity.

Early SBIR success?: After that first SBIR win, we did not receive the next 6 we applied for! We realized we had to learn more about being a better company, and learned about the Virginia SBDC led ICAP program (Innovation Commercialization Assistance Program). ICAP really helped us with a customer discovery process and other valuable tools! We realized there are nuances between a startup, a venture, a business and a company. I did not really know all the aspects of running a small startup – it's so very different than working at larger companies.

Get to know your customers: It's useful to be a part of the community you are trying to sell to. The business is a byproduct of what you are trying to achieve. We made it a point to get involved in the groups that helped us better understand our customers. We are members of both AFCEA and NDIA, and have worked to get involved in deeper levels – we've been invited to speak at events, help run committees that align with block chain, and make it a point to speak with people in our industry. In the early few years of the company, I attended 40-50 conferences, and my co-founded did the same. We knew we had to build strategic relationships to be successful.

Have an SBIR strategy: One SBIR does not start a business! What makes you unique is the collection of your SBIRs and how you take that funding forward. Our strategy is to turn the SBIR's from projects

into ventures, then into a business, then finally to a company. Trying to implement what we learned in the ICAP program. The best time to get an SBIR is not when you need it, but when it helps you accelerate -- treat the SBIR like VC funding to accomplish the goals you had anyway. Our goal is to not need the SBIR program in the future.

The SBIR process can be slow: In 2018 we won our first SBIR, started the project in the Spring 2019, and we did some commercial work. Phase II started in May of 2020. It took two years to get to the first phase II. That was slower than we thought it would take. We are still early in the SBIR process, focusing on deliverables and pleasing the customer. We try to over promise as well as over deliver -- we always try to build a prototype in Phase I. There is no substitute for good work.

Our goal in phase I was to get to phase II. Now we have phase II's, so we are focusing on Phase III. We are building infrastructure and tools to be successful, and we are working with a third party business development team to help with phase III's.

I've met fellow entrepreneurs that have applied for many SBIRs and not won any. Some people may not win any SBIR's. It's not for everyone. But we've learn to not be discouraged! We lost 15-20 SBIR's, but we have won enough to give us direction and momentum (thanks to CIT's nudge!). Remember, your company won't really start until 3 years or so after you win your SBIR's.

Tips for success: Process = Profits. Set up a weekly cadence for to-do's with your teams for each stage – proposal development, project delivery, and product deployment / commercialization (which should feed back into proposal development).

Don't worry about profit at the beginning, worry about execution and value, but keep a small cushion. We started out with Google Docs and spreadsheets, but realized we needed ability to grow quickly. We invested in a CRM system, Microsoft Office 365 Professional, and are using a payroll service. I feel this has made a huge difference as I've seen other startups flounder with GovCon if they rely on too much manual / spreadsheet processes.

We also try to offer the benefits as a larger firm -- we now have an insurance plan and a 401K plan so we can attract talent in the future. We outsourced as much as possible – legal, book keeping, and we still do some things with Quick Books. We are going through a DCAA audit willingly so we can get that out of the way early, learn and move forward.

Starting a business is hard! I sold my car and nice watch to start the company! If I were to do it again, I'd find more of a way to move out of a larger company more slowly, look for opportunities, and not quit my day job too soon. Maybe try to go part time if they allow. Since we've won just six of the more than 20 SBIR submissions we've made, I don't feel that successful, but I know we have done better than most. Identify the value proposition up front and set high goals for yourself. I'm pleased with where we are right now though, and SBIR has been an important part of getting us to where we are.