PROGRAM OVERVIEW

The objective of the Product Demonstration Program (the "Program" or "PDP") is to support high potential, high growth technology Alberta Small to Medium Sized Enterprises ("the Applicant" or "SME") to commercialize their products and achieve an optimal market position to increase revenue and potentially expand into global markets.

The Program is designed to de-risk the commercialization process by providing funds and coaching to the SME. The SME enters a partnership with a "Strategic Partner" to conduct a product pilot or demonstration that proves out the technical and business merits of their product and serves as a reference client, buyer or distributor.

This Program is a good fit for SMEs that:

- have product(s) that no longer require refinement to the core technology (product is ready to pilot in an operational setting to verify product value and reduce its uncertainty).
- have product(s) that are looking to expand sales or broaden market segments (product is ready for demonstration in an operational environment and may need to extend product core technology and/or capability);
- need to identify a potential Strategic Partner at Expression of Interest, and need a signed Letter of Intent from the Strategic Partner(s) at Full Proposal;
- can complete the pilot or demonstration within one year;
- can reasonably expect a first sale, or distribution agreement within 18 months if the pilot is successful; and
- can reasonably expect expanded sales or distribution agreements if the demonstration is successful within 18 months.
**Background**

Alberta SMEs are recognized as an integral component to diversify and build the Alberta economy. Piloting or demonstrating new products with a first buyer or influential client(s) is critical in the commercialization and scale-up pathway.

Having a Strategic Partner(s) to participate in real-world product pilots or demonstrations actively can accelerate the commercialization process. The Strategic Partner(s) could be a single company or a distribution channel that provides clear supports for the SME in solidifying the market fit and may act as an "anchor" reference for new clients. They may also provide access to new markets, distribution channels, and/or services.

**Program Details**

The Product Demonstration Program is managed with a two-step call basis, starting with the Expression of Interest ("EOI") then a Full Proposal ("FP").

The Program is designed specifically to support SMEs that want to pilot or demonstrate their technology in an operational environment with a Strategic Partner(s). The objective is to support SMEs in commercializing their products and achieving an optimal market position to increase revenue and expand into global markets.

Within a Project for a pilot, the Applicant is expected to verify the product's value and reduce its uncertainty in an operational environment. Best practices for implementation and operations for the product will be tested. The Strategic Partner(s) will help clarify the use case for customer validation for market entry. The first sale or distribution agreement is expected post-pilot.

Within a Project for a demonstration, the Project's objective will be to demonstrate the product with their Strategic Partner(s) in an operational environment to provide insight into the product technology and or capabilities. If the Strategic Partner has asked to expand its core technology, they will help with feedback and testing new capabilities. The demonstration will showcase the product's value and best practices. The experiences shared between the Applicant and Strategic Partner during the demonstration provide market validation and lead to expanded sales or new market segments.

The Program is a "matching" Program, meaning Alberta Innovates will match the Applicant's contributions to a maximum Investment of $150,000. Matching funds must be in the form of 50% Cash and 50% In-kind contributions.
The Project must have a minimum of one Strategic Partner. The Strategic Partner’s Executive must provide a signed Letter of Intent ("LOI") at the Full Proposal stage indicating how the Strategic Partner will participate in the Project such as:

- How the product is adopted and evaluated;
- Intention to work with the Applicant to resolve issues;
- Intention to purchase the SME product based on success criteria being met;
- Intention to enter into a distribution agreement of the demonstrated product upon Project completion.

Successful Applicants of the Full Proposal will be invited to enter into an Investment Agreement with Alberta Innovates. The Project will be assigned an Alberta Innovates Project Advisor who will work with the Project team to achieve milestones.

Alberta Innovates will track the SME's progress to outcomes for five years post-project completion.

The result is a focused, business-to-business partnership, allowing the Applicant to access key resources, which can help push the product to commercialization.

HOW THE PROGRAM WORKS

The Program is administrated on a call basis, meaning Applications will only be accepted during designated time periods ("Program Call"). Interested Applicants will be required to submit an Expression of Intent ("EOI") Form through our Applicant Portal by the timelines outlined on the Alberta Innovates PDP webpage. Based on the eligibility of the submitted EOIs, only eligible Applicants will be invited to complete a Full Application. Unsuccessful Applicants are eligible to apply in future Program Calls, however successful Applicants are limited to receive no more than 2 PDP either pilot or demonstration awards.

The support of a Technology Development Advisor (TDA) is required for the PDP. They provide guidance and coaching and assess the Applicant’s PDP readiness. They can recommend suitable alternative Alberta Innovates funding programs, and help direct the Applicant to external funding opportunities.

Eligibility

(a) Applicant Eligibility Criteria - To qualify as an Applicant, an Alberta SME must satisfy the following criteria:

- be a for-profit SME;
- demonstrate the relationship between the Applicant and Strategic Partner(s) does not create a conflict of interest;
• be an Alberta-based company with an Albertan footprint, which is determined by the following: significant physical and corporate operational presence in Alberta, appropriate Alberta ownership, and discernable intent that operational benefits will flow primarily within the Province of Alberta
• have the financial capability to fund the required Applicant Contribution;
• 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 with up to date corporate filings*:
  ▪ 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; and
• be in good financial standing with Alberta Innovates and its subsidiaries InnoTech Alberta and C-Fer Technologies; and

*Please note, Alberta Innovates will perform a corporate search and may also seek bankruptcy and litigation searches.

(b) Strategic Partner Eligibility Criteria – To qualify as a Strategic Partner, the following criteria must be met:
• be Arm’s Length from the Applicant (cannot have any legal relationship with the Applicant);
• provide an LOI indicating the intention to participate in the Project at the time of the FP submission;
  o to verify the value of the product and help the Applicant reduce product uncertainty
  o to showcase the value and best practices of the product. To purchase or enter into a distribution agreement of the demonstrated product upon Project completion
• have the financial capability to purchase/or enter into a distribution agreement of the product upon Project completion of a demonstration;
• shows tangible resources committed to the Project;
• be a legal entity with up to date corporate filings*; and
• be in good financial standing with Alberta Innovates and its subsidiaries InnoTech Alberta and C-Fer Technologies;
• Submit to other criteria that Alberta Innovates may develop from time to time

*Please note, Alberta Innovates will perform a corporate search and may also seek bankruptcy and litigation searches.

c) Project Eligibility Criteria – To qualify for funding, all Projects must:
• demonstrate a strong product pilot or demonstration plan with clear acceptance criteria;
• have the participation of at least one product pilot or demonstration Strategic Partner(s);
• complete the product pilot or demonstration within the one (1) year term;
• on Project approval, the Applicant will provide a Project plan with critical "go/no go" milestones;
• show that the product has a high likelihood of the Strategic Partner being a first customer/distributor or accelerated commercialization success within 18 months of the project start;
• show that the product is a viable technology at Technology Readiness Level (TRL) 7, 8, or 9; and
• submit to other criteria that Alberta Innovates may develop from time to time.

Program Objectives and Performance Measurement

The PDP Program is designed to deliver a meaningful return on investment to the Province by accelerating the commercialization of innovative technology products that enhance Alberta’s workforce and enable technology and platforms that help diversify the economy. Through the PDP Program, SME’s can validate their technology, expand existing markets, create new markets, and scale into global markets.

Successful Applicants must actively work with an Alberta Innovates Project Advisor who will support the Applicant and Strategic Partner(s) to achieve the Project’s goals. Alberta Innovates will visit an Applicant or demonstration site to monitor the Project’s progress from time to time and at key milestone activities.

Over the life of a Project, Alberta Innovates employs an active project management philosophy, regularly monitoring performance and supporting the Applicant to reach their objectives. Funding is tied to outcomes and achievement of results. This means the Applicant is expected to submit a Progress Report before Alberta Innovates advances the next tranche of funds.

Alberta Innovates Investment Agreement outline the intended outcomes of the Program and the corresponding performance indicators (measures) that will be tracked throughout the Project, and the responsibilities of the Applicant to report on outcomes during and after the completion of the Project.

Once Projects are completed, Alberta Innovates continues to monitor performance for five (5) years post-project completion via an annual performance survey to accurately evaluate the economic, social, and environmental benefits realized for Albertans and our Province.

The progress reports and annual performance surveys are used to inform Program planning and performance management. The Program level performance results will be communicated back to Applicants, key stakeholders, and the public.

Alberta Innovates has a common set of performance metrics it monitors, both at the individual Project level and the aggregate Program. Short, mid, and long-term Program outcomes and a sample of key performance indicators are highlighted in the diagram on the next page.
Objectives and Performance Metrics

**APPLICANT BENEFITS**
- Build a relationship with a Strategic Partner to leverage their industry knowledge and distribution channels
- Financial resources or valuable in-kind contribution (e.g. field equipment)
- Influence on the target market in some capacity
- Opportunity to validate or demonstrate their product to potential customer or market
- Increased sales revenue

**STRATEGIC PARTNER BENEFITS**
- Access to innovation to solve operational challenges for itself or its customers
- Develop additional business relationships
- Potential to expand its supply and distribution channels
- De-risk exposure to new technology by leveraging Alberta Innovates resources and expertise
- Increased global competitiveness

**PILOT PROGRAM OUTCOMES**
- Connect ecosystem players
- Develop new partnerships
- Product technology and verified, uncertainty reduced
- First sale or distribution agreement

**SAMPLE OF PERFORMANCE INDICATORS**
- SME milestone attainment
- Leveraged dollars and resources
- SME and Strategic Partner(s) Satisfaction rate

**ALBERTA OBJECTIVES**
- Enhance workforce
- Enable technology and platforms
- Commercialize innovations

**DEMONSTRATION PROGRAM OUTCOMES**
- Insight in product value and best practices
- Develop new partnerships
- Expand existing market or create new/vertical markets
- Alberta SMEs potentially developed to scale into global markets

**SAMPLE OF PERFORMANCE INDICATORS**
- New SME jobs created
- SME revenue growth
- SME sales growth
- SME export growth
- SME investment growth
- SME survival rate
How Funding Works

(a) Project Funding

The Program is a "matching" Program, meaning Alberta Innovates will match the Applicant’s contributions to the total eligible Project Costs, to a maximum Investment of $150,000. Matching funds must be in the form of 50% Cash and 50% In-kind contributions (collectively, the "Contribution") from the Applicant. The funds are provided to cover Eligible Expenses only.

Alberta Innovates’ Investment is dispersed upon receipt and approval of a milestone-based Progress Reports and a Final Report based over the maximum one-year term. At AI’s discretion, a maximum up-front payment of 50% may be considered to accelerate the Project with a compelling rationale. Additional consideration will be given to Applicant’s where it is demonstrated that the Strategic Partner(s) or established valid distributor channels contribute cash or in-kind funding on top of the Project matching funding.

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 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.

(b) Eligible and Ineligible Expenses

Alberta Innovates only funds reasonable costs incurred after the Effective Date on an Investment Agreement between Alberta Innovates and the Applicant. Any costs incurred prior to the Effective Date in the Investment 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 Investment Agreement found on our website 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.
HOW TO APPLY

STEP 1
Identify Potential Strategic Partner(s)

The Applicant identifies potential Strategic Partner(s).

The Applicant must engage with Technology Development Advisor prior to submitting an Expression of Interest.

STEP 2
Application & Evaluation

I. Expression of Interest

EOIs are accepted from Applicants until the submission deadline. Refer to the Application Aid for help.

Applicant identifies potential Strategic Partner(s).

EOIs received after the deadline will not be reviewed.

Successful Applicants will be invited to submit a Full Project Proposal (Stage 2) for evaluation.

For current Competition timelines, please see the PDP webpage.

II. Full Project Proposal

Complete all aspects of the Application, refer to the Application Aid to ensure all information is complete.

The Applicant identifies and obtains Letter of Interest from the Strategic Partner(s).

STEP 3
Project Management

For approved Applications, the Applicant will execute an Investment Agreement with Alberta Innovates to proceed with the activities of the Project.

Agreement expectations will include:

- participation in Project management activities;
- reporting on progress to milestones and budget during the term of the Agreement; and
- reporting on progress to outcomes on an annual basis during the term of the Agreement and annually for five years after that term.

Project payment is based on Alberta Innovates approval of milestone, progress and performance reporting.
EVALUATION PROCESS

During the different phases of the Program, Alberta Innovates leverages internal staff and external expert reviewers to evaluate the EOI and FP Applications submitted. Alberta Innovates evaluates promising technologies based on a variety of common business and technical factors such as: the management and Project teams, strength of Strategic Partner(s) and their commitment, market conditions, competitive advantage and product/market fit, go to market plan, financials, technical feasibility and export potential.

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 confidentiality, intellectual property management and conflict of interest policies set by Alberta Innovates. The Program highly competitive and only the highest-quality Projects will be considered for funding.

The assessment criteria and all investment decisions are at the sole discretion of Alberta Innovates.

TERMS AND CONDITIONS

This Program Guide is intended as a high-level overview of the Program. It provides interested Applicants with a roadmap of what to expect over the lifecycle of a Product Demonstration Project, from the announcement of the Program, through the Application stage, during the Project and post-completion. Should you have any questions about this Guide or what is expected, please contact the PDP Program Manager. Please be aware Alberta Innovates may modify this Guide from time to time in keeping with any changes to the Program.

Alberta Innovates will only correspond in writing and provide copies of the Application to the person named in the Application form as the one authorized to speak for the Applicant.

Once we have evaluated and approved an Application for funding, Alberta Innovates will require the Applicant 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.

Alberta Innovates will only fund Applicants who have satisfied all eligibility criteria. Meeting the eligibility criteria does not guarantee access to funding, and all funding decisions will be made by Alberta Innovates at its sole discretion.

EQUITY, DIVERSITY AND INCLUSIVITY (EDI)
Alberta Innovates believes the Research and Innovation ecosystem is stronger and more sustainable when it is broadly reflective of the overall diversity of our community and therefore embraces the principles of Equity, Diversity and Inclusivity.

**CONTACT INFORMATION**

To reach the Technology Development Advisor, please visit our website at https://connectwithus.albertainnovates.ca

Should you have any questions about this guide or the Product Demonstration Program in general, please contact Alberta Innovates at inbox_grants@albertainnovates.ca.

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