

Utah Technology Commercialization & Innovation Program (TCIP) Fiscal Year 2014, Round 1 Grant Solicitation

TERMS and CONDITIONS

FIRST APPLICATION SUBMISSION DEADLINE: 12:00 Noon – Monday, September 2, 2013

FINAL APPLICATION SUBMISSION DEADLINE: 12:00 Noon – Monday, September 9, 2013

IN-PERSON PRESENTATIONS: Friday, September 20, 2013. Please block 8:00 am to 3:00 pm. Specific times TBD.

TCIP PROGRAM BACKGROUND

The Technology Commercialization and Innovation Program (formerly “Centers of Excellence”) is a State-funded grant and mentoring program originally developed by the Utah Legislature in 1986 to help accelerate the process of taking cutting-edge technologies developed at Utah’s colleges and universities to market, to drive economic development and job creation for Utah.

Historically, the TCIP statute only permitted grants to universities, however, in 2007, the Legislature passed and the Governor signed into law, changes to the statute that now permit grants to companies (startup and existing) that license technology developed at a Utah college or university.

The TCI Program follows a “Smaller, Lighter, Faster” model patterned after the successful USTAR Technology Commercialization Grant program that has now ended. Our guiding principles include:

- Smaller funding amount to a larger number of projects and companies
- Lighter overhead
- Faster turnaround, with multiple grant solicitations each year

One of Governor Herbert’s four economic development objectives, is to “Increase Innovation, Entrepreneurship and Investment” and the TCI Program is helping to realize that goal.

It is important to note, that under the current TCI Program statute, funds can only be granted to:

- i) A Utah college or university, or
- ii) A licensee of a technology developed at a Utah college or university.

General Guidelines

Please read the following guidelines carefully as they have been updated since the last solicitation

Public Information Notice - PLEASE READ:

PLEASE NOTE:

- A) That all information provided in the TCIP grant application as well as during the in-person presentation to the TCIP Reviewers and the TCIP administrators and GOED staff, is public information. Applicants should be careful to not divulge any, non-public, confidential, or proprietary information that they do not want disclosed as public information in the TCIP application and review process. The State of Utah assumes no liability for non-public, confidential or proprietary information that is disclosed, intentionally or unintentionally, during the TCIP review and application process.**

- B) Submission of a TCIP grant application does not guarantee acceptance. Applications are “accepted” only upon recommendation from applicant’s pre-screening entity. Applicants whose application are accepted, will be given the opportunity to give an in-person presentation to the TCIP review panel.**

OBJECTIVE

The objective of the TCI Program is to accelerate the process of taking cutting-edge technologies developed at Utah’ colleges and universities, to market, thereby driving economic development and job creation for Utah citizens. The program does not fund research projects. Rather, TCIP funds go toward helping early-stage technology commercialization efforts. Traditionally, there are more funds available for research (such as federal funds) than there are for early stage commercialization.

Many early-stage commercialization projects and companies struggle to attract investor funding which causes many of them to stagnate or fail. The TCIP grant is intended to help bridge this gap by making more capital available to commercialization efforts coming out of Utah’s colleges and universities.

DEFINITIONS

Institution: A Utah college or university that is developing a technology.

Licensee: A Utah company that has licensed a technology from a Utah college or university.

University Team: A faculty-led technology project at an Institution.

Proposal: The commercialization and work plan outlined in an application.

Grant Awardee: An applicant whose proposal has been approved for TCIP funding.

Qualified Pre-screening Entity: The TCO/TTO office at U of U, BYU, USU or USTAR.

SUMMARY OF REQUIREMENTS & ELIGIBILITY

Funding maximums: Up to \$40,000 per solicitation cycle. An applicant may receive a TCIP grant award for two solicitation cycles (\$40,000 x 2 cycles = \$80,000), for the same proposed use of a technology.

Eligibility: There are two types of eligible applicants:

- **Licenses:** A license does not have to be in place during the application process. However, it must be in place before a Licensee can receive TCIP funds if the Licensee is awarded a grant. Licensee must show proof of the completed license before the funds are released. The license must be a new license or new application of an established license and should be technology that is just emerging or has yet to emerge into the marketplace.
- **University Teams:** The proposed technology from a faculty-led university team must have passed the research phase and is ready to be commercialized. Please see the [FAQs](#) for further discussion and examples.

Limitations: The following limitations and restrictions must be abided if an applicant is to be considered eligible for requesting a TCIP grant:

- a) An applicant has not received more than \$80,000 in funding for the proposed use of a technology from the TCI program including the former COE program.
- b) A company has received no more than \$1 million in revenues (i.e. from customers) from the proposed technology.
- c) A company has raised no more than \$1 million in total prior funding (e.g. venture capital, loans, etc.)
- d) If an applicant was awarded a first TCIP grant, they may apply for a second grant (not necessarily consecutively); however, if they are awarded the second grant, the funds from the second grant will not be released until applicant has invoiced for 100% of the funds from the first TCIP grant.
- e) An applicant may apply for a TCIP grant up to three times for the same proposed use of a technology; but, if an applicant is not awarded a TCIP grant after their third application, they may not reapply for a TCIP grant for the same proposed use of a technology.
- f) Only one application will be accepted from a proposing team in any one solicitation cycle regardless of whether or not the applications are for different technologies. If more than one application is submitted, the selection will be made on a “first come first serve” basis.
- g) Grant recipients will be required to provide matching funds (please see Grant Awardees section for details).

Criteria used to determine grant awardees: The following criteria are used as the basis for recommending an applicant's proposal for funding:

1. Quality, diversity, and number of jobs in Utah (i.e. average salary, benefits etc)
2. Quality of management and leadership, including experience in startups or commercialization
3. Strength of the companies technology and potential for commercialization
4. Size and growth of the market for the proposed technology
5. Company's ability to sell and market the technology and credibility of their "go-to-market" strategy
6. Strength of the company's overall value proposition and competitive advantage

Pre-screening requirement: All applicants must undergo pre-screening and be recommended by a TCIP qualified pre-screening entity before submitting an application to the TCI Program. A list of these entities and contact information is on the last page of this document. Applicant must send their application to the TCIP offices directly. However, the application will not be considered "accepted" until the pre-screening entity informs the TCI Program in writing, that the applicant is being recommended.

Please be aware that the pre-screening entities rank the list of applicants that they recommend to the TCIP and the TCIP staff will select the highest ranking applications up to the maximum number of applications that can be handled in each solicitation cycle. If an applicant was recommended but did not rank high enough to be accepted into the pool of applicants for a particular solicitation round, the applicant may reapply multiple times, subject to the rules of the pre-screening entity.

Choosing a pre-screening entity: Although it is not mandatory, an applicant should be pre-screened by the institution with which they are affiliated if the institution is a TCIP qualified pre-screening entity. Applicants associated with an institution that is not a qualified pre-screening entity may be prescreened by USTAR or another pre-screening entity.

In-person presentation: Applicants will be required to give a 10-minute in-person presentation of their proposal to the TCIP Review Council. This presentation typically takes place within three weeks after the close of the solicitation. A planned date is show on the first page of this solicitation; however, applicants will be notified via email of the confirmed date, time and venue of the presentation. There are no alternative dates, but the applicants may send a representative to present their proposal, except for persons associated with a pre-screening entity. Within two weeks following the reviews, applicants will be notified whether or not they were awarded a TCIP grant.

Use of Funds: Use of funds must be detailed in the application. The TCI Program allows for a broad use of the grant funds including but not limited to: prototyping, testing, marketing, travel expenses to trade shows, etc. TCIP grant funds must be used to develop/commercialize the proposed technology.

Milestones: The TCI Program considers the acquisition of matching funds to be a first milestone. Applicants are required to outline three to five additional milestones in their application.

Completing & Submitting the TCIP grant application: Applications must be submitted by the deadline shown on the front page of this solicitation. Please note that late applications will not be accepted.

The TCIP will perform a high-level overview of each application to ensure that it is in compliance and meets the minimum standards. Applicant will be notified via email of any adjustments that need to be made to the application stemming from this initial review, and will thereafter have 72 hours within which to make the necessary changes and resubmit their application. Failure to re-submit mandatory changes will disqualify the application from eligibility for that application round.

To complete the application, please click on the “Online Application” link below. A 10-slide PowerPoint Presentation is required to be submitted with your application. If your application is accepted, these slides should be used during your in-person presentation. A 2-slide summary of your application is also required and must accompany the application. Please use the templates provided below and not adjust them in any way. Formatting, font, color, etc. must remain the same. Applicants may also upload a maximum of 2 letters of recommendation to support their application. Do not submit any additional documentation with the application. The complete application packet includes:

- a) [Online Application](#)
- b) [10-slide Presentation Template](#)
- c) [2-slide Summary Template](#)
- d) Optional letters of recommendation (2 maximum)

GRANT AWARDEES – WHAT TO EXPECT

Agreement: If an applicant is awarded a TCIP grant, the applicant will be required to sign an agreement with the State. Links to a sample Licensee and University Agreement can be found at the end of this document. After the grant awardee signs and returns the agreement to the State, it is then processed and the grant awardee may thereafter submit an invoice to the State for the funds once matching funds and relevant milestone requirements are met.

Disbursement of funds: The TCIP grant funds will be disbursed as follows:

- **First payment:** Up to 50% of grant funds (first milestone) proportionate to matching funds available.
- **Second Payment:** Remaining balance will be paid upon receipt of full matching funds and the completion of one additional milestone as outlined in grant recipient’s proposal.

Matching funds requirement: A grant recipient is expected to show proof of matching funds. Matching funds may be raised and spent at any time prior to submitting an invoice to the TCIP, however grant recipient must submit bank statements (for Licensees) or financial statements (for Universities) demonstrating that the matching funds were available during the match period. Matching funds does not have to be in place at the time of the application, but must be in place before TCIP funds are disbursed within the contract period of one year. The levels of match required for each type of applicant is as follows:

- **Licensees** are required to show \$1 for every \$1 of TCIP funds, or a 1:1 match.
- **University Teams from a PhD granting university** (U of U, BYU, USU) are required to show \$2 for every \$1 of TCIP funds or a 2:1 match.

- **University Teams from a non-PhD granting university** (UVU, SLCC, WSU etc.) are required to show \$1 for every \$1 of TCIP funds or a 1:1 match.

Matching funds can be derived from any of the following sources and must be related to the proposed technology:

- a) Federal grants
- b) Sales revenues/contracts
- c) Founder cash investment
- d) Equity investment from an institutional investment firm
- e) Corporate investor
- f) Accredited individual/angel investor

The following cannot be used as matching funds:

- a) In-kind contributions or time / “sweat equity”
- b) Other Utah State grants, University controlled funds such as State research grants, gifts, salaries, investment funds, etc.
- c) Loans

The matching funds period is the time period within which matching funds must be obtained. Eligible matching funds must be obtained during the “Disbursement Period” (one year) of the grant awardee agreement or up to 12 months prior to the start date of that period.

Sub-Contracts: Grant Recipients are prohibited from subcontracting the funds to any other entity except for the purchase of commercially available goods or services needed for the commercialization of the technology.

Return of grant provision: Grant Awardees should be aware that their agreement with the State will include a return of grant provision and can be triggered in the event that a grant recipient or grant awardee breaches the terms and conditions of the agreement. Links to a sample agreement for each type of applicant can be found at the end of this document.

Time in State: Grant recipients will be expected to retain their company, and supported technology, and exploit the technology in the State of Utah for a minimum period of five years from the date of their agreement with the State. Failure to do so will activate the return of grant provision.

Authorization to disclose tax information: Licensee grant recipients will be required to sign an authorization to disclose tax records for up to five years from the date of their agreement with the State.

Reporting: Grant awardees will be required to submit a quarterly written report of activities, achievements and expenses for the first year of their contract and annually thereafter for two additional years. Additionally, grant awardees will be required to comply with the State’s request for information pertaining to the economic impact to the State, at least annually for up to five years from date of the agreement. Grant awardees will also be required to respond to additional periodic reporting to the TCIP Director, Governor’s Office of Economic Development and GOED Board, TCIP Advisory Council, State Science Advisory Council and the Legislature, at any time during the agreement period and thereafter for two additional years.

Entrepreneur Mentoring: Grant awardees will be required to participate in the TCIP Entrepreneurial Mentoring Program when it is established. The program will include elements such as online training and

mentoring from experienced entrepreneurs and/or the TCIP Director. Grant awardees will be expected to invest a minimum of one hour each week on average in the mentoring program during the duration of the agreement.

LINKS TO SAMPLE AGREEMENTS

[LICENSEE AGREEMENT - Sample](#)

[UNIVERSITY AGREEMENT -Sample](#)

LIST OF TCIP QUALIFIED PRE-SCREENING ENTITIES

Applicants must meet with one of the qualified pre-screening entities listed below, prior to their application being accepted by the TCI program. Applicants must contact the entity directly and request an interview and review of their proposal. Each of these entities have their own process for evaluating and making recommendations to the TCI program. Please allow sufficient time for this process to be completed before the TCIP application deadline.

Please note that applicants which are partnered with any of Utah’s regional colleges and universities (non-PhD granting), must be pre-screened by the USTAR TOIP program. Applicants affiliated with PhD granting institutions ideally should work with their institution’s TCO office.

Brigham Young University - Technology Transfer Office

3760 HBLL, Brigham Young University, Provo, UT 84602-6844

(801) 422-6266 Fax:(801) 422-0463

<http://techtransfer.byu.edu/>

techtransfer@byu.edu

University of Utah - Technology Commercialization Office

615 Arapeen #310, SLC, UT 84108

801.581.7792

<http://www.tco.utah.edu/>

info@tco.utah.edu

Utah State University - Technology Commercialization Office

570 Research Park Way, Suite 101, North Logan, UT 84341-9730

(435)797-9607 (office) (435)797-9612 (fax)

<http://tco.usu.edu/>

tco@usu.edu

USTAR TOIP

Direct: (801) 538-8622

ustarinfo@utah.gov

<http://www.innovationutah.com/contact.html>