Sam Tetlow

Narrator: You're listening to *BioTalk* with Rich Bendis, the only podcast focused on the BioHealth Capital Region. Each episode, we'll talk to leaders in the industry to break down the biggest topics happening today in BioHealth.

Rich Bendis: Hi, this is Rich Bendis, I'm your host for *BioTalk*. And we have a very timely guest today because a lot of things changing in 2025 for entrepreneurs, scientists, researchers. Everybody's [0:00:29] for dollars and looking for money these days, and we have someone that has some answers for them, not everyone, but have helped lots of people over the last decade. And it's Sam Tetlow, who's the Founder and CEO of Grant Engine. And you can tell by the name, which Sam's going to describe to us, Grant Engine does focus a little bit on helping people get money through grants. So, Sam, welcome to *BioTalk*.

Sam Tetlow: Thank you, Rich. It is great to see you, reconnect with you. An honor to have been invited, and thanks for the invitation.

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Rich Bendis: Well, thank you. We hope that you feel it's as good after we've done it and you get a lot of people calling you about how they can utilize your services. So, let's get right into it. Before we get into explaining Grant Engine, let's introduce Sam Tetlow to the listeners, basically how you evolved to where you are today and what stimulated you to get into this business.

Sam Tetlow: Yeah, yeah, for sure. So, I have been in the life sciences really since 2001. Prior to that, I worked at General Electric as a sales leader and on their corporate audit staff. And I realized when I was in college that I really wanted to do biotech, the life sciences. I really was clear at that point that the 21st century was around biotechnology, just biology, rather than physics for that 20th century. And of course, I figured that out too late in undergrad and wanted to get a bit of an education.

0:02:03 So, worked at General Electric for about seven years and then started a consultancy right before business school, cofounded a consultancy in 1999 and then went to graduate school at UNC Chapel Hill in 2001. And right when I started that work, I also started as an intern at a venture capital firm that needed someone to focus on life sciences. And I did not know a lot about life sciences at all, but I really had a passion for it, I wanted to do venture, and I wanted to do life sciences. And the combination of going to school full-time and an MBA while being an active investor in the space was just a great combination of learning the ins and outs of the industry and the field of early-stage company creation. So, I did that for seven years, had a good run, really enjoyed it, and in 2007, realized that I really loved being inside companies as an operator.

0:03:04 And venture is a weird job in that it's the only job I've ever had where you become the CEO of a company, and some people would perceive that as a demotion, but I loved it. And I was happy being inside a company as an operator. And I'd had a good run. I was on the board that took a company public. 10 years after–I stayed on as a board member after I left the firm–we took that company out of UAB Birmingham and watched it, grew it for 10 years, and eventually went public in 2011. But I left primarily venture in 2007 and became CEO of a company, grew that, ended up selling it, and since 2007, have done seven companies as either CEO or lead director. And in one of those companies, we were literally having the annual shareholder meeting around the Thanksgiving dinner table, and it was pretty clear that we needed grant funding.

0:04:00 And I did what any reasonable person would do, is, I hired a firm to help me do that. And we spent a fair amount of money, took a lot of time, did not have a lot of success, and I did most of the work. And so, I'd had enough of that fun, so I fired that firm, hired another firm, and had basically the same experience again. And I said, after that, "Enough of this brain damage, we're just going to do it ourselves," and so wrote the first few myself, had some success, hired a couple of grant writers, and really formed, even today, what's the backbone of Grant Engine's process. And in two years, we had just over $13 million in funding for one company where I was CEO, another company where I was chairman of the board, and it was a good run. And as I was getting that money, some friends and colleagues just started asking me for help. And I helped a friend and then a colleague out, and it worked for both of them. And then, a group of people took me out to breakfast, and they're like, "Sam, you need to start a company doing this.

0:05:04 Like, there's a need in the marketplace, you're good at getting the money, but you also know what to do with it after you get it to help hit equity inflection points." And I thought about that for a long while. Fundamentally, I'm in the life sciences to save lives, like, to have an impact on the human race and to extend the length of a quality life. And I'm a runner, and I was on this long run. I'm on, like, mile 14 of this run. I'm thinking about this idea of Grant Engine. And I may have been a little lightheaded, but I said to myself, "There's a need there, and it would have an impact on fundamentally something that is meaningful to me." And so, I said, "Let's test this to see if it could work." So, the next week, I put together a pitch and pitched the idea of Grant Engine to eight people that didn't know me, I didn't know them. And of those eight, two people wanted to invest in the business, three people called me back and wanted to be clients, and three people never returned my call or email. [Laugh]

0:06:03 And so, that was better than a stick in the eye, and we got started. I used my own money to start the firm, and we really grew out of organic word of mouth and just doing things in a highly differentiated way that I would want to employ and would pay for myself. And it's been great. The team is really the heart and soul of what makes Grant Engine what it is, and I am and will forever be eternally grateful for the quality of the people we have and as we continue to level up. It really hits the mark for us when I hear from clients, like, "You're the only firm we would want to work with." We don't want to just be the best, we want to be the only. And so, that's really what we really try and integrate. And we're not done in that mission, but that's our goal is to really help our clients get money and help build a great product and a great company.

Rich Bendis: Well, you have an interesting story, like most entrepreneurs who follow a market need.

0:07:00 And you had a need with companies you were involved with directly and weren't able to find the appropriate service to address that need. And I guess this is your eighth company since you had seven prior. So, you're in your eighth company right now trying to serve a whole bunch of people and really improve the quality of health for people around the United States, around the world. So, congratulations to you, Sam. And what year did you found Grant Engine, by the way?

Sam Tetlow: It was a rolling start, but we're calling it officially in 2015. So, we're going to celebrate our 10th year–

Rich Bendis: 10th anniversary.

Sam Tetlow: –this year. Yeah, exactly. So, we were operating in 2015, and we really started any real external marketing and real activity in 2017, really ironed out the kinks in those first two years. But we're in our 10th year this year.

Rich Bendis: Great. Well, let's talk a little bit more about some of the nuts and bolts of Grant Engine. And that's really, talk about your mission, I think you've talked about your passion and why you're doing this a little bit. What are the types of clients that you're actually serving today?

0:08:06 And really, this whole non-dilutive funding phenomenon is something a lot of people don't understand. But this seems to be the world that you're doing well in, so talk a little bit about the basic elements of Grant Engine.

Sam Tetlow: Yeah, yeah, for sure. So, we're really here to help build a great product, to help build a great company, right, for our clients. And that's really what charges me up, that's what's interesting. And I'll just say that the relationship, and the partnership, and the benefit that we have with you, Rich, and your team and BioHealth Innovation broadly, I think is a really special one for us because we do a lot of work pre-award to get the award, right, that gets the client the grant or the contract, to start the actual R&D. And we do have an accounting division that supports over 125 clients, but we don't do a lot of post-award actual tangible R&D, reimbursement, regulatory, fundraising.

0:09:08 And we certainly help clients, our key clients, with fundraising by getting them investor lists from PitchBook, that's part of the capability set we've got. But by having a partnership with you and your team, with your broad and deep EIRs, for us, it's really beneficial because it's driving greater impact once you have the funding to have better product in market, right? And that's where product really has an impact on the patient standard of care and improving outcomes in a differentiated way. So, we don't really do that tangible work post-award, but we really value the relationship because that's a lot of what you and BHI does, so I just wanted to put that out there, that there's a good symbiosis of working together in that way.

Rich Bendis: Now, you're going to tell the listeners what you actually do do, though.

Sam Tetlow: Yeah, that's right. Yeah.

Rich Bendis: [Laugh]

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Sam Tetlow: So, we have a general spectrum of support that we call find, win, manage. And the find is to identify and validate a solicitation or a set of solicitations that you really go after that align with your product road map, which is really, in my view, necessary for getting that funding. You don't really want to chase, let's say, what the NIH is funding this year if it's not on your product road map, for lots of reasons. But we help understand your product road map and find solicitations that map to that. We have a solicitation search offering. We also have a really evolved solicitation evaluator that's an AI tool that if you put a solicitation in, a hyperlink, or a PDF, or a Word doc, or a PowerPoint, it will parse it, summarize it, provide an eligibility quiz for you to confirm, give you the summary of cost-share due dates, key elements of value, and then do a competitor scouting of who else might be going after it.

0:11:10 So, that's a free tool that we have. But just finding the right solicitation is a difficult thing for many companies if you're not familiar with the byzantine government opportunity, the nonprofit sector state funding, organizations outside the United States. There's a lot of money out there. There's billions of dollars in money out there. And so, we help companies find it. And then, we help companies win that money. We always have, as a key part of our process, a complimentary or a free process we call a subject matter expert review where we receive materials from our client about their project and company under an NDA to keep it safe, keep that information safe, and then we vet the solicitation they want to go after against that product to really make sure that it's going to be a competitive pursuit, and that's useful because it's validating that it's worth your money and time to go after.

0:12:08 That's all free. Once we all feel like it's a good idea to go down that road, then we've got a number of things that make our win process really effective. So, our win rate traditionally is 2x to 4x higher than the national average. So, we've got an 80% win rate on SBIR contracts, we've got an over 50% win rate on phase-2 renewals and fast tracks. I say traditionally, it's 2x to 4x higher, and that's been true. The 2024 approval rates are down considerably. Like, our phase-1 win rates were, like, 10%. So, we're not going to change our moniker of 2x to 4x, but now, it's like 3x to 5x better. The world got way worse. And our win rate actually went up in 2024.

0:13:00 So, we've got a few things that make our win rate our win rate, and the biggest one is the team. Like, it takes a year to become a full-time lead writer at Grant Engine. We do that SME review. We also include an external review that vets the client project after we've written it with people that sit on [0:13:18] cleared with NIH conflicts check. And that free reviewers for every grant we do, and that really pressure tests the grant. You get essentially a submission without having to burn three to six months. And then, we do a full rewrite after that external review. So, those are the key elements of how we participate. There's one other last one if we have time I can touch on. But the SME review, the quality of the team, and then the external review are all three out of our big four elements of differentiated, unique value add to drive our win rate. And then, after we submit, we're there with the client, chasing, supporting just in time. That's gotten tougher more recently. And then, we do accounting and compliance post-award if the clients want that as well.

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Rich Bendis: That was a big mouthful of all of the stuff you can do, Sam. So, let me just ask a few basic questions on this. Let's say I'm a naive small business that's eligible for an NIH SBIR grant. I've never had any experience whatsoever in writing grants to the NIH. And I have a good scientific team internally in my company. But we're pre-clinical, we don't have a real good commercialization strategy, don't know how to put go-to-market strategies together and everything. What role does Grant Engine play with a novice life science company that would like to apply, never haven written a grant before? Can you do it soup-to-nuts, write the whole grant for them? Or basically, are you going to have them do the scientific part, you do the business part? Tell us a little bit about what services you actually provide to these entrepreneurs.

Sam Tetlow: Yeah, for sure. That's a good question.

0:15:00 And our clients range in level of need, right? So, for those clients that have depth and expertise in their domain area of the science and the product, but maybe are new to the grant world, maybe they've been in academia, have had success in research grants in an academic setting, but the company grants, that's a different animal, and they want some help on going after the phase-2 or just doing an SBIR/STTR grant, we have a range of offerings within the how to win grant and contract funding for clients. We've got a range of offerings. And most of our clients engage us to do what we call flagship, which is, we are writing the grant, and we go through a period of–it starts at the subject matter expert review, which, again, is complimentary. And it allows us to understand the product, its value proposition.

0:16:00 And so, we can absolutely take a client that is new, that is a novice, to the grant world in the company environment for, let's say, SBIR, or a novice at all in grant funding, and articulate a clear and straightforward path, a process that they will go through that we will lead them through to identify the right solicitation, identify the right agency, identify the right individual study section you'll go after, and facilitate an understanding and just ease of going through what can be a pretty complicated process, end of day. If you're in it, it doesn't feel as complicated, although it's always hard. But if you're not familiar with it, it can absolutely feel like a brick wall and quicksand. Government programs have those features. [Laugh] And we're here to help make that just an easier process, and we've actually analyzed this and quantified the incremental benefit.

0:17:02 When clients really work with us in a synergistic way, where we're working truly as collaborators and partners, it's just better for the client, it's easier for the client, and it's more effective in its win rate at the end of the day. And our team has more fun, they enjoy it, we're really working as partners. And we will do the lift. I think what we need from clients is a clear understanding of that product, its product profile, why and how it's differentiated in the marketplace against the current and future state of the art or standard of care. Like, just, "Why do you have a product, and why is it better?" Right? And if you can articulate that to us and have preliminary data to back it up or will have preliminary data soon, we can put together a competitive proposal for you.

Rich Bendis: Yeah, I think one of the most important things you said there is really having a team environment because if you have a client, they expect you to do 100% of the work, and they delegated it all to you versus them being a part of the team, you're not going to have as good a result as if you had that team environment that you just mentioned.

0:18:09 And I think that's probably one of the challenges up front is, how do you identify those companies, small businesses that are going to engage in that team environment versus those who basically want you to do everything?

Sam Tetlow: Yeah, that's another good question. I can tell you for sure that when clients engage and are treating us as if they're an extension of their team, and we're working in conjunction, we will do the lift of the writing, but we need input from the team. The likelihood of a win goes up, the likelihood of having a good experience goes way up, and life is too short to not do that. So, we know if you're filling out this product development funding survey, which is the pre-content before we do a subject matter expert call, and you see those lucky 13 number of questions, and you're diligent and take the time to fill it out, and you're adding data, you're referencing the literature, you're also sending in your investor deck, a technical brief, that is the first clear sign of you're taking the process seriously, and you've thought about your product and its differentiation.

0:19:20 And that's the first clear sign of how things go. And sometimes that's known, sometimes that needs to be built in its differentiation, so we can help build that and do that. I think we're very clear about we want to build a great product, so if it's not very clear or that competitive benchmarking hasn't happened, that's part of our process. It's harder if it's not done, but we absolutely can do that. And then, we really have a very effective point in the relationship, which is, after we've done the SME call, we've shared our knowledge and perspective about what makes it work, we profile, "Here's our process of how we're going to work together on the project," once we have a kickoff call and what happens after that.

0:20:04 And we call this–it's a one page in PowerPoint. We call it a social contract where we talk about, "Here's what you have to do as a client, and here's what we have to do as your partner at Grant Engine." And we're really clear about that this is not a phone-it-in from the client or just do it, to your point. It's a great point, Rich. And we're clear about, "Here's what you need to do," and we're clear about, "Here our deliverables are." And those are not provocative, and they're not earth-shattering. "Give us your product, its differentiation and preliminary data, articulate who's on your team, internal and third parties, and provide comprehensive written feedback at the aims page, draft one, draft two, have a huddle up, that external review, and final draft. That's what we need from you." So, we write that down, and we're engaging in that clarity of, that makes a good relationship, as we go. And I think the clients that hear that in the spirit and the letter, it's just more fun and better outcome, right?

0:21:04 They have a better chance of getting a win. We work with clients that are very early-stage, and they've got a great product, but it's still pretty raw as a company to one of our companies that's been longstanding with us went public as they were a client, and we've got a number of companies that are public company entities. So, having some funding from an angel investor, friends and family-run, is usually, we say, a pretty important line of demarcation as well, having some funding involved. But we see a lot of venture-backed firms that we have partnerships with that want their portfolio to really engage with us. So, it really runs the gamut. I think having some funding, going in the six figures minimum, is usually a line of demarcation. But if they don't have that, it's still early, we still want to meet with you and discuss opportunities. And we'll lay out, "We think there's something really here, but you need to pick one or two of these three things that will make you competitive.

0:22:05 It's too early to go now. Don't waste your time and money now. But here's where you would want to be to go do that." And we want to be a good partner for them, and we usually have more demand than capacity, so we have to help choose our clients wisely as well. We don't want to go down a road if it's not a good use of their time.

Rich Bendis: Got it. I think that adds some good color to this, Sam. And we're talking to Sam Tetlow, who's the Founder and CEO of Grant Engine. Before we go into some of the tips about winning a little later, why don't we talk a little bit about the current state of federal funding right now in 2025, and non-dilutive opportunities that are available, and really, what's changed, if anything, from 2024 to 2025? And we know there have been a few changes.

Sam Tetlow: Yeah, for sure. So, it's turbulent. The current administration sees that as a feature, not a bug, about chaos, and some would say fear. And there's a clear impact on funding for medical research in the United States from federal sources.

0:23:07 It is down year-to-date about 40%, and that is in the context of a federal budget that was approved on March 14 for the rest of this fiscal year that is by and large equal to 2024. So, there's this interesting dynamic, and when you unpack the budget amounts for the big federal human health sources, NIH, NSF, ARPA-H, the human elements of the DOD, are essentially the same as 2024. The big exception is the CDMRP program, Congressionally Directed Medical Research. That got cut 57%, so that's down quite a bit. But that's the one. All are down in spend, but the CDMRP is the only program that has an authorized budget that is down.

0:24:02 And so, there's this interesting phenomena that when you actually unpack what's going to happen for the rest of the fiscal year until September 30, it actually is law that those agencies have to spend that money. And there is this phenomenon called impoundment, which is if an agency doesn't spend an approved budget, what happens? And you're in this place, legal term is impoundment. And it turns out, it has been ruled by the judicial branch of this country that impoundment is illegal. So, if you don't spend that money, that's breaking the law, as it goes. Now, say what you want about the administration today, sometimes that doesn't matter.

Rich Bendis: Yeah, I was going to say, breaking the law isn't a big deal right now.

Sam Tetlow: Yeah, doesn't sound like it. None of us have a perfect outlook of what's actually going to happen. But I think it is difficult for agency heads to stick their neck out.

0:25:02 And I don't know if they get a pardon or what, but it's a lot easier to spend that money than to enter that risk yourself. So, I have an outlook that this year, there's going to be some catchup expected between here and September 30. And it is perhaps the greatest irony that there is the full budget approved, and yet, we're definitely hearing from NIH sources that application submission is down considerably. So, the NCI has said that–and I was talking to a reporter last week, this is not something that they have said publicly, but we've got it from multiple sources that the

NCI received one-third the number of submissions in April for the SBIR program that they normally do. And we heard as well that January was also light. And the irony, of course, is that the companies that stay with it have less competition. [Laugh]

0:26:00 And so, many people are rightfully worried and scared that there may not be an NIH, there may not be an SBIR program. So, the companies that have stayed with it are enjoying a better supply-and-demand equation than has ever happened. So, that's a vote to stay with it. The budget that's being proposed by the White House through OMB for 2026 is, part of the Big Beautiful Bill, a considerable reduction. The NIH has a 30 to 40% depending on…

Rich Bendis: Yeah, about 40%, right.

Sam Tetlow: Yeah, about 40% drop from proposed fiscal '26 compared to the current year we're in. And that would be a big reduction, obviously. I think what's also interesting is that there is a bill that's put together by the House representatives of the Small Business Committee that calls for an increase in the SBIR/STTR program from its current 3.65% to 8%.

Rich Bendis: That's probably a dream world, isn't that, Sam?

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Sam Tetlow: I don't know. It's interesting, I'm not afraid to dream, so we should all dream and talk to Congress. So, one, I think there's a big set of evidence around the economic impact of the SBIR/STTR program. Like, from farm subsidies to food stamps, the SBIR program is among the best return any government program that exists, in this country and in the world. So, it works to drive leading innovation, economic advantage for job creation, company advantage, company advantage, right? It's very effective at all of those economic growths and ensuring innovation leadership from the United States. It is also a matter as it relates to national security because biotechnology is absolutely a national security interest matter. So, there's a reason for that. The other last interesting I find somewhat interesting in that the current administration has followed by and large the playbook that we read in Project 2025 that the Heritage Foundation put together before the election.

0:28:06 On page 755 of Project 2025, there is a call for an increase in the SBIR allocation. So, is it likely? Is it not? There's very good reasons why the SBIR program should be increased, and the authors of Project 2025 think so, so we'll see what shakes out.

Rich Bendis: I think the bottom line, though, Sam, if you look at it, if you have a 40% reduction in the NIH budget, which goes from $47 to $27 billion, and you're at 3.65% of the $47 billion, and you might go to 8% or something higher than 3.65, the question is, what is the gross amount of increase in the SBIR program if that did materialize? It would be incrementally higher, but you're working from a much smaller base on that percentage that would be allocated to STTR and SBIR then when you're almost up at $50 billion.

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Sam Tetlow: Absolutely. It definitely is an increase. If it all shook out like that, where it's now 27 in NIH and it's 8%, it would be a net increase on SBIR/STTR dollars that would more than offset the extramural budget, which is what the SBIR program's based on. So, yeah, is it possible? It's absolutely possible. And that's what we are promoting, and we actually have a briefing document that quantifies the number of jobs you'd create, and it's not small. Per year, it's not a small increase of jobs and taxes that the government gets to clip.

Rich Bendis: No, it's been pretty significant. If you look at the major products and pharmaceutical drugs that started with the SBIR funding from NIH. And I don't know if that story's been told enough, but we could belabor what's going on with this administration, but more importantly, if I'm a small business out there or somebody that's thinking about non-dilutive funding, and I have no control over what this administration or the agencies are doing, you as a consultant to those companies, what are you telling them right now?

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Sam Tetlow: Yeah, good question. You have to be ready for a more competitive environment. That's the bottom line. The likelihood that it's going to be more competitive, as in there's going to be more people submitting, and there's going to be fewer dollars. If you're prepared for that outcome, then you're good no matter what happens. And so, how we're preparing at Grant Engine, we advise our clients, "Prepare for that situation." And how you prepare for that is, you get closer to those sources of funding. Embed yourself closer. Build those relationships with funding sources, with program officers. We've got a key advisor network that helps do that. We're happy to help broker those introductions. Get closer to those sources of funding. And do more. Submit more projects. Unpack your state sources. Go after non-US funding sources, go after nonprofits.

0:31:00 There's four big buckets you can go after, and do more effort in non-dilutive funding. And there's some economies of scale because you can get some leverage from previous grants you've written. And the most important part, though, is that the content has to be high-quality. In the more competitive environment, quality submissions matter more than quantity, so you want to do more, but you must do more higher-quality submissions. And we can help do that with our flagship, we can help do that with a lower-scope offering, meaning it costs less, where we add grantsmanship and just do external review, and you write the grant. We have great a AI writing tool that is, like, truly less than buying a cup of coffee at Starbucks every day for a month. It's, like, $200 a month, and we charge a nominal success fee for all the stuff we do. But it's really low-cost, and that AI writing tool is very effective.

0:32:03 So, whatever you want to go do, we've got a budget to support your scope. So, it's about more quality submissions.

Rich Bendis: Yeah, so the other question if I'm out there trying to evaluate whether to do this, but with the flavor du jour that changes with this administration daily, what do you do related to, like, vaccines or autism, which is now on an upswing, or vaccines, which is on a downswing? How do you prepare for this when you really don't know in this changing environment what the priority's going to be for this administration?

Sam Tetlow: Yeah. It is difficult is the bottom line. And there's opportunity, right? If you really look. And this is a great question that we get all the time. "I'm a vaccine company. What do I do?" It turns out that the USDA has turned on a $100-million vaccine program for combating avian bird flu. Avian bird flu translates in the bully pulpit to, "The price of eggs is ridiculously high," and that's a true story, and there's money getting put behind that problem.

0:33:09	And so, vaccines are getting not as much love from the new HHS secretary, outwardly spoken, by and large, but USDA just turned on a $100-million program, so there's opportunity there. I think there's going to be some convergence. Certainly, ARPA-H and BARDA are now under healthy futures, under HHS now, nested together. The NIH is potentially going to collapse some institutes into some consolidation, so we got a preview of that, that's in one of our webinars that we talked about. And we'll probably touch on that again when we do our webinar next Tuesday, June 10, that we have planned. So, there is opportunity. And there is funding from the United States government and from states in the United States that needs to be spent.
0:34:02	And there's usually an opportunity for those companies somewhere.
Rich Bendis:	So, it's not a time to be putting your head in the sand, really. Really a time to be a little more proactive.
Sam Tetlow:	That's right. And I think that's the most dangerous thing you can do because if you don't play, you're never going to win. And so, I think one of the things that's very true is that when you're involved in writing a grant, whether we're writing it or you're writing it, the act of writing down your product plan increases the specificity of what you're going to go do. Investors can tell the difference if you have a detailed plan. So, if you're raising equity, or you're trying to recruit a team to run that program, if you have written it down, you know that program in a much more intimate way that helps whatever you need to do, recruiting your team, raising money, in ways that you're not going to get it from not having that written down. These bigger grants, phase-2s and fast tracks, need a commercialization plan. Like, we're authoring a go-to-market strategy, IP, reimbursement, regulatory pathway, competitive analysis.
0:35:04	All that is deeply valuable for your fundraising, for charting your company. And then, when you get funding, we absolutely see there's a validation. Equity investors like it. You get money, but you also get a good-housekeeping seal of approval. You went through the most rigorous peer-review process and came out the other side successful. And that is a testament to the merit of your product in an objective way. No one can argue with that. The money's great, too, right? [Laugh] But that peer review is the gold standard of pressure testing your product and

company. And when you come out the other side successful, it is a momentum builder for your company.

Rich Bendis: Yeah. A lot of people get frustrated because they don't win the first time. So, we need to talk a little bit about what is the experience of working with your clients? How many actually succeed the first submission, but what is the success rate in the second or third submission that they might make?

0:36:02

Sam Tetlow: Yeah, this is important. So, there's an interesting phenomenon. Many of the company study sections are populated by academics. And they love to make you pay your dues. That's just how they grew up in their world. And so, they will sometimes love a product but make you come back again. "We like it, but here's some issues, and then you can get it on the re-sub." So, it's interesting, I think when we win a project in the sequence of the number of submissions, when we get a win, it happens most often on the first submission. And many times, you have to go after it again. And we've had amazing products that took a third and a fourth submission because it was just bad luck. And the program officer knew it, the company knew it, and it was pretty clear from the feedback, from the summary statements. And we stayed with it, we got that company money. And there's an element of randomness and just bad luck that can happen in peer review, that's just the nature of that beast.

0:37:04 And the best way to combat that phenomenon is to stay with it. So, we definitely see if you get a first submission, and you get a competitive score but not a fundable score, that's a great outcome because we'll get it on the re-sub. And that's a good sign. It's not as great as getting the money, which is our goal, but it's very common that we have to go and stay with it. And that persistence also shows the study section, it shows the program officer that you're serious. And once you get your first grant, you're really creating an opportunity to get multiple grants. And the companies that get one have, in our client environment, a consistent path to get multiple. It can be a dam that breaks.

Rich Bendis: We have some EIRs at the National Heart, Lung, and Blood Institute, and they basically have done some analysis and said that once the company won the first grant at NHLBI, over the course of their life, when they've been seeking non-dilutive funding, the average company's gotten about $10.5 million dollars in non-dilutive funding grants just from that one institute.

0:38:12 So, they develop confidence in you. Especially if you deliver all of the milestones that are in your proposal that you say you're going to do, and you actually achieve them, they get a little more confidence in you as an entrepreneur and company. And I think there's a parallel to that, Sam. Some people talk about SBIR mills, but there's also SBIR–it's basically quality research and getting closer to commercialization, which the NIH or some other federal agency's funding. So, everybody that's getting multiple grants isn't an SBIR mill in that terminology. Some of them are actually doing good work and being rewarded for the good work that they're doing.

Sam Tetlow: Absolutely. And that's the whole point of the program. And an institute, a program officer would rather back what they know is a winner.

0:39:04 And there has to be innovation there as well, right? It checks all of the required boxes on innovation and novelty of the product, but it's a team and an organization that has proven themselves. So, that's another giant benefit to staying with it. And we've had clients that, instead of raising, to your point, a $10- or $15-million series A, we've gotten that funding for them in the span of two to three years, which is what you'd spend that $10 or $15 million on anyway, and they skipped right to a series B. And they're on a very strong trajectory. So, yeah, 100% that stick-to-it-ness, you're not just getting that first grant, you're creating a set of relationships and a pathway for an unlock on $5, $10, $15 million. And we've had that same experience where clients have gotten $10 to $15 million. And in some ways, that sets them up for going after bigger funding later.

0:40:02

Rich Bendis: And a healthier cap table without having to give up a lot of equity in an early stage when you've been able to supplement that with non-dilutive funding.

Sam Tetlow: Yeah. Amen. It's called America's seed fund for a reason. [Laugh]

Rich Bendis: [Laugh] You're right. We could talk about so many different things on this forever, Sam, but as you mentioned, on June the 10th, there's going to be a webinar where Grant Engine and BioHealth Innovation are going to partner a little bit, and you're going to talk about, how do you get the money? And then, we're going to talk a little bit about, once you've got the money, how can we help you do something with that money? And there's going to be more information going out related to that webinar that the listeners will get in advance of it, so they'll know how to tune in to it. But I'd like to close with you on this portion of this *BioTalk* podcast by talking about, with the dynamics that's going on with the federal government, with the unpredictability that we're seeing, and you being in this business now for 10 years, what have you seen that you need to do to protect your position, your employees, and the future of Grant Engine going forward with some of this instability and unpredictability that we have?

0:41:14 And how you have to respond in the same way that a lot of the entrepreneurial companies are in looking at new pathways of revenue generation, new things that you can do with Grant Engine. So, what do you see over the next couple of years, or three and a half years, or how long it might be?

Sam Tetlow: Yeah, I appreciate the question. I think number one, we have to get–in an evolutionary sense, we want and we have been getting more fit in the sense of continuing to improve our win rate, improve the use of our tools that we deploy internally, whether that's getting higher fidelity on predicting winners and losers at that SME stage to incorporating AI in a judicious and helpful way.

0:42:04 I think AI is a great augmenter. So, incorporating AI is a path forward for us. And AI unfortunately does not know where the grant needs to be to be competitive yet. It doesn't know that. And so, you can't lean on the AI to tell you that because it doesn't really know, and so that's where expertise and capability come into play. But it is very good at generating first drafts. So, we have used it for that. There's two last things, I would say. We have five key strategic priorities at Grant Engine, and we've really refined these and honed these over the last year as we think about where we want to be in the future. And I think at the end of the day, until AI models really get there–and I don't know that they will ever really be able to–and in a fast-moving environment, this is saying a lot–replace a talented grant writer. I just don't think that's possible.

0:43:02 Reinvesting in the team and the quality of training, the quality of the team that we have, adding new team members, that's a big unlock for us, and so we've doubled down on that of just doing right by the people inside the organization. And when we do that well, they want to, they feel a need to take care of our clients. And so, really, our clients are the fuel for the engine, if you will, and we really find success when they take care of our time, they take care of our clients. So, our clients pay all of our bills, and we want everyone to have a great experience. So, really taking care of our team is a key thing. And one of the things we find is that if people love where they work, love what they do, they're going to really do right by our clients, and then the clients have satisfaction, and they win. So, that's one phenomenon. So, that, I think, is good for us, it's good for our clients, it's good for our team.

0:44:00 The other element that is important to consider is, we have a depth and focus on the life sciences, and that will always be the case. We are selectively looking at non-human health as an arena, especially in areas that matter, like defense tech and infrastructure. There are some areas that are relevant for saving lives in terms of climate change. I think infrastructure, defense tech is certainly important in that regard. So, that's an area that's important for us to look at. And we're doing that very carefully and really mindful that we need to build a whole other division and business to go do that well. But I think that's big. And then, continuing going after large funding. I think there's a big opportunity to go after strategic funding for our clients from ARPA-H that would be elsewhere to drive success.

Rich Bendis: Well, this has been very educational, Sam.

0:45:00 And we just touched the surface of all of the different things that you could be doing. And you talk about AI, and AI's never going to replace totally humans. And I'll put a little plug, in our 11th annual BioHealth Capital Region Forum, which will be in Rockville on September 23 through 25, is entitled, "Where Human and Artificial Intelligence Converge." And it's going to converge right in the BioHealth Capital Region, where we're located. And hopefully, you'll be a part of the conference that we have in September this year. But this has been a very good intro to the listeners

	to Grant Engine, and for those who are novices in the non-dilutive funding area, I think they picked up some very good information, some basic information about whether or not to explore it, and is the time right. And then, again, on June the 10th, there's going to be a webinar talking about this a little more in-depth, where your team will be able to answer questions live during the webinar, for those that have questions related to how to pursue non-dilutive funding.
0:46:04	So, I want to thank you for being on *BioTalk* today. This won't be the last time. And I look forward to actually next week's interaction with you on the webinar.
Sam Tetlow:	Yeah, we'll have some more fun. It's been an honor. Thank you so much, Rich. Pleasure.
Rich Bendis:	Thank you, Sam Tetlow, CEO and Founder of Grant Engine.
Narrator:	Thanks for listening to *BioTalk* with Rich Bendis.

End of recording