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# PROGRAM GUIDE: THE ALBERTA SMALL BUSINESS INNOVATION AND RESEARCH INITIATIVE (ASBIRI)

## PROGRAM OVERVIEW

### Background

Innovation – both the creation of new products and the leveraging of innovation into the operations of existing private sector enterprises – is critical to Alberta’s global competitiveness.

In 2015, Alberta Innovates surveyed small and medium-sized enterprises (SMEs) we had worked with. We identified that finding commercial partners, accessing sales channels and a lack of a defined market need were the most significant barriers to the successful commercialization of SMEs’ technology-based products and services. In addition, a post-mortem of 101 start-up failures identified the lack of a defined market need as the single most influential factor in determining commercial success.

At the same time, we know that large industry, while being responsible for half of all R&D expenditures in Canada, lags behind their global peers in implementing innovations into their operations.

In response to these challenges, Alberta Innovates developed the Alberta Small Business Innovation and Research Initiative (ASBIRI).

## Program Details

The Alberta Small Business Innovation and Research Initiative (ASBIRI) is a novel and cutting-edge program.

Alberta Innovates first develops relationships with Industry Partners to identify challenges in their operations that, if addressed, would give them an edge in the global marketplace.

Next, Alberta Innovates and our Industry Partners jointly invite Alberta's SMEs to leverage their ingenuity and compete for the opportunity to develop a technology-based solution for the well-defined operational challenge.

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*The result is a focused, industry-government partnership and a project built on the principles of demand-pull innovation. Resources are allocated where there is a clear existing industry need, ensuring a targeted research and innovation investment.*

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## HOW THE PROGRAM WORKS

### Eligibility

**(a) Applicant Eligibility** Criteria - To qualify as an Applicant, an SME is required to satisfy the following criteria:

- be a for-profit SME;
- demonstrate the relationship between the Applicant and the Industry Partner does not create a conflict of interest;
- have a physical presence in Alberta;
- meet the following definition of an SME: a company with fewer than 500 Full Time employees, and less than \$50,000,000 annual gross revenue;
- be a legal entity:
  - incorporated in Alberta; or
  - incorporated federally or in another jurisdiction AND extra-provincially registered in Alberta; or
  - a General Partnership, Limited Partnership or Limited Liability Partnership AND registered in Alberta;
- have no outstanding balance or otherwise owe money to Alberta Innovates or its subsidiaries.

## **(b) Project Eligibility Criteria**

To qualify for funding all projects must:

- have the participation of both an Industry Partner and an Alberta based SME as the Applicant;
- start after the execution of the Agreement between Alberta Innovates, the Applicant, and the Industry Partner, and must be stepped with critical “go/no go” milestones;
- be completed within three (3) years unless an extension is specifically approved in writing by Alberta Innovates;
- submit to other criteria that Alberta Innovates may develop from time to time.

## **Program Objectives and Performance Measurement**

The ASBIRI Program has wide ranging objectives and impact for Applicants, Industry Partners and the province.

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*Over the life of a project, Alberta Innovates employs an active project management philosophy, regularly monitoring performance and supporting the Applicant and Industry Partner to reach their objectives. Funding is tied to outcomes and achievement of results. For this reason, Alberta Innovates funds on a milestone completion basis. This means the Applicant and Industry Partner are expected to complete a task and submit a progress report before Alberta Innovates advances the next tranche of funds.*

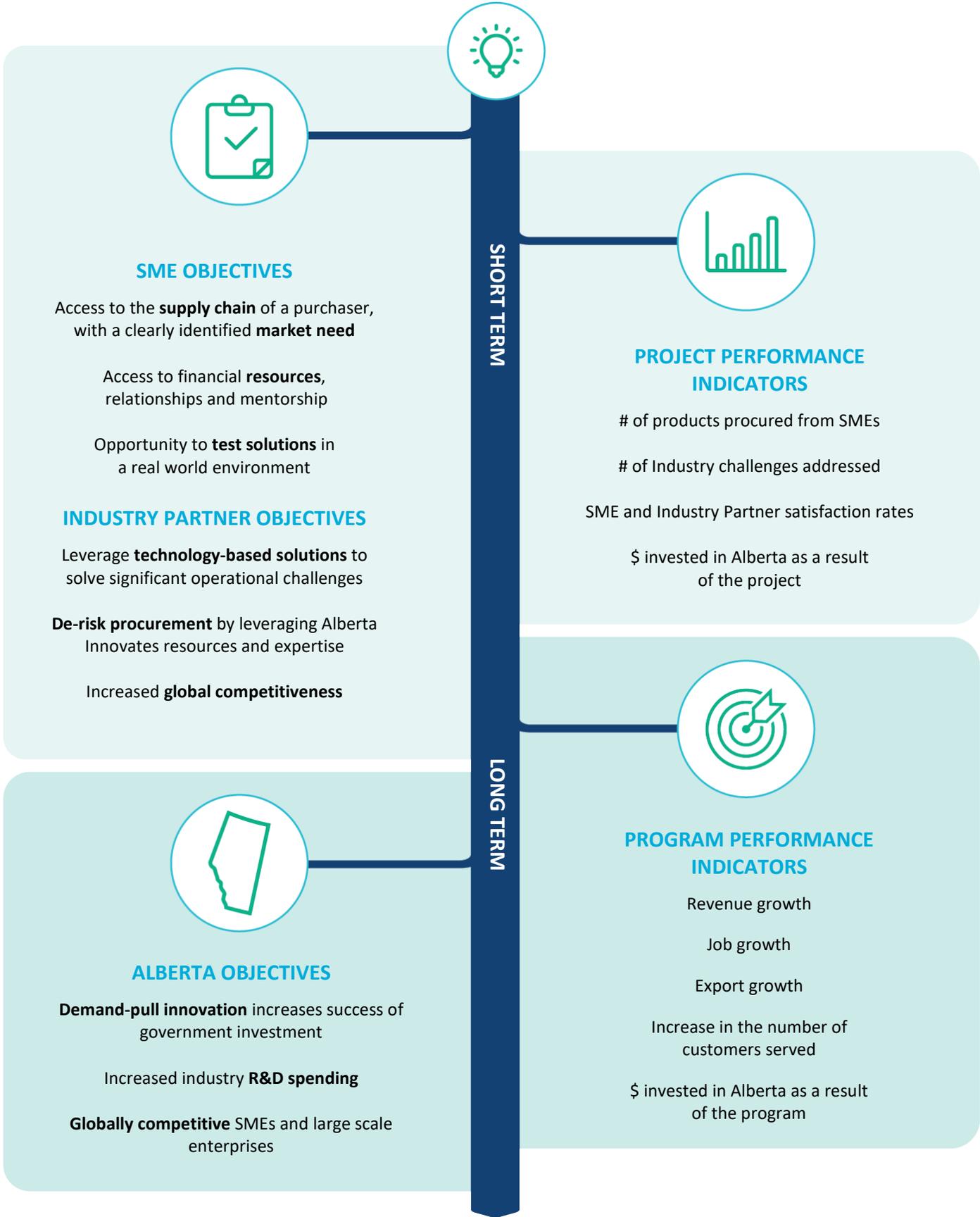
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Once projects are completed, Alberta Innovates continues to monitor performance to accurately evaluate the economic, social and environmental benefits realized for the province.

All funding agreements outline performance indicators tracked over the course of the project and the responsibilities of the Industry Partner and Applicant to report on outcomes subsequent to the completion of the project.

Each project is unique, and specific performance measures can vary from one ASBIRI Challenge to another. However, Alberta Innovates also has a common set of performance metrics it monitors, both at the individual project level and for the aggregate program. These are highlighted on the next page.

# Objectives and Performance Metrics



## SME OBJECTIVES

- Access to the **supply chain** of a purchaser, with a clearly identified **market need**
- Access to financial **resources**, relationships and mentorship
- Opportunity to **test solutions** in a real world environment

## INDUSTRY PARTNER OBJECTIVES

- Leverage **technology-based solutions** to solve significant operational challenges
- De-risk procurement** by leveraging Alberta Innovates resources and expertise
- Increased **global competitiveness**

## ALBERTA OBJECTIVES

- Demand-pull innovation** increases success of government investment
- Increased industry **R&D spending**
- Globally competitive** SMEs and large scale enterprises

SHORT TERM

LONG TERM

## PROJECT PERFORMANCE INDICATORS

- # of products procured from SMEs
- # of Industry challenges addressed
- SME and Industry Partner satisfaction rates
- \$ invested in Alberta as a result of the project

## PROGRAM PERFORMANCE INDICATORS

- Revenue growth
- Job growth
- Export growth
- Increase in the number of customers served
- \$ invested in Alberta as a result of the program



## How Funding Works

### (a) Project Funding

Funding from Alberta Innovates is specific to each project. Both the Applicant and the Industry Partner are required to contribute to the project, either through a cash injection or with in-kind resources (labour, facilities, etc.)

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*Alberta Innovates encourages co-funding of projects with other funding agencies, but employs a stacking limit to ensure there is sufficient financial commitment from the Industry Partner and Applicant. The stacking limit is employed as follows: the maximum level of total government assistance, whether from federal, provincial/territorial, or municipal sources, cannot exceed 75% of the eligible project costs.*

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### (b) Eligible and ineligible expenses

Alberta Innovates funds expenses directly attributable to the performance of agreed upon projects. All costs incurred must be critical to the performance of the project, as outlined in the application.

Alberta Innovates only funds reasonable costs incurred subsequent to a signed funding agreement between Alberta Innovates, the Applicant and the Industry Partner. Any costs incurred prior to the signing of the funding agreement, or costs greater than market prices are deemed ineligible. Costs must be incurred between arm's length entities. Please refer to our standard form funding agreement to get an in-depth understanding of eligible and ineligible costs.

The chart on the next page provides a high-level summary of eligible and ineligible expenses.

## Summary of Eligible and Ineligible Expenses

Category	Eligible Expenses	Ineligible Expenses
<b>Labour</b>	<ul style="list-style-type: none"> <li>✓ Salary and benefits for individuals who are specifically working on the project</li> </ul>	<ul style="list-style-type: none"> <li>✗ Overhead costs charged to employee labour rates</li> <li>✗ Professional training &amp; development</li> <li>✗ Professional fees unless directly related to the project</li> </ul>
<b>Materials</b>	<ul style="list-style-type: none"> <li>✓ Reasonable material costs</li> </ul>	
<b>Capital Assets &amp; Software</b>	<ul style="list-style-type: none"> <li>✓ Capital improvements</li> <li>✓ Capital equipment</li> <li>✓ Software or information databases</li> </ul> <p><i>Note: Eligible costs will be pro-rated to the project time frame based on the asset's expected economic life</i></p>	<ul style="list-style-type: none"> <li>✗ Acquisitions of land or buildings</li> <li>✗ The undepreciated value of eligible capital costs which extends beyond the project timeframe</li> </ul>
<b>Travel</b>	<ul style="list-style-type: none"> <li>✓ Mileage, lowest economy class airfare, and accommodation where the Industry Partner's place of business is located in a different city than the SME</li> </ul>	<ul style="list-style-type: none"> <li>✗ Costs relating to meals, entertainment, hospitality and gifts</li> <li>✗ Passport or immigration fees</li> <li>✗ Reimbursement for airfare purchased with personal frequent flyer programs</li> <li>✗ Commuting costs between place of residence and place of employment</li> </ul>
<b>Sub-contractors</b>	<ul style="list-style-type: none"> <li>✓ Services or products of another entity</li> </ul>	<ul style="list-style-type: none"> <li>✗ Costs associated with applying for government grants and programs</li> <li>✗ Provisions for contingencies, technical or professional journals</li> <li>✗ Routine testing and maintenance</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>✓ Costs which Alberta Innovates pre-approves in writing as an eligible expense</li> </ul>	<ul style="list-style-type: none"> <li>✗ Collection charges, allowance for interest on debt, fines and penalties</li> <li>✗ Federal and provincial income taxes, goods and services taxes</li> <li>✗ Expenses for projects or activities outside the approved Project</li> </ul>

## HOW TO APPLY

The ASBIRI Program is delivered in three phases.



### PHASE 1 Challenge Selection

Alberta Innovates and the Industry Partner identify a well-defined technological need within the Industry Partner's operations and what technologies will be required in order to find a solution.

Requirements for Applicants, key performance indicators for a successful project and the structure of the application and evaluation process are defined.

New challenges are announced periodically on the Alberta Innovates website at [albertainnovates.ca](http://albertainnovates.ca).



### PHASE 2 Solution Evaluation

Alberta based SMEs submit an application outlining their technological capabilities to address the challenge, together with details of their business readiness and an overall project plan.

This phase has 3 sub-stages.

**Stage 1:** Open call to invite all SMEs who fit the eligibility requirements to apply online. All applications are evaluated.

**Stage 2:** Only the successful applicants from the evaluation are invited to apply to this stage, called Business Readiness.

**Stage 3:** Successful Applicant(s) engage the Industry Partner to mutually develop a project plan and agreement.



### PHASE 3 Technology Development & Demonstration

Alberta Innovates actively supports the Industry Partner and selected Applicant in the execution phase of the project to successfully achieve stated objectives.

Timelines are specific to each individual Challenge.

## EVALUATION PROCESS

During the different phases of the program, Alberta Innovates leverages internal staff, representatives from the Industry Partner and external expert reviewers to evaluate applications submitted by SMEs. Alberta Innovates retains the sole right to determine the evaluation process, and does not disclose the names of its external reviewers to ensure their objectivity and impartiality. All external parties are subject to both confidentiality and conflict of interest policies set by Alberta Innovates.

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*The assessment criteria for each challenge varies and are set once a challenge is launched.*

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## TERMS AND CONDITIONS

This Program Guide is intended as a high-level overview of the ASBIRI program. It provides interested SMEs with a roadmap of what to expect over the lifecycle of an ASBIRI project, from the formation of a challenge, through the application stage, during the project and post-completion. Should you have any questions about this guide or what is expected, please contact Alberta Innovates. As each challenge is unique, certain elements or expectations may be present in one challenge and not in another. Please be aware Alberta Innovates may modify this guide from time to time in keeping with any changes to the ASBIRI program.

Once we have evaluated and approved an application for funding, Alberta Innovates will require the Applicant and Industry Partner to sign our standard form investment agreement. A copy of the [investment agreement](#) is available on the Alberta Innovates website. The investment agreement sets out in detail the roles, responsibilities and obligations of the various parties to ensure a successful project. Alberta Innovates will not provide any funding until the investment agreement has been signed by all parties.

## CONTACT INFORMATION

Garth Likes

Director - ASBIRI

Entrepreneurial Investments

TEL: 780-450-5415

Cell: 587-783-7933

[garth.likes@albertainnovates.ca](mailto:garth.likes@albertainnovates.ca)

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