

BUSINESS GROWTH PROGRAM

DEVELOPMENT AND COMMERCIALIZATION (R&D)

APPLICANT GUIDE

This guide is intended to assist with the development of a project proposal for your pre-commercial research and development (R&D) project and provide the information required for the Department of Industry, Energy and Technology (IET) to evaluate your project.

Please contact an IET representative prior to submitting an application to discuss your proposal. Information required will vary depending on the need and complexity of the project. Additional information or clarification may be required during the assessment process as IET reviews the information provided. In some cases, R&D projects may require advice from experts in a particular field to determine the merits of your application. In addition to the documents outlined below, a detailed project proposal (using the suggested or a similar format) and completed application form are also required.

I. General Information

1) Program Objective

The objectives of the Business Growth Program for Development and Commercialization are to:

- Support business investment for R&D in Newfoundland and Labrador.
- Enhance the technical capacity of businesses to overcome technical challenges of a project while reducing the financial risk of performing applied R&D through to proof of concept.
- Enable companies to respond quickly to market opportunities for development of new or improved products, services and processes.
- Enable companies to build collaborative R&D partnerships with industry, educational institutions and research facilities – locally, nationally and internationally.

2) Eligible Applicants

To qualify for assistance applicants must be businesses that are either:

- Growth-focused, innovative firms including sole proprietors, partnerships or corporations operating within Newfoundland and Labrador that demonstrate commercial viability; or
- Co-operatives or non-profit organizations operating within Newfoundland and Labrador that demonstrate an ability to generate commercial revenue or are pursuing international trade or economic development opportunities.

Applicants must demonstrate:

- Ability to undertake the work identified in the project proposal;
- Ability to access the financial capital required to complete the project;
- Good standing with the Government of Newfoundland and Labrador (including Companies and Deeds Online, WorkplaceNL, Office of the High Sheriff, Department of Finance and the Office of the Comptroller General); and
- Good standing with Canada Revenue Agency.

Ineligible Applicants:

- Residential and commercial real estate services, wholesale, and beverage rooms and taverns.
- Applicants with proposed projects or initiatives that are in direct competition with local market entities.
- Professional service operations are not normally eligible. Consideration may be given to eligibility of a project within this sector in a unique situation as identified by the Department.
- NL cannabis producers are eligible for export market development only. Cannabis proposals for start-up and expansion projects are ineligible at this time.
- Contributions may be limited or declined based on the nature of an applicant's previously proposed/approved projects.

3) Eligible Activities

Activities that may qualify for assistance include:

- Applied R&D, prototyping (physical proof), performance testing against pre-determined criteria.

- Field trials and small-scale demonstration projects, technical validation of the component, subsystem, and/or system in a laboratory, simulated and/or real-world operating environment.
- Software development that requires research leading to an incremental advance of a technology or platform, primarily including enhancements around Machine Learning, Artificial Intelligence and other innovative technologies.
- Collaboration with institutions/entities (public or private) to carry out leading-edge research and development that directly contributes to the development of new technology-based economic activity in Newfoundland and Labrador.
- Employment of doctoral graduates for the purposes of conducting R&D.

4) Financial Assistance

Contributions will be non-repayable and normally based on a maximum contribution up to 50 per cent of total eligible project costs. Maximum BGP funding is normally up to \$750,000. Applicants are required to confirm their access to remaining funds required to complete the proposed project. A minimum 20 per cent demonstrated project contribution is required from the applicant. Total combined government assistance (provincial, federal, municipal) shall not exceed 80 percent of total eligible project costs.

Eligible costs must be incremental to the company and directly related to the research project, including:

- Capital costs such as special purpose equipment, machinery and other R&D related infrastructure.
- Wages and salaries for highly-qualified technical personnel located in Newfoundland and Labrador including: engineers, scientists, researchers, technologists, technicians, testers, programmers and other personnel that support R&D activities.
- Direct costs such as materials and consumables, travel to conduct research activities, patent searches and filing fees, testing or certification fees, consultant and subcontractor fees.

Please contact an IET officer in your region to discuss eligible and ineligible costs.

II. Proposal Requirements

The following format may be used when developing your written project proposal. **Please contact an IET officer in your region prior to developing a proposal.** Information required will vary depending on the need and complexity of the proposed project.

1) Project Title

Provide a brief, concise title that conveys the purpose of the proposed R&D project.

2) Project Details

Provide a description of the proposed product/process/service requiring technical research, the issues it will address, and its significance for potential customers and potential economic benefit. Describe why the R&D project is important and how the results will impact your business or organization.

3) Company Background, Ownership and Leadership Team

Provide a brief history of the company including who will be leading this project. Provide a summary of leadership roles and responsibilities as well as their experience in managing projects such as the one proposed. Identify the owners and key management personnel in your business with the percentage of ownership and what, if any, management role. Include a brief history of the shareholders as may be applicable.

4) Research and Development Team

Identify the key members of your project team. Provide a summary of their roles and responsibilities. Also, provide a copy of their resumes, including specific expertise and experience related directly to the project for each member. If new team members will be hired for the proposed project, indicate these positions and their responsibilities.

5) Summary of Equipment and/or Facilities

If applicable, provide a description of the main equipment and/or facilities required for use during the project. Please provide quotes for equipment/facilities use if available.

6) Key Collaborators

Identify any key collaborators, alliances, or other linkages that are relevant to the project (if any). Describe their roles and responsibilities as well as a rationale as to why they are essential to the project.

7) Technical Project Plan and Summary of Progress to Date

Provide a summary of the project's technical background and your progress leading up to this proposal. Include any technical evidence (e.g. proof-of-concept, supportive data, references, etc.) that will support the feasibility of the proposed project. Describe the current stage of development and the anticipated future stage of development achieved upon project completion. Discuss the state-of-art in the industry and innovation related to the proposed project as well as any unique technical competitive advantages anticipated. Discuss technical project risks and how they will be addressed and overcome.

8) Project Activities

Provide an overview of the activities to be completed. For each activity, please specify:

- objective
- expected outcome(s) and measures of success
- roles and responsibilities of the team members involved
- time required for each activity
- procedures or methods to be used
- describe the technical challenges and how you plan to overcome those challenges

9) Project Milestones

Similar to the format below, please identify and describe the project's major milestones, indicators of achievement and the targeted completion dates. (Project milestones are the scheduled events signifying the completion of a major project deliverable(s) and/or activities. Each milestone will be a decision point for the project and is a key indicator of how the project is progressing. Project activities should lead to major milestones).

| PROJECT MILESTONE | | INDICATOR OF ACHEIVEMENT | COMPLETION DATE |
|-------------------|--|--------------------------|-----------------|
| 1 | | | |
| 2 | | | |
| 3 | | | |
| 4 | | | |

10) Project Location and Travel

Identify the location of the research. If travel is required to conduct research activities, please provide details on the travel required, including travel location(s), project team members required and how it relates to the proposed research project.

11) Regulatory Approvals

If applicable, please discuss anticipated regulatory approvals required for all phases of the proposed project. Identify the approvals received to date or describe how/when you will obtain regulatory approval. This may include the anticipated costs and timelines (i.e. industry standards) required to obtain the regulatory approval.

12) Intellectual Property

If applicable, please describe the background and foreground intellectual property arrangements (e.g. copyrights, trademarks, patents, industrial design rights, etc.) required to exploit the technology involved in the project. Describe your plan for handling intellectual property ownership issues and their associated costs. If professional services will be used to assist with IP planning please identify the firm and their relevant expertise.

13) Project Costs and Financing

Provide a detailed breakdown of the proposed project costs (i.e. capital costs, wages and salaries, and operating expenses) as well as the project sources of financing (including confirmation of the source of the company’s contribution and funding anticipated from other government agencies). Please also provide relevant quotes to support the project budget including for services, equipment or facilities required. This may be in the form of a spreadsheet or budget table.

Applicants who are entitled to a Canadian Revenue Agency (CRA) rebate or credit on a portion of GST/HST paid on goods and services, deemed eligible under a BGP project are permitted to claim only the portion of tax not refunded by CRA.

14) Commercialization Strategy

Please provide your commercialization strategy for bringing the proposed product/service to market. This may include details such as how the resulting product or service will be introduced into the marketplace and how revenue will be generated. It may help to consider outlining how the commercial outcomes of the project will be promoted, distributed and sold.

You may also consider details such as:

- The need for the proposed product, process or service
- The size of the market and the targeted niche within the market
- Potential competitors and competing products, processes or services
- The market penetration objectives and associated challenges
- The expertise of the team and its collaborators as it relates to the commercialization of new products and services in the marketplace
- The value proposition that resulting products/services will deliver to the end customer
- How the resulting product/service will achieve competitive advantage in the marketplace
- A description of the anticipated revenue streams (e.g. usage fees, sales of products/services, subscriptions, etc.)
- A breakdown of anticipated sales and market projections

15) Supporting Documentation Checklist

The following information is required to complete your application package:

- Completed and signed Application for Assistance
- Project proposal
- Confirmation of funding sources
- If applicable, relevant quotes to support the project budget including for services, equipment or facilities required etc.

- Two years of historical Financial Statements (if available) along with Financial Projections
- Resumes for Project Leadership and R&D Project Team members
- Confirmation of the company's shareholders, directors and signing authorities. Corporations can provide this information via a Certificate of Officers and Directors
- Articles of Incorporation (for incorporated companies)