

Product Demonstration Program (PDP)

July 31, 2024

Continuous Intake

About Alberta Innovates

Innovation is the catalyst for sustainable jobs, economic and community strength, improved health and environmental benefits. [Alberta Innovates](#) leads and accelerates innovation from discovery to use across all sectors in all parts of the province. As Alberta's largest research and innovation agency, we are uniquely positioned to propel great ideas forward to improve the lives of Albertans today and for generations to come.

Alberta Innovates believes the research and innovation (R&I) ecosystem is stronger and more sustainable when it is broadly representative of the overall diversity of our community. We strive to ensure that all interested and qualified parties have an equitable opportunity to participate and contribute to the ecosystem and that our processes are inclusive.

The projects that our programs invest in are critical to how Alberta Innovates achieves positive impact for Albertans in alignment with the Government of Alberta's R&I priorities, as expressed in our corporate Business Plan. (See the most recent Business Plan on our [Publications](#) page on our website.) Accordingly, it is essential for project outcomes to align with those of the program.

The Product Demonstration Program is managed through the Entrepreneurial Investments business unit within Alberta Innovates. The [Entrepreneurial Investments](#) business unit assist high-growth, high-potential SMEs to reduce the time it takes to commercialize new technology and knowledge-based products, and to scale their business. We offer three Cs: coaching, community, and capital to help Alberta businesses commercialize new technology and grow our province's economy. We manage several high-demand investment programs with a growing number of subscribers. Through these highly-competitive programs we look to invest in high-potential, high-growth technology companies that will provide economic and social benefits for Alberta.

Program Overview

The Product Demonstration Program (the "**Program**" or "**PDP**") is to support Alberta's high potential, high growth, 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 their product's technical and business merits and serves as a reference client, buyer, or distributor.

The objectives of the PDP are to:

- Have **Applicants** build a relationship with a Strategic Partner to leverage their industry knowledge and distribution channels
- Influence the target market in some capacity
- Validate or demonstrate the Applicants product to a potential customer or market
- First sale or increase sales revenue within 18 months post project
- Potential to expand the Applicants' supply or distribution channels
- Increased global competitiveness
- Provide **Strategic Partners** access to innovative products to solve operational challenges for itself or its customers
- Help Strategic Partners to de-risk exposure to new technology
- Expand products in Strategic Partners' distribution channels

The key outcomes (i.e., measurable effects) the program will accomplish for the benefit of Albertans are:

- SME milestone attainment
- Leveraged dollars and resources
- SME and Strategic Partner satisfaction rate
- New jobs created
- SME revenue growth
- SME export growth
- SME Investment growth
- SME survival rate

Funding

The PDP provides support for up to \$150,000.

- 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 Cash and/or In-kind contributions from the Applicant. The funds are provided to cover Eligible Expenses only.
- Additional consideration will be given to Applicants 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

Funds for the PDP are dispersed directly to the Applicant.

Alberta Innovates only funds reasonable costs incurred after an Investment Agreement is signed by Alberta Innovates and the Applicant. Any costs incurred prior to the signing of the Investment Agreement, and costs greater than market prices, are ineligible. Costs must be incurred between arm's -length entities. Please refer to Schedule C in the [Investment Agreement](#) posted on the Product Demonstration Program web page for detailed information, including eligible and ineligible expenses.

Key Dates

The Applicant may apply at any time, as this Program is a continuous intake.

Eligibility

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.

Project Activities may include

- Extending core technology and/or capability
- Piloting in an operational environment to verify product value
- Demonstrating in an operational environment to broaden market segments

Unsuccessful Applicants are eligible to apply in the future; however, successful Applicants are limited to receiving no more than **2** PDP, either pilot or demonstration awards.

Applicant Eligibility

The Product Demonstration is open to For-Profit Organizations

In addition, to qualify for funding, the Applicant must:

- Exist as a corporate person, with up-to-date corporate filings;
- Be authorized to undertake the proposed project, and execute a grant with Alberta Innovates on our standard terms; and
- Not otherwise be prohibited from receiving Alberta Innovates funding, for instance due to a past bad debt or otherwise not be in good financial standing with Alberta Innovates or its subsidiaries, InnoTech Alberta and C-FER Technologies.
- Be incorporated in Alberta AND/OR incorporated in another jurisdiction and extra-provincially registered in Alberta;
- Be a General Partnership, Limited Partnership or Limited Liability Partnership and registered in Alberta.
- To qualify as a small or medium enterprise (SME), a company must have fewer than 500 full-time employees and less than \$50,000,000 in annual gross revenue.
- Companies must be Alberta-based with an Alberta footprint, which includes a significant physical and corporate operational presence in Alberta; appropriate Alberta ownership; and discernible intent that operational benefits will flow primarily within the Province of Alberta.

Please note: For Applicants that are **not** post-secondary institutions, Alberta Innovates may perform corporate, bankruptcy and litigation searches, and conduct other forms of due diligence on the Applicant company and its principals.

Partner Eligibility

Strategic Partners are required to:

- Exist as a corporate person, with up-to-date corporate filings.
- Be authorized to undertake the proposed project.
- Demonstrate that the relationship between the Applicant and Partner/Strategic Partner/Service Provider/Collaborator does not create a conflict of interest.
- Be at arm's length from the Applicant (i.e., no legal relationship with the Applicant).
- Provide a letter indicating the Partner's/Service Provider's/Collaborator's intention to participate in the Project at the time of application.
- Have the financial capability to purchase or enter into a distribution agreement of the product upon Project completion of a demonstration.
- Show tangible resources committed to the Project.
- Not otherwise be prohibited from receiving Alberta Innovates funding, for instance due to a past bad debt or otherwise not be in good financial standing with Alberta Innovates or its subsidiaries, InnoTech Alberta and C-FER Technologies.

Note: For partners, collaborators and/or service providers that are **not** post-secondary institutions, Alberta Innovates may perform corporate, bankruptcy and litigation searches, and other forms of due diligence.

Project Eligibility

To qualify for funding, all Projects must:

- Align with the objectives of the PDP;
- Show that the product is a viable technology at [Technology Readiness Level](#) (TRL) 7, 8, or 9
- Be stepped with critical “go/no go” milestones with measurable target outcomes
- Be completed within one-year term;
- Have the participation of at least one product pilot or demonstration Strategic Partner(s);
- Outline the financial contribution required by Applicant; and/or
- Comply with other criteria that Alberta Innovates may develop from time to time.

Project Expenses

Schedule C in the [Investment Agreement](#) outlines the eligible and ineligible expenses for projects in the Product Demonstration Program.

How to Apply

The Program will accept applications on a continuous basis.



Phase 1 Engagement and Intake

- The Applicant identifies a project and Strategic Partner
 - Applicant **connects with a Technology Development Advisor** to assess if the project scope meets the minimum requirements of aligning with Product Demonstration Program requirements.
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Phase 2 Application

- **Register** on the [Alberta Innovates Application Portal](#) (“Portal”).
 - The Applicant submits their [Application online](#), including the filled and signed Alberta Innovates [Letter of Interest from the Strategic Partner](#).
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Phase 3 Agreement

Successful applicants will execute an agreement with Alberta Innovates to proceed with the Project. Agreement will include details regarding:

- Reporting on progress to milestones and budget on an agreed timeline during the term of the Agreement; and
- Reporting on progress to outcomes on an agreed to timeline during and following the term of the Agreement.
- Project payments are based on milestone achievement and progress reporting.

Evaluation Process

All applications are reviewed and evaluated to determine fit with the Product Demonstration Program objectives and intended outcomes. Alberta Innovates staff and external expert reviewers are engaged to evaluate Applications.

Alberta Innovates evaluates submitted Applications to the Product Demonstration Program based on the technology, the business opportunity, applicant risks and the overall potential size of the return to Alberta against the performance outcomes. A variety of common business and technical factors such as: the management team, market conditions, competitive advantage and product/market fit, go to market plan, financials, technical feasibility and export potential are also considered.

Alberta Innovates retains the sole right to determine the evaluation process and assessment criteria and does not disclose the names of its reviewers to ensure their objectivity and impartiality. Internal and external parties involved in the evaluation are subject to confidentiality and conflict-of-interest policies set by Alberta Innovates.

An Applicant whose application is declined by Alberta Innovates may, on a one-time basis, re-apply to Alberta Innovates to address and correct any deficiencies or issues.

All investment decisions are at the sole discretion of Alberta Innovates.



Performance Measurement

Alberta Innovates invests in research and innovation activities on behalf of Albertans to help build a healthier, more sustainable and prosperous future for the province.

To maximize the impact of these investments, our funding is tied to achievement of results and outcomes. For this reason, Alberta Innovates funds on a milestone completion basis. This means the Applicant must submit a Progress or Final Report and demonstrate sufficient progress before Alberta Innovates advances the next milestone payment.

The Investment Agreement outlines the responsibilities the Applicant has in reporting Project outcomes to Alberta Innovates over the course of the Project and following completion of the Project. Outcomes of the Project may be monitored for up to five years after Project completion, so Alberta Innovates can evaluate the economic, social, health and/or environmental benefits to Alberta resulting from our investments.

Alberta Innovates has a common set of performance metrics it monitors, both at the individual Project level and for the aggregate Program. These metrics may evolve over time.

Terms and Conditions

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 for your reference.

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.

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.

Should you have any questions about this guide or what is expected, please contact Alberta Innovates (see contact information below). Please note that Alberta Innovates may modify this guide from time to time in keeping with any changes to the program.



Contact Information

TRACEY KELLY

BUSINESS PARTNER, ENTREPRENEURIAL INVESTMENTS

TEL 403-826-0224

EMAIL TRACEY.KELLY@ALBERTAINNOVATES.CA

APPENDIX A: Evaluation Criteria

Applications for Product Demonstration Program will be reviewed based on several broad criteria, with more specific details evident through the information requested in the application form. A summary of those criteria follows:

All applications are reviewed and evaluated to determine fit with the Product Demonstration Program objectives and intended outcomes. Alberta Innovates' staff and external expert reviewers are engaged to evaluate Applications. Alberta Innovates evaluates submitted Applications to the Program based on the technology, the business opportunity, applicant risks and the overall potential size of the return to Alberta against the performance outcomes. A variety of common business and technical factors such as: the management team, market conditions, competitive advantage and product/market fit, go to market plan, financials, technical feasibility and export potential are also considered. Alberta Innovates retains the sole right to determine the evaluation process and assessment criteria and does not disclose the names of its reviewers to ensure their objectivity and impartiality. Internal and external parties involved in the evaluation are subject to confidentiality and conflict-of-interest policies set by Alberta Innovates.

All investment decisions are at the sole discretion of Alberta Innovates.

Assess your company for Alberta Footprint by reviewing the criteria noted below.

All companies must be incorporated in Alberta AND/OR incorporated in another jurisdiction and extra provincially registered in Alberta, OR be a General Partnership, Limited Partnership or Limited Liability Partnership and registered in Alberta.

Next, if you meet the following Alberta Footprint criteria you are an Alberta company that can apply to our program.

- Over 50% total Alberta ownership
- And over 50% Alberta employees (FTE, PTE, and Contractors)
- And an Alberta Founder residing in Alberta as primary residence, where income tax is paid

If you do not meet the criteria above you may still be eligible and the following evaluation criteria will be used to assess your Alberta Footprint:

Alberta Footprint Evaluation Criteria for Entrepreneurial Investment Programs
Location of main operations (operations, salaries, taxes, expenses, license, permits, assets, and capital flow) and head office.
Portion of physical assets based in Alberta if applicable to your business model.
Number of Alberta-based T4 employees currently employed by the applicant and percentage of total jobs in the company based in Alberta.
Taxable revenues, current and future, flowing back to Alberta.
Percent of Alberta Ownership as demonstrated on Capitalization tables and registration documents. Due to unclear ownership and liquidity of shares, publicly traded companies are only eligible if significant Alberta ownership and control can be demonstrated. The Alberta ownership does not include Alberta investment firms that have investors from outside Alberta.
Number of Founders based in Alberta
Connections to Alberta eco-system, industry, strategic partners, and resources to grow business in Alberta. Current and future growth in Alberta to promote jobs, economic growth, and benefit to Albertans.
Publicly identified as, and corporate messaging consistent with, being an Alberta company
Collaborative support from other provinces on a large strategic win for Canada

These criteria are considered together to determine if there is sufficient Alberta benefit.