

Entrepreneurial Investments Direct Industry Funding Programs



Direct Industry Funding programs support Alberta's Innovation Network through an integrated approach focused on coaching, community, and capital. Alberta Innovates invests in high potential, high growth technology/knowledge-based companies bringing novel innovations to market through five (5) funding programs. Our robust due diligence process creates an actively managed and balanced investment portfolio focused on increasing revenues, exports and jobs while providing social and/or environmental benefits to the Province of Alberta.

1. Micro-Voucher
2. Voucher
3. Industry r&D Associates
4. Industry Commercialization Associates
5. Product Demonstration Program (PDP)

FREQUENTLY ASKED QUESTIONS

What type of documentation will I have to provide? Investment clients should expect to provide clear accurate information on the current state of business and evidence-based business planning documentation, such as you would provide a financial institution, venture capitalist, private equity firm or angel investor. While requirements to receive an investment from Alberta Innovates are high, they are no more onerous than a lending institution.

Why do you require so much documentation? Our due diligence process requires that we are accountable to the people of Alberta and abide by an auditable accountability framework. As a government agency, we have an obligation to ensure we are investing taxpayer dollars in the most efficient manner. Therefore, we have an obligation to perform high-level due diligence for a highly competitive suite of programs. Alberta Innovates strives to ensure all applicants are given sufficient guidance and opportunity to provide information about their product/project during the process.

How does the government get a return on the investment? Alberta Innovates has a higher risk tolerance than a financial institution and our Return on Investment (ROI) is measured through follow up surveys with the Applicant. A strong ROI for Alberta Innovates is a combination of increased revenue, exports, and/or jobs for the SME's we support. Social and/or environmental benefits to the Province of Alberta are looked on favorably as well.

What is the Alberta Innovates investments success rate? For every \$1 invested on behalf of the people of Alberta by Alberta Innovates, companies have increased revenues by \$5.20, received \$28.22 in follow-on investment and created positive contributions to job growth and economic diversification.¹ Due to the high-risk nature of Alberta Innovates investments, it is understood that the number of successful investments will be low; however if one is successful, the ROI as measured by Alberta Innovates should be significant. The balanced portfolio may contain some low risk, low return investments.

¹ Alberta Innovates TechCom Scorecard 2017

Does Alberta Innovates take an equity position? No. Alberta Innovates does monitor active investments and releases funding based on successful completion of milestones (tracked through progress reports). Alberta Innovates has the right to request survey data from current and past Applicants about their business and the opportunity. This data is reported anonymously and in aggregate format to the Government of Alberta.

Why does a firm have to contribute a percentage of the project costs? This demonstrates the Applicant is committed and ensures Alberta Innovates is a contributor, not a sole investor. Applicants that have “skin-in-the-game” show evidence of fortitude and commitment to their product/project.

What types of projects receive funding? Our guiding principles are *small-medium size enterprises in the technology or knowledge-based industry with a novel innovation that will provide high growth*. Novel means you have a unique product that is not on the market or has just been introduced to the market. The high growth results from a strong value proposition and competitive advantage that is sustainable. Due diligence is performed on each proposal to ensure accuracy and completeness of information. Proposals are then assessed based on quantitative and qualitative methodologies from other early stage investors and the Government mandate for the applicable program. Alberta Innovates does not provide funding to non-Albertan entities or companies that are insolvent. We strive to ensure that positive outcomes from the successful commercialization of these projects/products benefit the Province of Alberta and its residents. While Alberta Innovates provides program guidelines, our investments are each unique and are evaluated on an individual basis. Direct Industry Funding programs are not entitlements to Albertans.

I received a micro-voucher; does that mean I will receive a voucher or investment from other Alberta Innovates programs? No. Projects, companies and industry conditions change over time. Receiving funding does not guarantee future funding from Alberta Innovates or any other government programs.

Will I know why an investment opportunity was not successful? Yes. Alberta Innovates provides limited written feedback on why applications are not successful. Our programs are highly competitive; even if you have a highly-novel project, you are not guaranteed funding. Further feedback on how to improve your business prospect may be provided through a Technology Development Advisor (TDA).

Alberta Innovates gave me a voucher, can I use that to get third party funding? Funding from Alberta Innovates does not in any way mean endorsement or validation of your technology. You may not use our logo, represent Alberta Innovates as endorsing the opportunity or do public announcements without our approval.

Do TDA's help write grant or voucher applications? No.

Do I have to have a TDA to apply to voucher programs? No, however the TDA may act as an in-person validator to the Investment Analyst assigned to the Application. The Investment Analyst is tasked with the due diligence and risk /reward assessment, which is provided to the Alberta Innovates' Investment Committee. Clients appreciate working a TDA because the TDA helps them see the gaps in their business planning and market assessment. While the TDA is an integral part of our team, investment decisions are made by a separate due diligence team and the Investment Committee.