



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

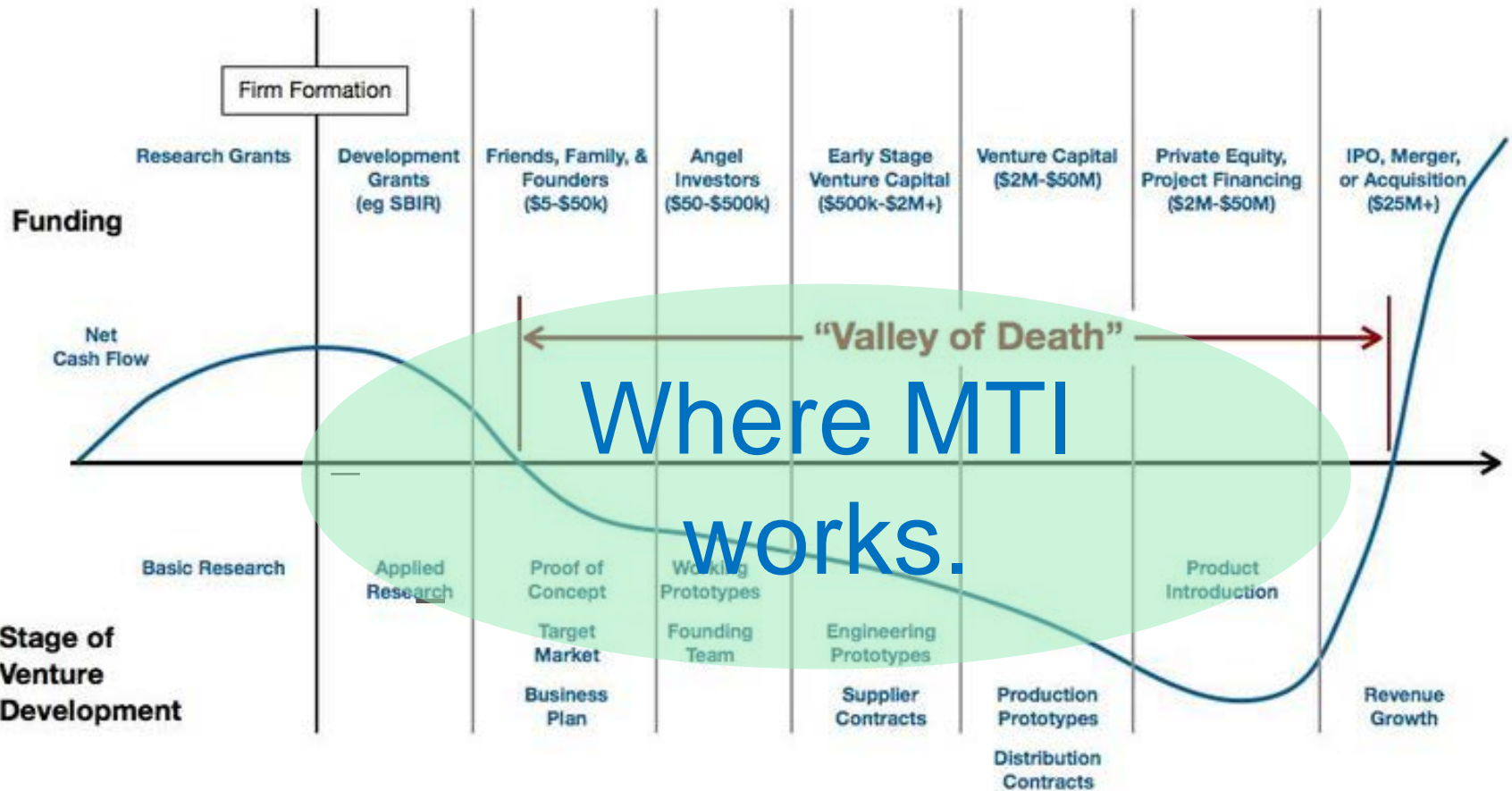
\$900 million leveraged

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**

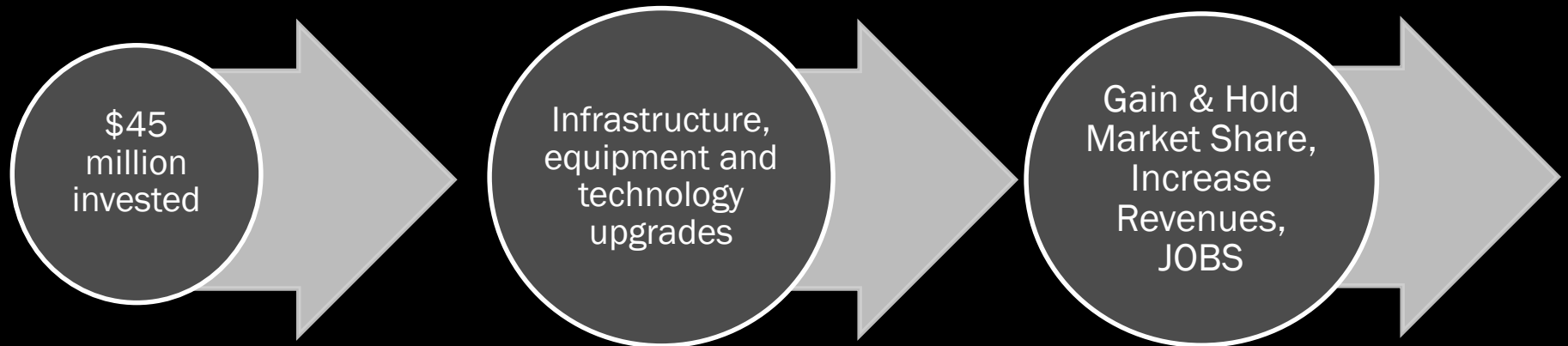
- ▶ **Private sector-led strong partnerships**
- ▶ **Build on knowledge-based and value-added advantages**
- ▶ **Innovation can occur in a variety of ways: products, services, and business models**
- ▶ **Money is important but networks are more important**
- ▶ **Measure success/impact throughout**

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

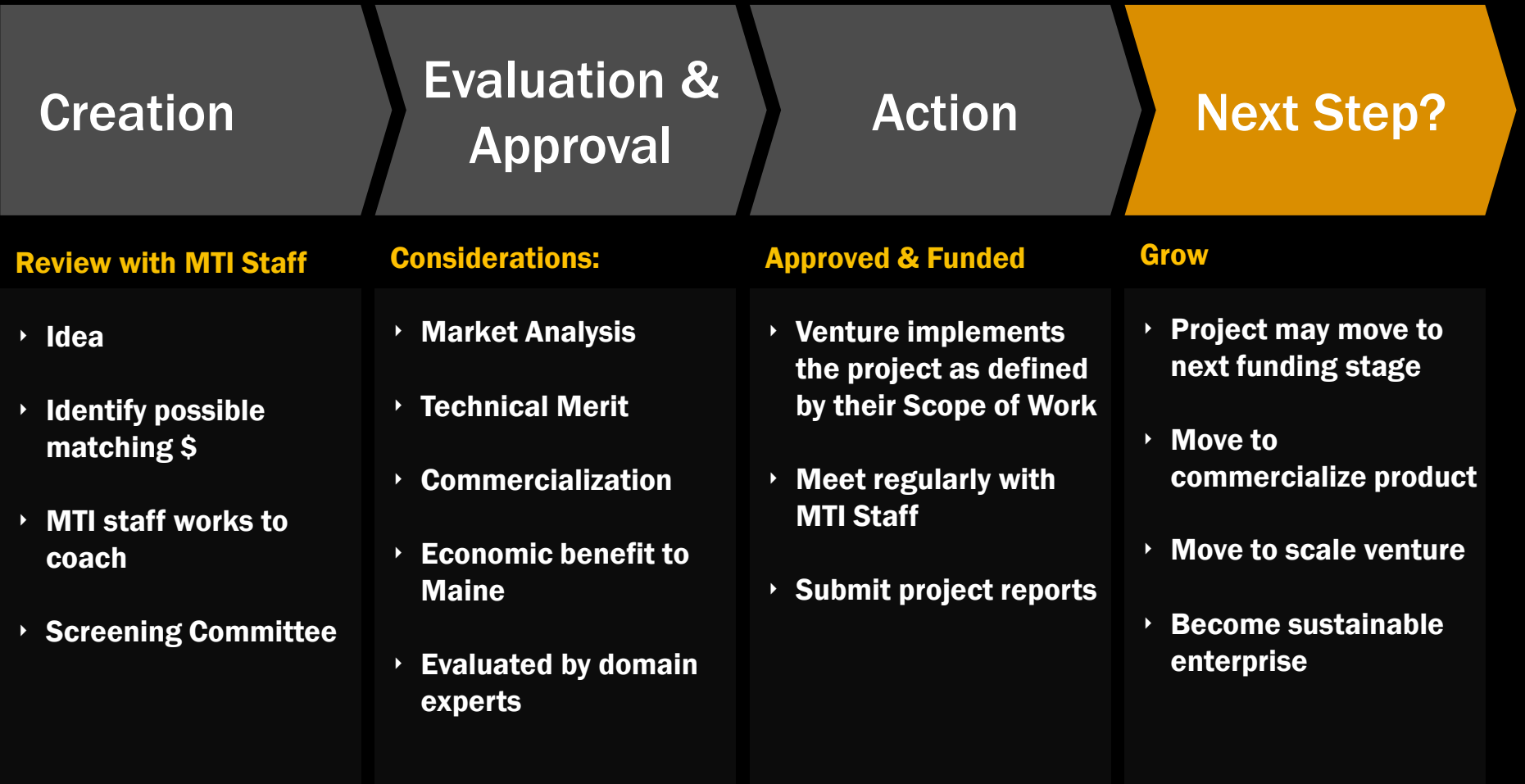


Federal SBIR/STTR Program

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

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

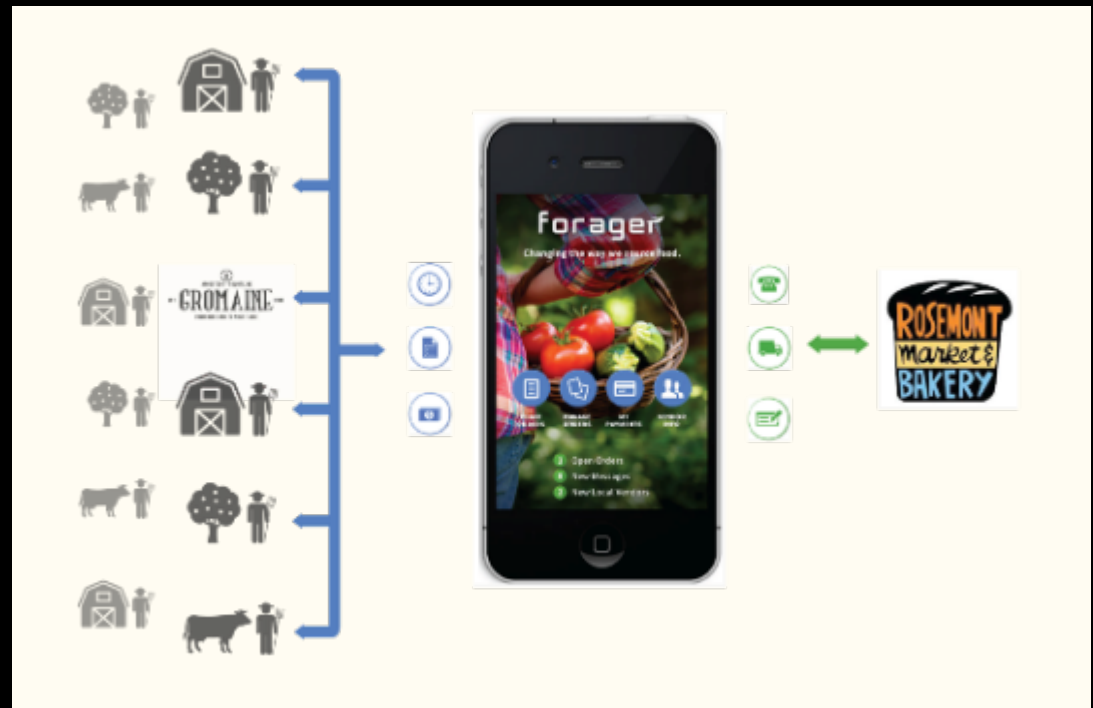


North Spore Mushroom Company is developing new technologies for specialty mushroom production utilizing a hardwood substrate and cold pasteurization technique that is more cost effective than traditional methods of mushroom cultivation. By increasing our spawn production capacity, constructing a clean 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...

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www.mainetechnology.org

TechStart Grant

Understanding the market and developing a strategy

Tech Start Grants: up to \$5,000

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

- ▶ Offered monthly
- ▶ Limited to 6-month projects
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TechStart Grant funds are only eligible for specific activities

Eligible activities

- Market analysis
Including surveys, interviews, purchase of data, activities related to quantifying the market opportunity
- Business plan development
Including activities related to developing go to market strategies
- Intellectual property investigation and filings

Ineligible activities

- Expenditures for any R&D activities
- Any expenditures before the submission date for the round
- Overhead or indirect costs
- Sales and marketing activities

Understanding your market

Designing an experiment to prove or disprove hypotheses.

Secondary Research

- **Collecting data on what is happening out there**
- **Google**
- **Research databases**
- **State of Maine Library**
- **Published articles**



Primary Research

- **What does this mean to your business?**
- **Surveys, Interviews, Focus Groups**
- **Ask non-leading questions.**
- **Be honest about the results**
- **Not a sales pitch, do not present your idea as a solution**



Analysis / Biz Modeling

- **Understanding what the data means and developing a strategy**
- **What are the implications for your business?**
- **Who are your target market segments?**
- **What do they need and want?**

Steps for submitting a TechStart Grant Application

Download Application Instructions

- Understand what the funder wants
- Create a rough draft of the scope of the project

Concept Review Meeting

- Share your project draft with MTI
- Be sure that the project is a fit to the TechStart Grant and MTI purpose

Prepare application for submission

- Address all criteria, get feedback
- Follow the instructions

Components of the TechStart Grant Application

1. History of prior funding: MTI or other
2. Feedback for Resubmission
3. Narrative Component – 3 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 – 2 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 TechStart Grant Applications, there is no written feedback and unfunded applicants are encouraged to contact MTI to discuss the review of their application with the goal of addressing the feedback in an improved resubmission.

3. Narrative – 3 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

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?

Clearly state the targeted project objectives and discuss the specific tasks that will achieve those results

Who will do the work?

Along with the tasks, identify who will be performing them

What are the deliverables?

Market research report, business plan, provisional patent

Tip: Get a Commitment Letter if using a consultant

3. Narrative – continued

Commercialization Strategy

Identify and discuss the goals of the company?

Are you looking to start/grow your company?

If manufacturing is needed, will your company do it or will you find a partner? Identify possible partners.

Do you plan to license the technology?

What are the next steps after this project?

What is required to bring this to market? Funding from MTI?

Tip: Discuss how this project moves you closer to the market.

3. Narrative – continued

Economic Impact (to Maine)

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

Discuss the types and number of jobs that could be created

Estimate how much revenue could be generated and how that might grow year over year

Discuss how this fits to Maine and the industry in general

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

Do not get into the bios, 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

Two pages that may include:

- Market Data, Comparative Analysis
- 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								Budgeted Expenses				Actual Expenses (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										
Personnel Subtotal					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
EXTERNAL CONTRACTORS & HIRED SERVICES		Hours	Hourly Rate Rounded												
Name/Title:		0	\$0		\$0										
Name/Title:		0	\$0		\$0										
Contractual Services Subtotal					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
PROJECT SUPPLIES (List category & describe)															
List/Describe:															
List/Describe:															
Project Supplies Subtotal					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
TRAVEL (List where/reason)															
Where:		Reason:													
Where:		Reason:													
Travel Subtotal					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
OTHER DIRECT COSTS (List & describe)															
List/Describe:															
Other Subtotal					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
TOTAL COSTS					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
								Total Match		\$0					

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 MTI TechStart Grant Application 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 Final Report, 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

Letters from consultants discussing their commitment and role on the project

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 TechStart 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=35035

Information you will be asked to provide:

- ▶ General business info – name, phone, email, number of employees, 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 TechStart Grant Applications

All complete applications are reviewed by the **TechStart Review Committee** comprised of MTI Staff

Awardees will be emailed agreement docs, have 60 days to execute the contract and be paid 80% in advance

Non-awardees will be notified and encouraged to contact MTI for verbal feedback before resubmitting

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.