



# Investing in **Maine's** future



TechStart Grant &  
Seed Grant Workshop

October 2017

# MTI Mission:

**Diversify and grow Maine's economy by encouraging, promoting, stimulating, and supporting innovation and its transformation into new products, services and companies, leading to the creation and retention of quality jobs in Maine.**

# MTI continued:

- ✓ Is Maine's leading tool for investing in and developing innovative technology companies that bring new opportunity and wealth to Maine
- ✓ Offers early-stage patient capital for the R&D of technologies
- ✓ Was authorized in 1999 by the Maine Legislature
- ✓ Is a 501 ©3 non-profit organization governed by a Governor appointed, industry-led Board of Directors
- ✓ Annual appropriate of around \$7 million
- ✓ **Has managed over \$100 million in voter-approved R&D bonds on behalf of the State of Maine**



**Since 2000**

**\$200 million invested**

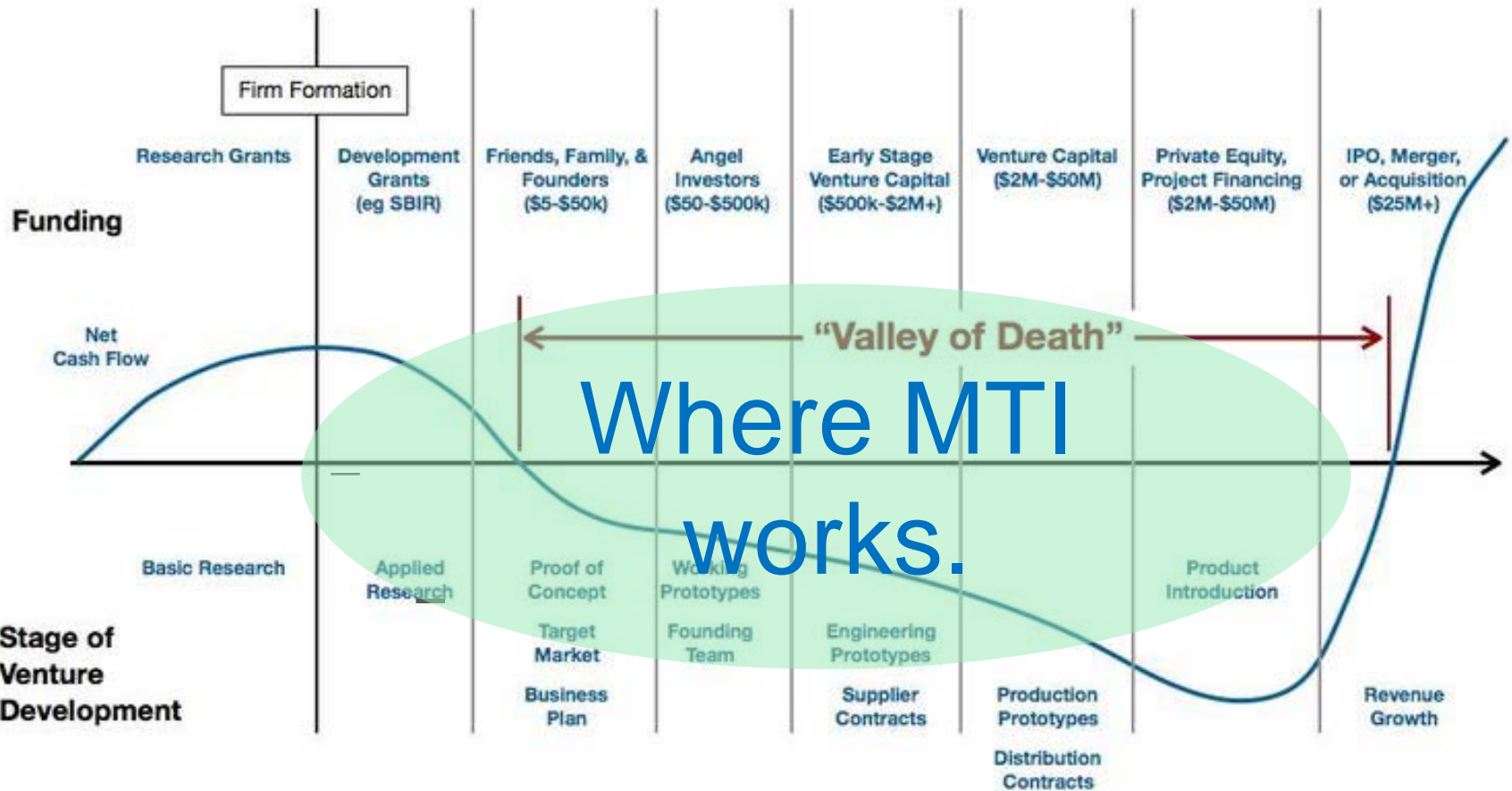
**\$900 million leveraged**

# Fiscal year 2017

**MTI invested over \$7.07 million in 156 innovative projects across Maine through its suite of funding programs.**

<u>Program</u>	<u>Awards</u>	<u>Total</u>
TechStart Grant	37	\$168,821
Seed Grant	55	\$1,211,906
Dev Loans / Equity	10	\$3,056,536
Accelerator Grants	13	\$283,283
Phase 0	14	\$65,840
Cluster Initiative	8	\$2,107,123
Other	19	\$176,825

# Life cycle of a venture or product:



TechStart

Seed Grant

Development Loan

Equity Capital

SBIR/STTR Federal R&D Funding

# Requirements

- ▶ **Applicant must be a Maine organization or have a core footprint in Maine at the time of investment**
- ▶ **Potential for strong economic impact**
- ▶ **Compelling innovation**
- ▶ **Minimum 1:1 Matching funds**

# Our **\$**uite of Opportunities

## Developing your innovation

- ▶ **Tech Start Grants**
- ▶ **Seed Grants**
- ▶ **Development Loans**

## Growing your business

- ▶ **Accelerator Grants**
- ▶ **Equity Capital Investments**

## Supporting the ecosystem

- ▶ **Cluster Initiative Program**
- ▶ **Maine Technology Asset Fund 2.0**

## Bringing R&D \$ to Maine

- ▶ **SBIR/Federal R&D Funding**
  - **Technical Assistance Program**
  - **Phase 0 Grant**



# **Tech Start Grants:** up to \$5,000

**Intended for small projects that lay basic business groundwork for future technology-based development;**

- **Market Research**
  - **Business Plan Development**
  - **IP Filings**
- 
- ▶ **Offered monthly**
  - ▶ **Limited to 6-month projects**
  - ▶ **Can receive two within a 12-month period**

# **Seed Grants:** up to \$25,000

**Intended for early-stage, specific R&D projects**

- **Prototype development and beta testing**
- **Detailed market evaluation**
- **Lay groundwork for securing additional capital leading toward commercialization**
- ▶ **Offered 3x per year**
- ▶ **Projects limited to 12-month duration**
- ▶ **Limits: Organization or Principal Investor**
  - **Can receive two Seed Grants (up to \$50,000) for one technology**
  - **Can receive two Seed Grants (up to \$50,000) in a 24-month period**

# **Development Loans: \$30,000 to \$500,000**

**Similar to Seed Grants, but allowing for larger more comprehensive projects**

- **Proof of Concept, Prototype Development**
  - **Alpha Tests, Product Development Iterations, Beta Tests**
  - **Design for Manufacturing , Scale-up of Manufacturing with limited production**
  - **Limited costs for sales & marketing, overhead/indirect**
- ▶ **Offered on a rolling basis.**
- ▶ **Repayment terms and security interest may vary by applicant (goal is low cost)**

# **Accelerator Grants: up to \$50,000**

**To support commercialization and business development capacity-building activities that are required to advance a new technology to market**

- ▶ **Up to \$15,000 (Phase I) and \$50,000 (DL and Phase II)**
  - **Business plan/model development**
  - **Commercialization planning**
  - **ID customers, strategic partners**
  - **Marketing strategy & research**
  - **Fundraising for partners/investors**
- ▶ **1:1 match required for Dev Loan projects. No additional match required for SBIR/Fed Funded Projects**

# Equity Capital: up to \$200,000

- ▶ Offered on a rolling basis
- ▶ Available only to MTI (SG & DL) & advanced SBIR/STTR awardees
- ▶ “Tops-off” or augments existing round on same terms
- ▶ 1:1 co-investment required, 3 to 1 preferred in the round
- ▶ Supports attracting initial early-stage outside investment necessary for growth
- ▶ Typically preferred shares and/or convertible debt

# Cluster Initiative Program:

Planning, Feasibility, Demonstration, or Pilot Projects: **up to \$50,000 rolling basis**

Implementation Projects: **up to \$500,000 on a rolling basis**

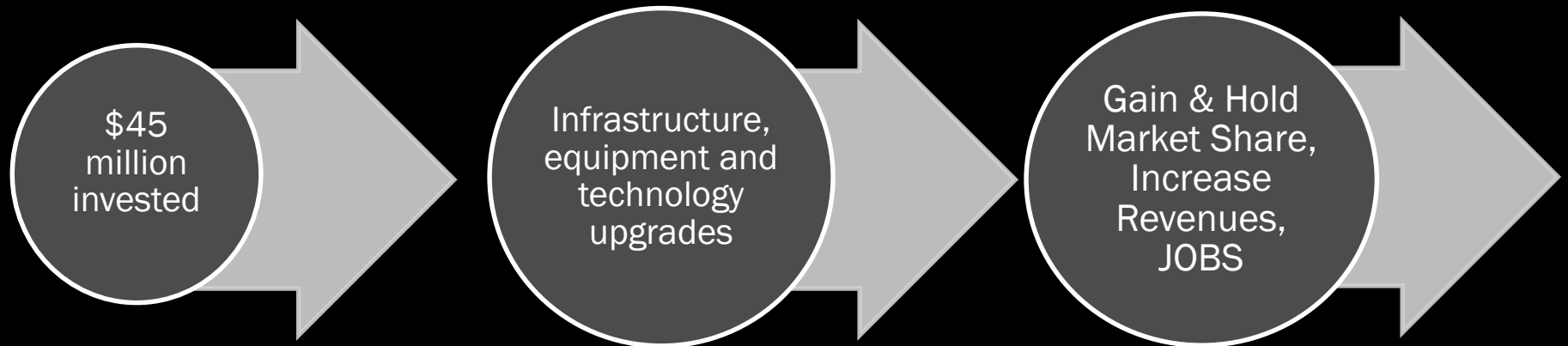
- ▶ **Private sector-led strong partnerships**
- ▶ **Build on knowledge-based and value-added advantages**
- ▶ **Innovation can occur in a variety of ways: products, services, and business models**
- ▶ **Money is important but networks are more important**
- ▶ **Measure success/impact throughout**

# Maine Technology Asset Fund 2.0:

An investment in Research, Development and Commercialization

## Program Authority

**“An Act to Authorize a General Fund Bond Issue to Stimulate Investment in Innovation by Maine Businesses to Produce Nationally and Globally Competitive Products and Services” – LD1053, Public Law Chapter 479**



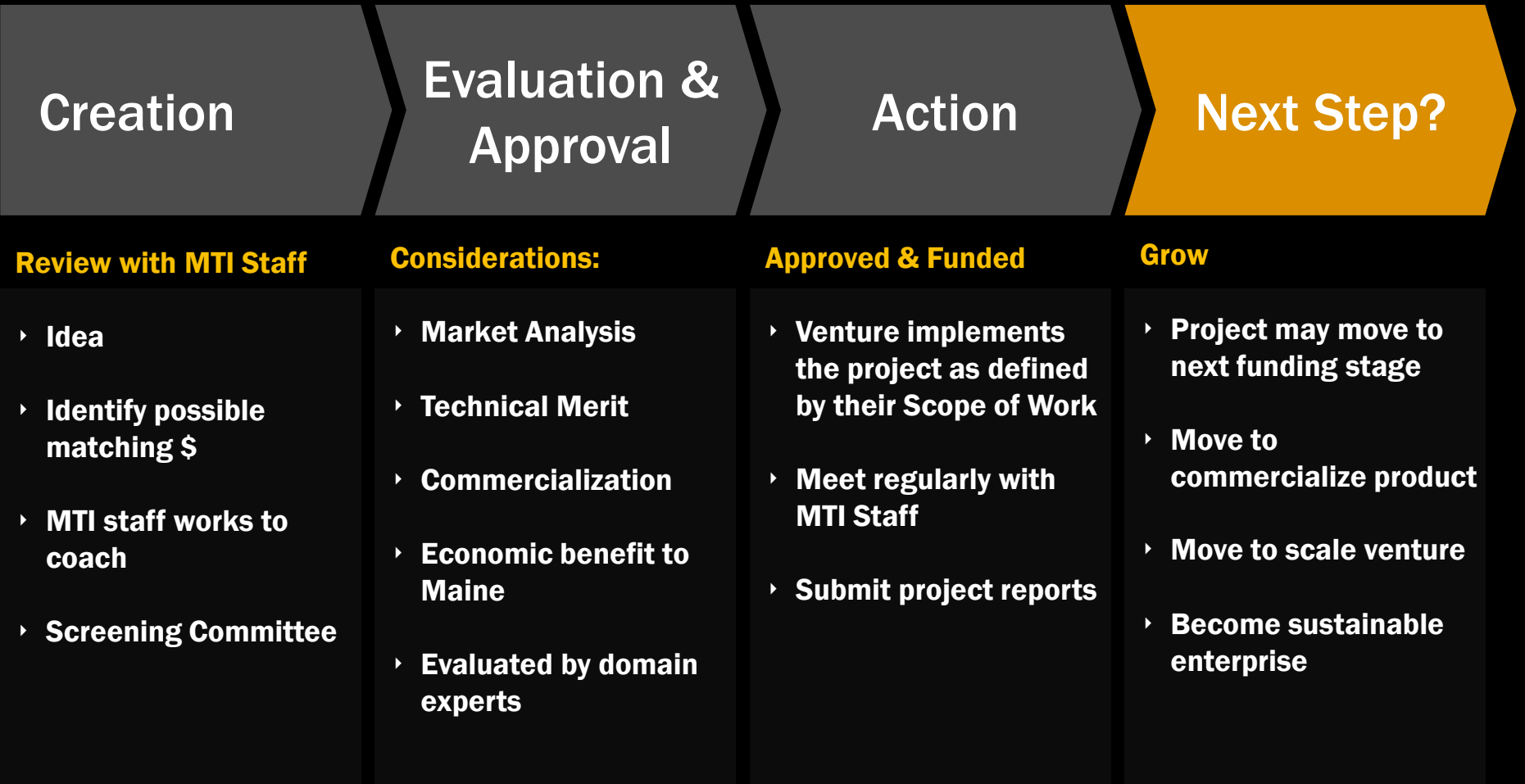
# Federal SBIR/STTR Program

## Small Business Innovative Research/Small Business Technology Transfer

- ▶ **A \$2.5B+ early stage R&D funding resource** for early-stage, high-risk innovative technology leading to commercialization – currently for small businesses only, with some exceptions.
- ▶ **Eleven Federal Agencies participate** – issuing solicitations requesting innovative proposals meeting Agency topics of interest
- ▶ **Three Phase Program**
  - **Phase I – Feasibility:** up to \$150K in 6 month period of performance
  - **Phase II – Prototype Development:** up to \$1M – two year period of performance
  - **Phase III – Commercialization:** no SBIR/STTR funding



# The MTI Process



# How does MTI help?

- ▶ **Connections** to Advice, Counsel and Mentors;
  - E-Residence Program - Experienced team of entrepreneurs, business executives and subject matter experts made available to the firms as mentors and advisors to meet specific business challenges and opportunities
  - SBIR/STTR Funding Experts
  - Portfolio Exposure to Equity Firms
  - Commercialization, Technology Transfer, Marketing
- ▶ **Commitment** to Venture Success;
- ▶ **The MTI brand**

# Examples of MTI's Network

Entrepreneur and Network Support Organizations	R&D Institutions	Economic Development & Trade Organizations	Investment
<ul style="list-style-type: none"> <li>• Maine Accelerates Growth</li> <li>• Maine's Technology Incubation Centers</li> <li>• Foster Innovation Center at UMaine</li> <li>• Association for Consulting Expertise (ACE)</li> <li>• SCORE Maine</li> <li>• Small Business Administration (SBA)</li> <li>• Small Business Development Centers (SBDC)</li> <li>• Maine Center for Entrepreneurial Development (MCED)</li> </ul>	<ul style="list-style-type: none"> <li>• The Jackson Laboratory</li> <li>• Bigelow Laboratory for Ocean Sciences</li> <li>• Gulf of Maine Research Institute (GMRI)</li> <li>• Downeast Institute</li> <li>• University of Maine System</li> <li>• University of New England</li> </ul>	<ul style="list-style-type: none"> <li>• Maine Department of Economic and Community Development</li> <li>• Maine &amp; Company</li> <li>• Maine International Trade Center (MITC)</li> <li>• Manufacturers Association of Maine (MAME)</li> <li>• Manufacturing Extension Partnership (MEP)</li> <li>• Maine Aerospace Alliance</li> <li>• Maine Composite Alliance</li> <li>• E2Tech</li> <li>• Bioscience Association of Maine</li> </ul>	<ul style="list-style-type: none"> <li>• Maine Venture Fund (SEGF)</li> <li>• Coastal Enterprises (CEI)</li> <li>• Finance Authority of Maine (FAME)</li> <li>• Maine Angels Network</li> <li>• Bangor Angels</li> <li>• Slow Money Maine No Small Potatoes (for farms, fisheries and food businesses)</li> </ul>

# Impact & Evaluation

As part of the State's biennial review of its economic investments, an independent consulting firm evaluated MTI and presented its findings in January 2016. The report concluded that MTI . . .

- *“Is the focal point of Maine’s R&D efforts”*
- *“Encourages growth in an active, hands-on, collaborative way”*
- *“Is true to its mission and mandate”*
- *“Development Loan effectively improves innovation, economic development, and the R&D environment while also providing a positive return on investment” for Maine.*

# AMP FIN, LLC



A revolutionary patent pending swim fin has been designed and developed for adult leg amputees. Amp Fins™, LLC is now ready to begin R & D for children's custom fit fins. This will require a formal prototype of said product, as well as research of best type of production and material composition. Once production details are confirmed and prototype completed, product testing will begin for this segment of the population. (Seed Grant)

# NORTH SPORE



GROW YOUR OWN

**PIOPPINO**



GROW YOUR OWN

**OYSTER MUSHROOMS**



GROW YOUR OWN

**LION'S MANE**



GROW YOUR OWN

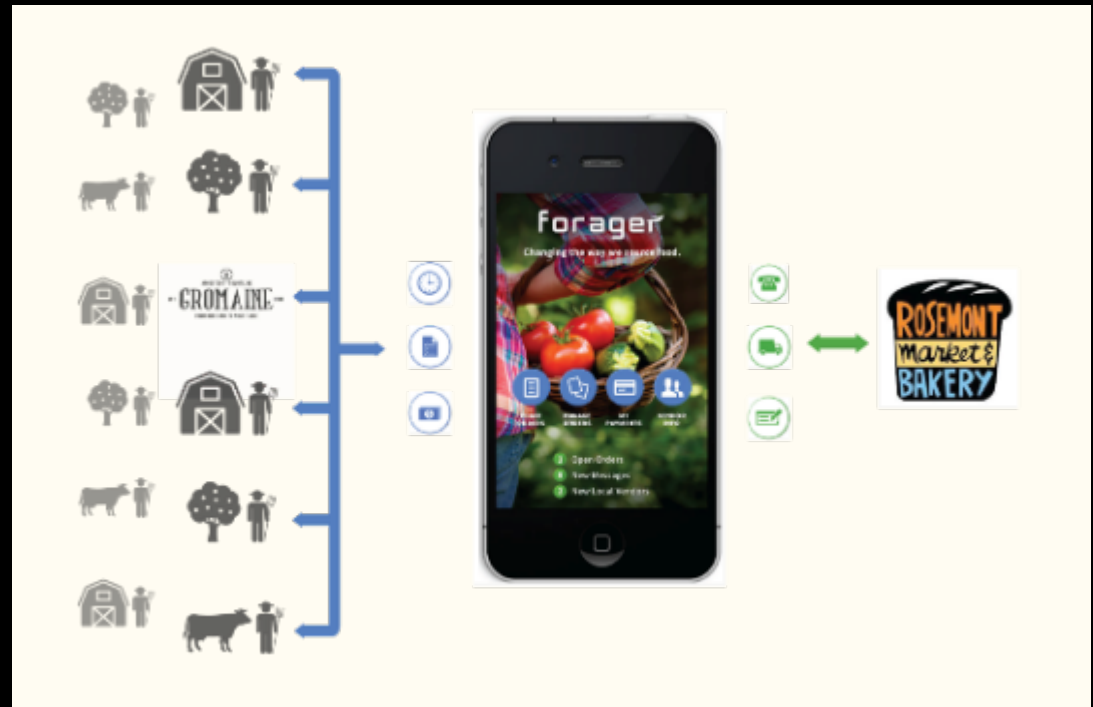
**SHIITAKE**



North Spore Mushroom Company is developing new technologies for specialty mushroom production utilizing a hardwood substrate and cold pasteurization technique that is more cost effective than traditional methods of mushroom cultivation. By increasing our spawn production capacity, constructing a clean room for inoculation, and further developing substrate formulations we will be able to commercialize this technology, improve its efficiency, and extend it into a wider diversity of mushroom species. (2 Seed Grants)

# forager

The demand for locally sourced food is growing, with the market in excess of \$7 billion and steadily increasing. Forager will build a mobile software platform that automates the order to payment process for locally purchased foods and will leverage that platform to launch an online marketplace where local producers can offer their products for sale for retail buyers. (TechStart Grant, 2 Seed Grants, Development Loan, Accelerator Grant)





Mingle Analytics, LLC is an early-stage business that provides information technology services to healthcare providers, enabling accurate and efficient reporting of quality data to Medicare's Physician Quality Reporting System (PQRS).



Based in South Paris, Maine, Mingle Analytics has grown to 50 employees including many highly-skilled IT professionals. Mingle Analytics' early-stage success has created tech and healthcare-related jobs in Oxford County, and MTI Development Loan funding will allow the company to accommodate significant growth objectives. ( 2 TS, SG, 2 DL, AG)





# Our Team...

<b>President</b>	Brian Whitney	<a href="mailto:bwhitney@mainetechnology.org">bwhitney@mainetechnology.org</a>
<b>Director, Business Development</b>	Joe Migliaccio	<a href="mailto:jmigliaccio@mainetechnology.org">jmigliaccio@mainetechnology.org</a>
<b>Director, Finance &amp; Administration</b>	Greg Lee	<a href="mailto:glee@mainetechnology.org">glee@mainetechnology.org</a>
<b>Director, Investment Operations</b>	Scott Burse	<a href="mailto:sbursey@mainetechnology.org">sburse@mainetechnology.org</a>
<b>Director, Innovation Infrastructure</b>	Martha Bentley	<a href="mailto:mbentley@mainetechnology.org">mbentley@mainetechnology.org</a>
<b>Web Communications Mgr.</b>	Patti Sutter	<a href="mailto:psutter@mainetechnology.org">psutter@mainetechnology.org</a>
<b>Investment Officers</b>	Shane Beckim	<a href="mailto:sbeckim@mainetechnology.org">sbeckim@mainetechnology.org</a>
	Lou Simms	<a href="mailto:lsimms@mainetechnology.org">lsimms@mainetechnology.org</a>
	Brian Jones	<a href="mailto:bjones@mainetechnology.org">bjones@mainetechnology.org</a>
<b>Loan and Grant Associates</b>	Kim Doughty	<a href="mailto:kdoughty@mainetechnology.org">kdoughty@mainetechnology.org</a>
	April Finkenhoefer	<a href="mailto:afinkenhoefer@mainetechnology.org">afinkenhoefer@mainetechnology.org</a>

# Seed Grant

Developing a minimum viable product to see if it works, if someone will buy it, and how much they will pay for it.

# Seed Grants: up to \$25,000

## Intended for early-stage, specific R&D projects:

- Prototype development and beta testing
  - Detailed market evaluation
  - Lay groundwork for securing additional capital leading toward commercialization
- ▶ Offered 3x per year
  - ▶ Projects limited to 12-month duration
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# Seed Grant funds are only eligible for specific activities

## Eligible activities

- Proof of Concept
- Prototype Development
- Prototype Testing
- Field Trials and Pilot Studies
- Activities included in the TechStart Grant if they are part of a proposed broader technology R&D project
  - Additional market research
  - IP protection

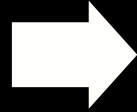
## Ineligible activities

- Sales and marketing activities (different from market research)
- Overhead or indirect costs
- Any expenditures before the submission date for the round

# Steps for submitting a Seed Grant application

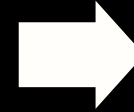
## Download application instructions

- **Access application instructions on MTI website**
- **Review criteria that must be addressed within the application**
- **Begin process of seeing how your project aligns with the scope of the application**



## Concept Review Meeting

- **Schedule early in process is better in order to give time to iterate on application if needed**
- **Be sure that the project is a fit to the Seed Grant and MTI purpose**



## Prepare & submit application

- **Incorporate any feedback from concept review meeting**
- **Leverage resources, like Maine Small Business Development Centers to review and provide feedback**
- **Paper copy or electronic (all in one PDF) submissions accepted**

# Components of the Seed Grant Application

1. History of prior funding: MTI or other
2. Feedback for Resubmission
3. Narrative Component – 5 pages
  - a) Scientific and Technical Merit
  - b) Market Potential
  - c) Scope of Work
  - d) Commercialization Strategy
  - e) Maine Economic Impact
  - f) Management Team
4. Supporting Documents – 4 pages
5. Budget
  - a) Budget Supporting Documents
6. Commitment Letters
7. Professional Summaries

# 1. History

**In 2 pages or less, discuss the history you (and/or your company) have with MTI.**

Briefly describe the scope of work and results of those projects

Discuss whether they led to successful commercialization and what was learned through those efforts

Discuss any outside funding you've received to help you get to this point

## **2. Feedback for Resubmission**

**In a single page, applicants who are resubmitting an application are encouraged to address the feedback from the prior application.**

**For Seed Grant Applications, the unfunded applicant is provided written feedback and is encouraged to contact MTI to discuss the review of their application in more detail with the goal of addressing the feedback in an improved resubmission.**



## 3. Narrative – 5 pages

### Introduction

You may begin the narrative with a brief introduction of the company, its history and mission.

It is helpful to include details such as existing revenues and employees.

*Tip: If information was provided in the History section, do not duplicate it here.*

# 3. Narrative – continued

## Scientific and Technical Merit

What is it and what makes it unique?

This section should clearly describe the technology being proposed and what makes it meaningfully unique.

How does it work?

Clearly describe how the technology works and refer to diagrams/pictures in the supporting documents if needed.

Why is it important?

It should identify the problem that is being solved. Comparing the product, process or service to existing ones is ideal.

*Tip: Pictures/diagrams often provide more clarification than words.*

# 3. Narrative – continued

## Market Potential – **Very important!**

Why pursue this technology?

It is expected that applicants will have some knowledge of the market opportunity and competition or would have conducted some basic secondary market research .

What is the opportunity?

Numbers and any relevant data should be used to support market estimates.

Who is the competition?

A comparative analysis is expected, particularly when the product being developed has significant, well-known competition.

*Tip: Be sure to Google your company and technology, reviewers are likely to perform this task as well.*

# 3. Narrative – continued

## Scope of Work – **Very important!**

What are you going to do?

The experimental design of the R&D process is critical to the funding decision. It is important to describe in detail the study to be completed what specific objectives will be achieved.

Planning an experiment properly is very important in order to ensure that the right type of data and a sufficient sample size are available to answer the research questions of interest as clearly and efficiently as possible.

Who will do the work?

How will you determine if you've succeeded?

*Tip: Get a Commitment Letter if using a consultant.*

# Experimental Design

## Define objectives

- ▶ What do you hope to accomplish?

## Build it

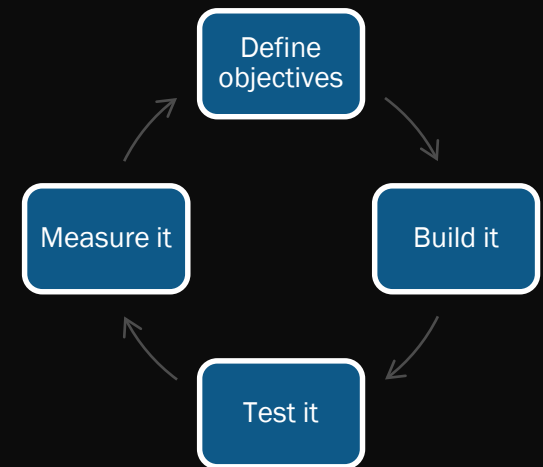
- ▶ What materials and equipment will be used?
- ▶ What software/hardware is required?
- ▶ Who is performing the tasks?

## Test it

- ▶ Who will conduct the testing?
- ▶ What tests will they complete?
- ▶ How many times and what set of parameters will be used?

## Measure it

- ▶ How will you define success/failure?
- ▶ What are the key performance metrics?



# Gantt Chart



## 3. Narrative – continued

### Commercialization Strategy - Based on a solid Business Plan

Identify and discuss the goals of the company:

What is the plan to start/grow your company?

If manufacturing is needed, who will perform this or who will you partner with?

If you plan to license the technology, to whom?

How does this project move you closer to commercialization or follow on investment opportunities?

What's next for development and funding?

*Tip: Strongly recommend that much of this section is pulled from a solid business plan.*

## 3. Narrative – continued

### Economic Impact (to Maine)

Discuss how this will ultimately lead to the creation or growth of the business

Discuss the types and number of jobs that could be created. What are the short term and long term needs of the company to achieve commercial success?

Provide revenue projections based on a solid business plan

Discuss the impact that this will make to the Maine economy and industry as a whole

*Tip: Provide numbers, but be realistic!*



## 3. Narrative – continued

### Management Team (and partners)

Provide names and titles of those working on the project

Discuss what partners you are working with

Identify any mentors or advisors that are supporting the company

Do not delve into the resume details, leave that for the professional summaries section

*Tip: Don't do it alone. Maine has a lot of resources here to help you!*

## 4. Supporting Documents

These should be used to augment the narrative

Four pages that may include:

- Market Analysis & Comparative Analysis – **Important!**
- Gantt Chart detailing project tasks and who is performing them
- Support letter from partners / (potential) customers
- Picture/diagram that explains the technology

*Tip: Images can explain a lot. Use if necessary.*

# 5. Budget

Only project expenses

Meet 1:1 match

Refer to Match Requirements and Allowable Rates Document

Tip: Use Budget Supporting Document

Company Name:															
Project ID#:															
Date Submitted:															
Principal Contact:								Email:							
Project duration can be no longer than 6 months; activities and expenses may only be incurred after the deadline date								<b>Budgeted Expenses</b>				<b>Actual Expenses</b> (final reporting only)			
Start Date:		To	End Date:		Total	MTI Funds	Cash Match	Other Match	Total	MTI Funds	Cash Match	Other Match			
OWNERS AND EMPLOYEES		Hours	Hourly Rate Rounded												
Name/Title:		0	\$0		\$0										
Name/Title:		0	\$0		\$0										
Name/Title:		0	\$0		\$0										
Name/Title:		0	\$0		\$0										
<b>Personnel Subtotal</b>					<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>			
EXTERNAL CONTRACTORS & HIRED SERVICES		Hours	Hourly Rate Rounded												
Name/Title:		0	\$0		\$0										
Name/Title:		0	\$0		\$0										
<b>Contractual Services Subtotal</b>					<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>			
<b>PROJECT SUPPLIES</b> (List category & describe)															
List/Describe:															
List/Describe:															
<b>Project Supplies Subtotal</b>					<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>			
<b>TRAVEL</b> (List where/reason)															
Where:		Reason:													
Where:		Reason:													
<b>Travel Subtotal</b>					<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>			
<b>OTHER DIRECT COSTS</b> (List & describe)															
List/Describe:															
<b>Other Subtotal</b>					<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>			
<b>TOTAL COSTS</b>					<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>			
								<b>Total Match</b>		<b>\$0</b>					
								<b>Total Match</b>		<b>\$0</b>					
The following boxes will tell if you have filled out this form correctly								Budget is in balance		Expenses are in balance					
By submitting this document the applicant/awardee represents that all resources represented are real and are specifically dedicated to the project.															
* If you are completing this form in Excel & you require more lines for each item, click on the plus (+) sign on the far left to expose additional lines.															
* If this form is being completed as part of the <a href="#">MTI TechStart Grant Application</a> process, please enter budget details into the following columns: Total Budget (Column G), MTI Funds (Column I), Cash Match (Column J) and Other Match (Column K). DO NOT COMPLETE the Actual Expenses columns.															
* If an MTI TechStart Grant has been granted and this form is being submitted as part of a <a href="#">Final Report</a> , please enter actual project expenses for the current milestone period into the following columns: Total Expenses (Column M), MTI Funds (Column O), Cash Match (Column P) and Other Match (Column Q) accordingly. If any individual line is over \$1,000 then supporting documentation such as invoices, time logs or proof of payment must be submitted.															

## 6. Commitment Letters

### Up to two pages each

Identify where the matching commitment will come from for the project

Each consultant should provide a letter discussing their commitment and role on the project. You may use this to provide a detailed quote from a consultant or partner.

*Tip: This is a good way to provide additional detail for the scope of work from the consultants.*

# 7. Professional Summaries

## Up to one page each

For each person listed on the project, including consultants

May include for advisors/partners as well

Find the experts!

*Tip: Recommend using paragraph style and focus each one on how they fit to this project/technology.*

# Submit Seed Grant Application Online

Applications must be consolidated into a single PDF file then uploaded through the following portal:

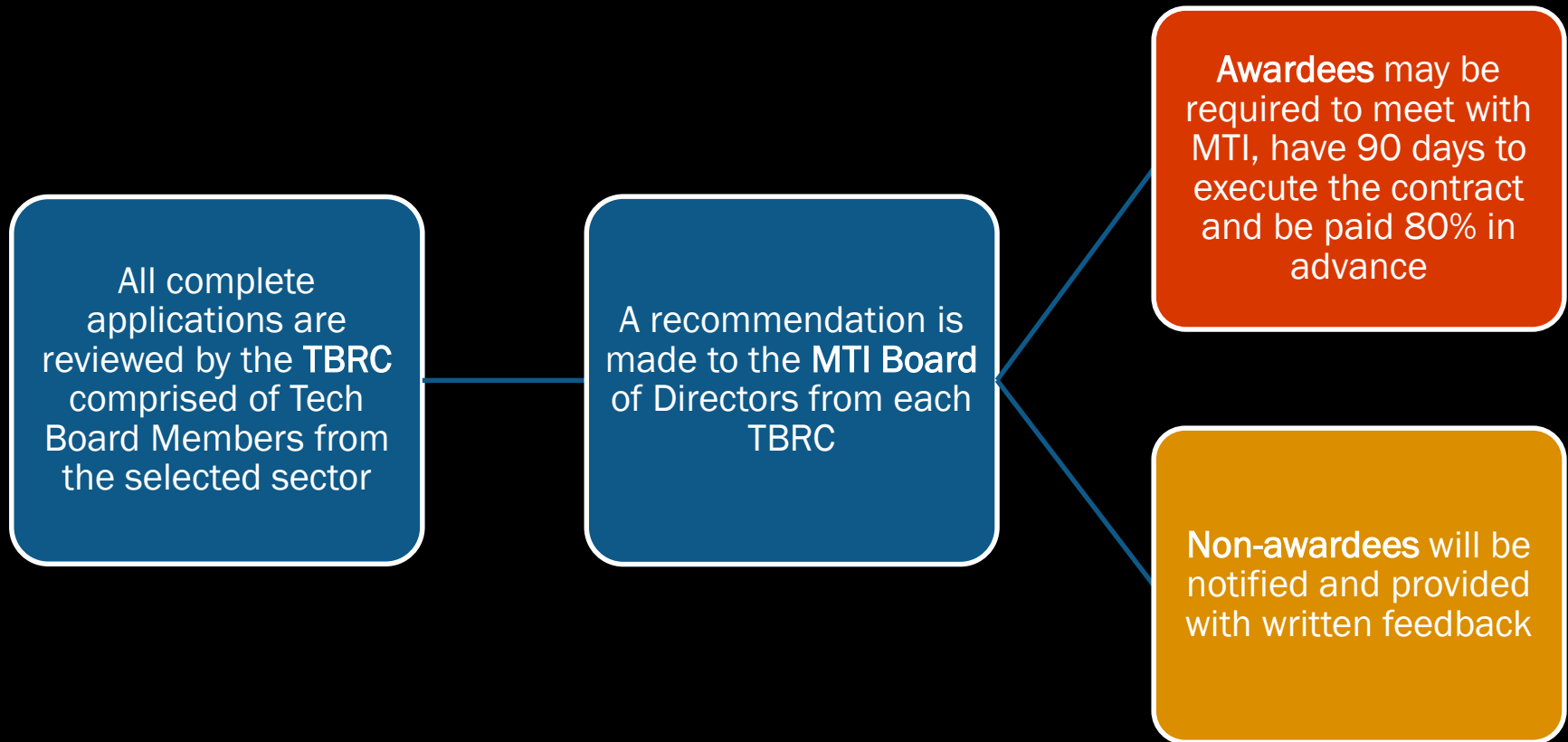
[https://www.GrantRequest.com/SID\\_2050?SA=SNA&FID=35038](https://www.GrantRequest.com/SID_2050?SA=SNA&FID=35038)

Information you will be asked to provide:

- ▶ General business info – name, phone, email, years in business, sector
- ▶ Non-confidential summary – <100 words describing project
- ▶ Identify and potential conflicted parties/reviewers

*Tip: Don't wait until 5 pm on the deadline day as there may be traffic!*

# Review Process for Seed Grant Applications



# Even More Tips!

- ▶ Identify how MTI funds will **add value** to the proposed project.
- ▶ Clearly articulate what the technology is and how it works and **test it out on someone** who is not so close to the project.
- ▶ Identify **what makes your technology better** than current solutions by utilizing comparisons to existing technologies. Is it better or cheaper?
- ▶ Identify **what's next** and how this project gets you there.
- ▶ A strong team will include employees, advisors, partners, vendors, clients and anyone else helping to bring this technology to market. Identify them!
- ▶ Treat MTI like any potential investor. **Make your pitch!**
- ▶ Re-read your application. Check for typos and math.