



## **Enhanced Phase 0 Grant Program Announcement & Call for Proposals**

### **Background**

The Oregon Innovation Council (Oregon InC) seeks to support the creation and growth of companies with high-growth potential emerging from science and research. Universities, labs, and private sector entrepreneurs are continually testing innovations—technologies, products, and services—with the potential to change how business happens. These innovations are sometimes commercialized with both public and private support. Early on, investments in these early companies are risky, as the technologies and teams are unproven. Funding for further testing, laboratory validations, prototype development, small scale pilot programs, and market validation is hard to come by, or often comes with significant strings. Without an early source of non-dilutive capital, promising companies cannot live up to their full potential. Early public investment in these innovative companies will support the ability to scale up in Oregon, creating new technologies, products, and jobs.

Earliest stage commercialization funding is needed to bridge the gap between traditional research and development funding sources and larger federal grants and/or private investment. Oregon InC, working with Signature Research Centers (SRC's—ONAMI, OTRADI, and VertueLab), university tech transfer offices, and other technical assistance providers, works to identify strategic investment opportunities that can result in significant impacts—moving products and services to market, gaining initial customer traction, and securing additional financing.

Oregon InC, managed by Business Oregon, has historically supported the earliest stage commercialization of science and research-based innovations through several programs. The programs enable emerging companies to conduct research and development and prove out the technical and commercial viability of their innovations to prepare them for production and marketing. The newly expanded **Enhanced Phase 0** program is an interim strategy, running between the fall of 2018 and summer of 2019, partially taking the place of the Commercialization Gap Fund formerly invested via ONAMI and Oregon BEST (now VertueLab). The program's intent is to fill the capital gap for earliest stage commercialization of promising science and research, readying new companies for later private investment.

### **Grants for Commercialization and Eligibility**

Grants of **up to \$100,000** will be provided to Oregon companies commercializing promising science and research that aligns with Oregon InC's targeted industry sectors: active lifestyle, advanced manufacturing, natural resources, life science applications, advanced materials, and clean tech/impact investing.

Targeted industry areas have been selected due to their scalability, high-growth potential and alignment with Oregon's strengths.

The program will focus on companies that are not yet ready for commercial or institutional investment. Funds are meant to support proof of concept for innovations—development of a commercially viable product, market validation and other relevant expenditures. In order to ensure that applicants have or are receiving adequate wrap-around services, eligible companies should have existing relationships with service providers like Signature Research Centers, University Tech Transfer Offices and related incubators or accelerators, awardees of Oregon Growth Board funding, or Business Oregon innovation partner organizations.\*

Enhanced Phase 0 grants are intended to support the commercialization of technology research and development activities. These are non-dilutive grants that preserve a company's flexibility for raising funds during later phases. The funds can be applied to expenses that help a company stay and grow in Oregon. Examples of eligible expenses include, but are not limited to, the following:

- Development of a new technology, system or process
- demonstration of proof of concept
- specialty testing
- purchase of production equipment
- development of analytical tools, models or simulations
- development of a synthesis process or scale-up process
- development of a model, mockup, prototype, or pre-production product
- execution of a small scale technology pilot project or market trial
- testing of product attributes, features, or functionality
- product validation or pre-testing to support achievement of industry certification or 3rd party verification of product claims
- business development expertise or consultants
- intellectual property and patent protection
- market research/analysis
- infrastructure and/or equipment to support expansion in Oregon

Indirect costs (staff overhead, rent, utilities, legal costs associated with business formation, accounting, etc.) are eligible uses of the grant, capped at 20% of the award. They must be clearly defined in the budget narrative.

### **Ineligible Uses**

Expenses incurred prior to when Business Oregon executes an agreement with awardees are not eligible. Expenses incurred for regular costs of doing business that are not directly related to furthering the development, expansion, and/or commercial readiness of the new technology or product are not eligible beyond the 20% indirect cost exemption noted above.

\*Business Oregon innovation partner organizations are relevant partners funded by Business Oregon for activities focused on innovation. Examples include the OSU Advantage Accelerator and RAIN Eugene.

## Eligibility Requirements

- Applicant must be a traded-sector business, or have that expectation if the company is pre-revenue. "Traded sector" businesses are defined in Oregon statute as "industries in which member firms sell their goods or services into markets for which national or international competition exists."
- Applicant must be an Oregon-based business. "Oregon-based" is defined as "more than 50% of the company's employees are based in Oregon."
- Applicant must be registered to do business in Oregon.
- Applicant must be a company less than 5 years old with less than \$1,000,000 in annual revenue.
- Applicant has provided a clear project description and budget justification showing how the grant will help **advance science and research based commercialization**.
- Applicant must have a documented past or current relationship with a partner organization that provides small business assistance services, from the following list: SRC, University Tech Transfer Office and related business accelerators or incubators, Oregon Growth Board awardee, or Business Oregon innovation partner organizations.
  - This illustrates that the company has or has had access to wrap-around support and advisory services. The Enhanced Phase 0 Evaluation Committee will determine if the level of mentoring partnership is sufficient to meet this eligibility requirement.
  - Applicants must include a signed letter from their partner organization (from the list above) indicating what type of specific services the company has received, is receiving, or will receive in the near future.
- Applicants are not eligible for BOTH an SBIR match grant from Business Oregon and an Enhanced Phase 0 grant. SBIR match awards from Business Oregon granted to applicant between September of 2018 and July of 2019 will make the applicant ineligible for this grant.
- Applicant can only secure one Enhanced Phase 0 award. Grant award rounds will be conducted in September 2018, December 2018, and March 2019, pending available funding. Applicants can reapply in subsequent rounds if unsuccessful in prior rounds, at the discretion of Business Oregon.

## Selection Process & Preferences

Applications will be reviewed under the direction of Business Oregon's Innovation & Entrepreneurship team. An evaluation committee of experts will be convened to review applications and recommend awardees. Meeting the above Eligibility Requirements does not guarantee a grant award. There will be factors and criteria used in the review process to compare proposals and identify the most deserving companies.

Criteria that will be used to evaluate applications include but are not limited to the following:

- commercialization plan
- the uniqueness and viability of the technology and/or the application
- the potential for establishing and maintaining technical and commercial differentiation
- the ability for the funding to propel the recipient to an important development milestone
- experience and expertise of the company leadership
- the viability of the financial and operational plans
- demonstrated likelihood that the company will continue to grow within Oregon due to strong connections to Oregon research institutions, incubators/accelerators, supply chains, specialized workforce, strategic partners, customers, natural resources, etc.

- applicant is developing technology or a product with significant market and/or job creation potential within Oregon
- technology or product is aligned with the High Impact Opportunity Program focus areas (active lifestyle, advanced manufacturing and natural resources) or Signature Research Centers' focus areas (life sciences, advanced materials, and clean tech/impact investing)
- extent to which the company is commercializing technology, products, or services through science, research, and development
- intellectual property or patent status
- the budget narrative clearly demonstrates the capital gap requiring this type of funding
- viable market, revenue, and employment forecasts clearly outlined

### **Submission Requirements**

In order to allow sufficient evaluation of a grant application, the following documents are required to be submitted:

- Cover page that includes:
  - Legal name of firm
  - Firm address and mailing address (if different)
  - Phone number
  - Name of authorized signatory for the firm, title, phone and email
  - Project contact name, title, phone and email (if different than signatory)
  - Breakout of company ownership (owner names and % of ownership)
  - Federal Tax ID Number (if applicable)
  - Scanned or original signature (if submitted by mail) of authorized signatory, date submitted, and printed name and title
- Project description that includes descriptions of as many of the above evaluation criteria as applicable (no more than 7 single-sided pages with at least 11-point font)
- Specific proposed milestones to trigger payments 2 and 3 (of 3) from the grant. 60% of the award will be paid upon execution of a contract, 25% upon completion of first milestone, and 15% upon completion of second milestone. All milestones triggering payment must be achieved and documented, and appropriate payment requests submitted, by June 21, 2019.
- Project line-item budget with budget justification/narrative
- Key personnel biographical sketches (no more than 1 page per person)
- Signed letter from partner organization detailing the support the company has or will receive (SRC, tech transfer office or affiliated accelerator/incubator, OGB awardee, Business Oregon innovation partner organizations.)

The project description **must** explain the work to be done with the Business Oregon grant including, as appropriate, objectives, timeline, milestones, performance measures, how the work will move the technology closer to production and/or improve the market potential of the technology as well as any other information that explains how the grant will be put to an appropriate and productive use. This section **must** also describe progress the company has made to date on commercializing technology.

The budget documentation must provide information on how the matching grant will be spent by line item. Include how each item was calculated and provide justification for each item. If applicable, briefly describe any other funding that will be used on the project.

If any of this documentation includes proprietary information that is exempt from Oregon Public Records law, please mark those sections as such, along with a citation and explanation of the applicable exemption, and we will protect that proprietary information to the extent allowed by law. Business Oregon will not sign non-disclosure agreements related to these grants.

### **Timeline and Decision Making Process**

Proposals will be accepted in September of 2018, and December of 2018, and March of 2019 pending available funding. September applications are due **September 28, 2018, at 5:00 pm**.

An optional call-in Town Hall for **partner and service organizations** will be held on September 10, 2018, at 3:00 pm. Please [email Nate Wildfire](#) to sign up and receive call-in information.

An optional call-in Town Hall will be held for **company applicants** on September 11, 2018, at 3:00 pm. Please [email Nate Wildfire](#) to sign up and receive call-in information.

Office hours to answer applicant specific questions will be held for company applicants at the following dates and times. Please [email Nate Wildfire](#) to sign up for a time slot.

- September 13–8:00 am–12:00 pm
- September 14–2:00 pm–5:00 pm
- September 18–8:00 am–12:00 pm

Proposals may not be selected to receive an award for any of the following reasons:

- They do not fit the eligibility guidelines
- They are deemed by staff and the committee to not be aligned with the overall goals of the program
- They are deemed by staff or the committee to not be sufficiently robust or complete

Proposals that have promise but are not successful in the evaluation process may be eligible for further consideration in a future cycle of the selection process, pending funding availability. Staff will return those proposals with comments and will be available for consultations with the proposer to suggest ways to strengthen the proposal for further consideration. If a proposal is not eligible for future consideration, the proposer will be so notified.

Applicants will be contacted within three weeks of the application due date regarding the status of their application.

### **Reporting and Scope of Work**

Awards approved by Oregon InC will be contingent upon the development of a mutually agreeable Statement of Work (SOW) that will be incorporated into a contract agreement between Business Oregon and company. The milestones that trigger funding releases will be specified in this SOW. Additional metrics reporting will be required annually for three years after the grant award—revenue growth, additional funding secured, jobs created, and some demographic reporting. The agreement will also include certain commitments that companies will have to complete in order to avoid repayment of the grant (e.g., maintain majority of employees in Oregon for two years after execution of contract, submit periodic progress reports to the agency, etc.).

Funded companies will be expected to maintain regular communication with Business Oregon staff during the execution of the SOW. Business Oregon staff will review project activities and standard, data oriented reports to assure that sufficient progress is being made.

### **How to Apply**

Applications are due **September 28, 2018, at 5:00 pm.**

Submit the required materials to Business Oregon, either by:

email to: [nate.wildfire@oregon.gov](mailto:nate.wildfire@oregon.gov)

OR

standard mail: Nate Wildfire, Capital Strategist  
Business Oregon  
121 S.W. Salmon Street, Suite 205  
Portland, Oregon 97204

If submitted via email, please ensure submission does not exceed 10MB. This includes all attachments. Check the total size of the email before sending. If it is larger than 10MB you will need to submit your materials in two (or more) separate emails.

Email subject line should read **Enhanced Phase 0 Application – Firm Name**. If more than one email is needed for your submission, please include the **Firm Name, submission #** (e.g., 1 in the first email, 2 in the second email, etc.) as the first line of the email body.