



# Technology Commercialization & Innovation Program

## Guidelines for Review of Applications for Grant Funding

*“(3) (b) Each proposal shall receive the best available outside review.*

*(4) (a) In considering each proposal, the office shall weigh **technical merit**, the **level of matching funds from private and federal sources**, and the **potential for job creation and economic development**.”*

Technology Commercialization and Innovation Act, 63N-3-204, 2015 General Session, State of Utah (*bolding and underlining added*)

### I. Technical Merit

- a. Does the company have a prototype built? Has the technology been well tested?
- b. How credible and vetted are the parties doing the testing? What have been the results of those tests?
- c. Has there been validation from second and third opinions that validate the company's technical claims?
- d. Does the company have intellectual property protections such as patents, provisional patents, submitted patents, copyrights, trademarks, etc.?
- e. How defensible and strong is their intellectual property? How broad is it? Are protections both U.S. and International?
- f. How credible and strong is their intellectual property legal counsel?
- g. How well documented is their technology in terms of academic papers, technical documentation, and so forth?
- h. Does the company have a strong product and technology roadmap? Do they have a credible sequence of where they can begin and continue to expand on their base product offerings over time?
- i. How well can the company continue their R&D and product development with the resources they have available?
- j. Does the company have a credible plan for who will continue to develop the technology after funding?

### II. Level of matching funds (private and federal)

- a. How has the company been funded thus far?
- b. Has the team demonstrated an ability to raise public and private capital?
- c. Have they received federal grants such as SBIR grants? (SBIR grants tend to only be granted to 10% of applicants and so would indicate a strong product or service if they have received one.)

### III. Potential for Job Creation and Economic Development

#### a. Team

- i. How strong is their company leadership?
- ii. Is the team dedicated to building their company or significant facilities in Utah?
- iii. How deep is the management teams' expertise in relevant product or service market segment(s)?
- iv. Does the management team have a track record of being able to raise follow-on state, federal, and/or private funds?
- v. Does the management team have experience developing and growing companies?
- vi. Does the team have strong humility and intellectual curiosity to take advice for mentors and advisors?
- vii. In particular, how strong is the management teams' sales and marketing expertise?
- viii. Does the company have a strong board of directors and/or advisory board?
- ix. Ownership and capital structure – is there flexibility with equity and stock options to allocate to follow-on investors, hiring new employees and so forth?
- x. Do you believe the team has the flexibility to adapt to changing market conditions, new competitive entrants, customer feedback, and so forth?
- xi. Does the team have a proven track record for building and managing successful teams?

#### b. Market Size, Growth, and Attractiveness

- i. How well does the company know and understand its addressable market?
- ii. How large is their immediately addressable market?
- iii. Does the addressable market seem well-thought-out with strong rationale and support for why a particular segment or sub-segment was selected as an ideal target market?
- iv. How high are the barriers to entry in the market?

- v. How fast are the sales cycles in the market?
- vi. Is the market able to quickly absorb and assimilate this new technology?

**c. Value proposition**

- i. Does their product or service solve a “pain” or immediate need in the market that is known and to which there are few or no adequate substitutes?
- ii. Does the product or service significantly outperform alternatives or substitutes such that potential customers would be willing to take risk on them as a new company with a new product?
- iii. Is there company’s value proposition rooted in a deep understanding of their customer and market? Is it supported by firsthand customer feedback, customer surveys, or other market research?
- iv. Is the product or service easy to implement such that there can be rapid adoption?
- v. Is this a new product category or an extension of an existing product category? (Markets that are known can be somewhat easier to navigate and succeed in compared to fully new product categories which entail more risks and unknowns.)

**d. Business, Financial, and Sales Model**

- i. Does the company’s product, service, and market have a strong connection to leveraging the talent, industry, and other resources (the “cluster”) within the state of Utah such that there is a strong probability that the company can grow in Utah, create jobs here, and stay here over the long haul?
- ii. How well researched, vetted and analyzed is their business model?
- iii. Does the company have any sales yet and/or have they begun to market the product or talk to prospective customers?
- iv. Does the company have any current distribution agreements or letters of intent (LOI) that can become active once their product is developed?
- v. Is the sales model and technology scalable such that it could create rapid job creation in the state of Utah?
- vi. Does the company have a clear go-to-market strategy? (e.g. what segments, what customers, how they will sell – direct, through channels, licensing, etc.)
- vii. Why types of jobs are being created? Are they high-quality and high-paying jobs of the type we would like to create in Utah?
- viii. Has the company developed a financial plan and forecasts, a pricing model, and so forth?
- ix. How long are the sales cycles before the company can generate revenue? How long will it be before the company can “break even” and turn profitable?
- x. How complicated is the sales cycle?
- xi. Are their strong gross, operating, and net margins in the business such the company can self- sustain through generating substantial cash and profits within a reasonable time period?
- xii. Is it clear and easily understandable how the company plans to make money?
- xiii. How large is each individual sale? Are there strong recurring revenue streams from customers, strong cross-sell and up-sell opportunities?

**e. Competitive Environment, Competitive Advantage, and Barriers to Entry**

- i. How well does the company understand its competitive environment within the market(s) they intend to address?
- ii. How clear and compelling are the company’s competitive advantages? (e.g. cost advantage, differentiation advantage, brand advantage, technical superiority, intellectual property, team, etc.)
- iii. Does the company have a credible and well-analyzed argument for why they think they can “win” in the market(s) they will be addressing?
- iv. Does the company have strong barriers to entry that can prevent competition from impeding their market space, customers, product or service? (e.g. intellectual property, patents, unique technology, etc.)
- v. How sustainable is the competitive advantages that the company claims? How well can it withstand changes in their market, reactions from competitors, and so forth?

**f. Milestones and Use of Funds**

- i. Do the company’s articulated milestones seem reasonable, credible, and well-thought-out?
- ii. How achievable are the milestones based on the capital they have and will be raising through TCIP and other sources?
- iii. If the company has already received a TCIP grant, did they achieve their earlier milestones?
- iv. How credible and strong are the company’s claims about how they will use the money? How well have they operated on any prior money may have received.