
PROGRAM GUIDE: ALBERTA DIGITAL TRACTION PROGRAM (ALBERTA-DT)

PROGRAM OVERVIEW

Background

Alberta's Digital Small and Medium Size Enterprises (SME's) are recognized as an integral component to diversifying and building the Alberta economy. A Digital SME as defined by Alberta Innovates as any SME that relies on software development as core to one or more of its products and/or services and intends to rapidly scale in the global marketplace.

The Alberta Digital Traction Program (Alberta-DT) is designed to fill a gap identified in the Alberta entrepreneur ecosystem for Alberta's Digital SME's striving to achieve traction in order to grow into scaling, global, digital firms. Traction is measured through customer metrics such as customer acquisition, activation, retention, referral and ultimately revenue. It demonstrates product/market fit to investors and potential for exponential growth. Active customer discovery throughout product development are essential to gain traction and product/market fit.

Access to small amounts of non-dilutive funding, together with coaching from experienced entrepreneurs, will de-risk innovation for high potential, scaling digital SME's or allow them to pivot, pause or move on to the next opportunity quickly. Alberta Innovates, with input from the ecosystem, has designed the Alberta-DT Program (the "**Program**") aligned with Alberta Innovates' focus on digital enabled innovation and ecosystem support to diversify and grow the Alberta economy.

Program Details

Alberta Digital SME's (the "**Applicant**") may be eligible for up to \$50,000 in funding over a maximum six-month term. The amount is dependent on pre-approved Project milestones, developed in an agile fashion throughout the funding term, and Alberta Innovates' assessment of successful completion of those milestones prior to the release of further funding. The Applicant must 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.

Alberta-DT Funding is available to Alberta Digital SME's accepted into an pre-approved Alberta-based entrepreneur program such as 1) [Propel at Startup Edmonton](#), 2) [Junction at Platform Calgary](#) and 3) [Alberta's LeanStack Accelerator by Alberta Innovates with Alberta Innovation Network](#). The current approved program list can be found on the Alberta Innovates [website](#).

Successful Projects will require close collaboration between the Applicant and coaches assigned by the Alberta-based entrepreneur program ("**Business Coach**"). Acceptance into the Alberta-based entrepreneur program and assignment of a Business Coach must be completed prior to applying for Alberta-DT Funding.

Milestones will be linked to business outcomes including traction and customer delivery outputs. Once Milestone one is completed, Milestone two will be designed, approved and completed.

Project activities included in a milestone may include:

- (a) Customer and/or client discovery;
- (b) Digital market assessment and segmentation analysis;
- (c) Data-driven, online market assessment testing;
- (d) Product development based on client feedback;
- (e) Advanced market assessment or segmentation analysis;
- (f) Advanced sales and/or marketing strategies; or
- (g) Other technology development or business activities may be considered on a case by case basis.

The Alberta Digital Traction Program provides digital firms with non-dilutive capital, mentors and programing to design and perform milestones to gain traction.

HOW THE PROGRAM WORKS

Eligibility

(a) Applicant Eligibility Criteria - To qualify as an Applicant,

- be a for-profit SME;
- demonstrate the relationship between the Applicant and Business Coach does not create a conflict of interest;
- have a physical presence in Alberta;
- a company with fewer than 50 Full Time employees, and less than \$1,000,000 annual reoccurring revenue;
- be a legal entity with up to date corporate filings¹:
 - 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;

¹ Please note, Alberta Innovates will perform a corporate search and may also seek bankruptcy and litigation searches.

- be in good financial standing with Alberta Innovates and its subsidiaries InnoTech Alberta and C-Fer Technologies; and
- demonstrate previous capital investment into the company by the founding team equivalent to the potential investment by Alberta Innovates through this Program.

(b) Project Eligibility Criteria – To qualify for funding all Projects must:

- have the first milestones identified to a maximum of \$5,000;
- include participation in one of the pre-approved entrepreneur programs;
- be completed within the six-month term; and
- submit to other criteria that Alberta Innovates may develop from time to time.

Program Objectives and Performance Measurement

The Alberta-DT program is designed to pilot a new funding mechanism for digital SME's to catalyze their journey of customer discovery and product validation (milestones) towards product/market fit or quickly come to a decision to stop, pause for more information, or pivot to reallocate resources to the next best problem to be solved.

Over the life of a Project, Alberta Innovates and the Business Coach employ an active project management philosophy, regularly monitors performance and supports the Applicant to reach their objectives.

Once Projects are completed, Alberta Innovates continues to monitor performance for five (5) years to accurately evaluate the economic, social and environmental benefits realized for the province.

All Investment Agreements outline performance indicators tracked over the course of the Project and the responsibilities of the Applicant to report on outcomes subsequent to the completion of the Project.

The Alberta-DT Program contributes to the strategic outcomes of Alberta Innovates by accelerating high potential digital company growth to achieve economic and social impact for Alberta.

Alberta Innovates 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



APPLICANT BENEFITS

- Access to business expertise to accelerate commercialization
- Build connections within the Alberta entrepreneurial ecosystem
- Advancement in traction and customer discovery acumen

SHORT TERM



SHORT TERM PROGRAM OUTCOMES

- Increased coaching capacity in the ecosystem for digital firms
- Advancement of SME's Product/market fit knowledge
- Advancement of business traction

SAMPLE OF PERFORMANCE INDICATORS

- SME progression along client journey
- SME milestone attainment
- New customer acquisition, activation, retention & referral
- SME Satisfaction rate



LONG TERM



ALBERTA STRATEGIC OUTCOMES

- Enhance digital workforce
- Enable digital technology and platforms
- Commercialize digital innovations

MID / LONG TERM PROGRAM OUTCOMES

- Improved entrepreneurial ecosystem supports and collaboration
- Development of Digital SME networks and communities
- Increased adoption and commercialization of digital technologies and products

SAMPLE OF PERFORMANCE INDICATORS

- New Digital SME jobs created
- Digital SME revenue growth
- Digital SME export growth
- \$ Equity investment and capital raised
- Digital SME survival rate
- Digital SME Follow-on investment

How Funding Works

(a) Project Funding

Alberta Innovates' Investment to a successful Applicant may be up to a maximum of \$50,000. No matching cash contribution is required for the first \$25,000. For the remainder of the funding a minimum 25% cash contribution is required by the Applicant. For example, to access the remaining \$25,000 of funding the Applicant must demonstrate \$8,333 of company expenditures over the same time period the remaining \$25,000 will be used. Total Project Costs, as defined in the Application form, will be \$58,333 with \$8,333 as cash from the Applicant. Funding is released upon execution of a signed Investment Agreement. The funds are provided to cover Eligible Expenses only.

To assist early-stage entrepreneurs, Alberta Innovates will release funding at the start of each Project Milestone. Applicants are expected to submit a Progress Report including the plan for the next milestone before Alberta Innovates advances the next tranche of funds.

(b) Eligible and ineligible expenses

Alberta Innovates only funds reasonable costs incurred after the Effective Date on an Investment Agreement signed by AI and you. 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.



HOW TO APPLY



STEP 1 Pre-Application Connection

Applicants apply to a pre-approved Alberta entrepreneurial program and are accepted into the program.



STEP 2 Application and Evaluation

With the assistance of their Business Coach, the Applicant submits their Application online.

Applications outline the first Milestone of the Project, approved participation in one of the identified entrepreneurial programs, the current state of the opportunity, the Applicant's business readiness, and the Applicant's current financial state.

Alberta Innovates' merit review focuses on the recommendation from the Business Coach, the opportunity, and the overall success and size of the return to Alberta against the Performance Indicators listed on page 4.



STEP 3 Project Management and Follow-up

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

The Investment Agreement will include items such as reporting on milestones and payment terms based on performance.

Alberta Innovates continues to require information from the Applicant for five years following the completion of the Project in order to measure long-term benefits.

EVALUATION PROCESS

During the different phases of the program, Alberta Innovates leverages internal staff and may also engage external expert reviewers to evaluate the Applications submitted.

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.

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 an Alberta-DT 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 Alberta Innovates. 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

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