

Proposal Guidelines

Indiana 21st Century Research and Technology Fund

Revised 12-07-09

INTRODUCTION

The Indiana 21st Century Research and Technology Fund (the "Fund"), a component of the Small Business and Entrepreneurship Division of the Indiana Economic Development Corporation (the "IEDC"), is open to proposals from all public and private entities for technology-based commercialization activities encompassing science/technology creation, innovation, and transfer intended to have economic impact in Indiana.

Recent significant reductions in Indiana 21st Century Research and Technology Fund resources necessitate immediate revision of our previously released Guidelines.

Effective immediately, all Fund support of early-stage technology commercialization in small/medium size companies will be provided through the IEDC SBIR/STTR matching and ISCEP¹ processes. There may be exceptions involving technology commercialization projects with foci not reflected in the interests of the federal SBIR/STTR agencies; however, such exceptions must be corroborated by IEDC SBIR staff before Fund consideration can begin. In order to move all early stage support to the SBIR program, additional Fund resources will be directed to this use.

SBIR proposal development assistance, Phase I and Phase II matching/support letters, and Phase I matching award requests are all initiated by completion of relevant forms or templates available on the Fund web site: www.21Fund.org.

Direct Fund awards will continue to be made with the goal of solving technology-based product development and market penetration issues leading to accelerated company growth and consequent steepened job-creation trajectories. In addition to needed financial resources, resolution of such market barriers will involve management, business development, partnership, and specific technology development challenges. In general, projects addressed by direct Fund awards will typically be approaching cash flow break even in less than 24 months. This preference is a result of the pressing need for use of State resources to create high-value jobs in the current challenging financial environment. The Fund intends to function as a catalyst for technology-based company growth.

The Fund will also continue to work with its existing portfolio of awardees to address such market issues.

¹ Due to current financial limitations, the implementation of the Indiana SBIR/STTR Commercialization Enhancement Program (ISCEP) may be limited during the current biennium. The status of ISCEP will be updated on the 21 Fund web site. Phase I matching up to \$100,000 will continue to be supported by the IEDC.

FUND OBJECTIVES:

The Fund was created by the Indiana General Assembly to: Stimulate the transfer of research and technology into marketable products; Diversify Indiana's economy by focusing investment in biomedical research and biotechnology, information technology, and other high technology industry clusters requiring high skill, high wage employees; and Encourage an environment of innovation and cooperation among universities and businesses to promote research activity, and to Increase the capacity of Indiana institutions of higher education, Indiana businesses, and Indiana nonprofit organizations to compete successfully for federal or private research and development funding.

During its first five years, the Fund supported the development of critical academic-commercial networks, transferring advanced university technologies to the private commercial sector, and developing essential technical infrastructure. During its second five years, the Fund focused on the critically important early stages of technology development in small/medium size companies, and has created a large and growing portfolio of awardees, at all stages of development, through its technology commercialization awards as well as its SBIR/STTR matching and enhancement programs. Now, the Fund is beginning to emphasize its role in catalyzing the key inflections leading to sustained commercial activity, market penetration, and accelerated jobs growth.

The Fund's focus on supporting high-growth, science/technology-based businesses is complemented by other IEDC programs supporting sustainable commercial activity (<http://www.iedc.IN.gov>). The Fund intends to increase the numbers and rates of development of new and expanding technology-based companies in Indiana by funding promising opportunities.

The greatest societal benefits flow from developing new nationally competitive science/technology products. As these enter the mainstream of commercial activities, Indiana companies will gain and sustain important competitive advantages. Thus, the Fund has positioned itself to have maximal impact on two critical phases of company development: (1) the initial value demonstration of a new technology in the context of an evolving business structure by leveraging the federal review and support of SBIR/STTR awards; and (2) the initial entry and rapid growth into the marketplace, when rapid product and management evolution determines success or failure.

The creation of high-wage high-technology jobs is a primary driver of Fund award activities. Not only must the technology development plan be highly innovative and well-reasoned, but also the intended commercial development of that technology must be convincing and related to near-term jobs creation. It must be clear that if all project activities succeed, significant near- and long-term hiring will take place in Indiana. As a result, the nature of the business development plan will strongly influence the likelihood of an award action by the Fund. The IEDC Board, which must approve all Fund awards, thoroughly reviews each project's likely commercial impacts.

GENERAL SELECTION CRITERIA:

In making awards, the IEDC/Fund will balance: (1) time-to-market; (2) the probability of technical and business success; (3) jobs creation potential; and (4) cost. The Fund's emphasis will be on supporting and accelerating the transition from technology development to commercial success.

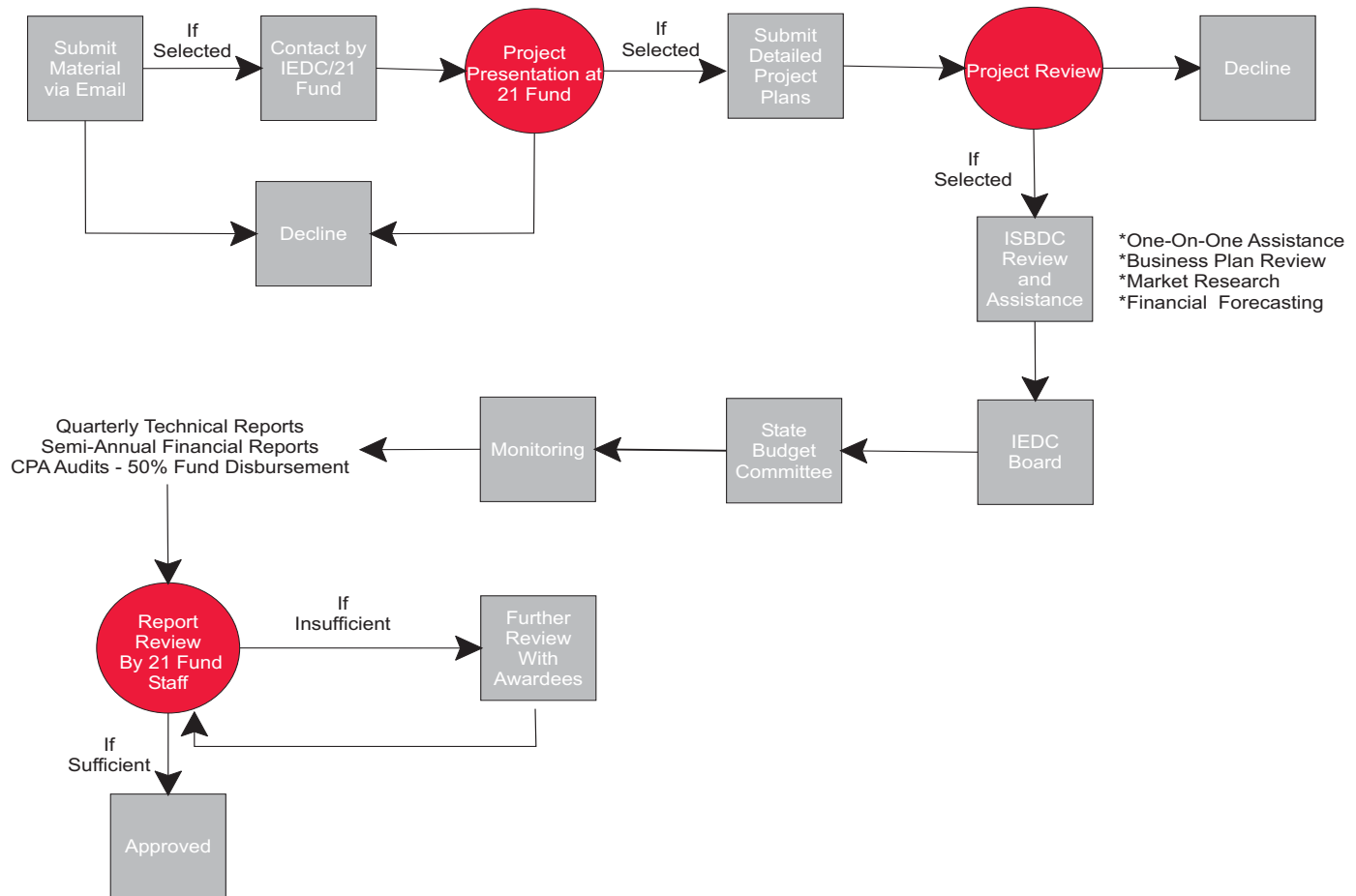
In all development projects, the IEDC/Fund prefers to leverage additional sources of funds, whether public or private. Similarly, our emphasis on time-to-market requires that projects with extended commercialization time-lines, such as early stage therapeutic drug and medical device development, utilize federal programs to the extent possible before approaching the Fund. The Fund SBIR programs are designed to

help small businesses develop successful proposals, and to supplement federal award support to accelerate project development.

Fund awards are subject to approval by the IEDC Board, which considers and recommends Fund awards to the Indiana State Budget Committee.

SUBMISSION PROCESS:

A schematic describing the Fund's submission and review process is shown below:



The initial step is submission of a completed 'Initial Project Information Form', which is available at the Fund website (www.21Fund.org). This form requests brief descriptions of both technological and business aspects of your intended project. This form, and any other materials you can provide to clearly explain your technical and business cases, will be used by Fund staff to identify projects which are likely fits to the Fund's objectives. Conforming projects will be invited to make brief presentations to IEDC/Fund staff. Projects selected as a result of the presentations and associated discussions will be asked to provide specific project information for further review. The nature of the required information, and how the final stages of the review process will be structured, depend on the project specifics.

(The SBIR Program has a similar 'Initial Project Information Form' which is used to evaluate the level of proposal development support that is appropriate for your project. Submission of this form generally leads to further discussion with Fund staff/or assignment of a writer to help with proposal development and submission.)

The Fund project review process ends with a decision by the IEDC whether to recommend the project to its Board for approval. The IEDC Board receives and considers project award recommendations from the IEDC/Fund. Projects approved for awards by the IEDC Board are presented to the Indiana State Budget Committee for final

approval.

Project oversight is an important aspect of every Fund award. Awardees are required to provide quarterly technical reports and semi-annual financial reports to the Fund. These reports are used to identify technical or commercialization issues requiring attention. *At 50% expenditure of award Funds, a CPA review is conducted.*

CONTACT PERSON: A single contact person and lead organization should be indicated on the ‘Initial Project Information Form’. The Fund often refers to this person as the “principal investigator”. Information about project review and final project disposition will only be provided to the principal investigator.

DISQUALIFICATIONS:

*Entities with previous Fund awards that are not current with regard to financial or technical reporting requirements will be disqualified from making new submissions to the Fund. **Generally, recipients of other IEDC business development incentives will be ineligible to receive 21 Fund support.** However, check with 21 Fund staff for an opinion in your specific case.*

*Resubmissions of previously declined proposals will be considered **only after the lapse of 6 months**, and then only if substantive changes have been made to the proposal. Fund staff will determine whether to review resubmissions.*

CONFIDENTIALITY AND CONFLICTS OF INTEREST:

The Fund utilizes confidential peer review involving Indiana, national, and international experts. The Fund’s reviewers complete confidentiality and conflicts-of-interest agreements with the Fund prior to developing reviews. Proposal and review materials have been designated as confidential by the IEDC Board, and are protected from public release². However, project abstracts, provided by applicants during the course of the awards process in the Initial Project Information Sheet, ARE public. Thus, it is important to avoid discussing confidential information in the abstract that you provide. Lists of applicant principal investigator, applicant organization and location, project title (and abstract), and amount requested are publicly available on the Fund’s website. If an award is made, the partner institutions are also listed in public tabulations.

POST-AWARD ISSUES:

Grant Agreements:

If a proposal receives all of the necessary approvals described in the Review Process above, the applicant will enter into an award agreement with the IEDC. In order to ensure that the award funds are invested in Indiana and applicants receive due incentive to grow their businesses in Indiana, the awards contain conditions relating to repayment of award funds in certain circumstances. The final terms of an applicant’s award will be as set forth in the definitive award agreement between the applicant and the IEDC.

Indiana Presence:

Proposals from organizations and individuals outside Indiana are welcome. However, the IEDC will include in its agreements specific terms intended to ensure that Indiana is the primary beneficiary of project technology development and related commercial activity. Some of these terms are stated in the repayment terms referred to above, including: ‘movement of the project outside the State of Indiana’, and ‘payment of more than fifty percent of the

²www.21fund.org/confidentiality.aspx

total amount of all salaries, wages and benefits to persons other than full-time residents of the State of Indiana.’

In addition to conducting project activities and commercialization in Indiana, the IEDC is likely to require the presence in Indiana of the company’s management. For start-up companies, this means that the entire company must be present in Indiana, including management. For existing companies intending to locate new divisions in Indiana this means that the majority of the technology development activities related to the IEDC award must be located in Indiana. Furthermore, while elements of company management may be located outside Indiana, the Indiana activities must be independently managed and operated in Indiana. Product manufacturing and support, and the majority of contract and consulting services, must be intended to occur in Indiana. Agreement terms related to ‘Indiana presence’ will be determined on a case-by-case basis, but it is important to discuss such issues with the IEDC prior to developing a full proposal.

Post-Award Reporting Requirements:

Awardees will be expected to submit quarterly technical reports and semi-annual financial reports summarizing the project. Through the award agreement, the IEDC also establishes the right to conduct site visits. Typically site visits will occur on a yearly basis. Awardees will be given at least one-week prior notice before any site visit.

No-Cost Extensions:

It is very important that you plan carefully the time it will take you to accomplish your project objectives. The IEDC will approve no-cost extensions of project duration *only under exceptional circumstances*. Return of unexpended funds is required by our award agreements

OTHER RELATED INITIATIVES SUPPORTED BY THE IEDC:

The IEDC’s SBIR Office encourages development of SBIR/STTR proposals. In conjunction with the Fund, the SBIR Office manages an SBIR/STTR Phase I matching program. In addition, the SBIR Office will carry out fast turn-around reviews of SBIR/STTR proposals from Indiana applicants prior to their submission. Separate guidelines are available on the Fund web site describing the process for obtaining a Phase I matching award (and for obtaining letters verifying the existence of our Phase I matching program that can be submitted with your federal Phase I proposal).

The Indiana Small Business Development Center (ISBDC) is a State-based organization offering a wealth of free and low cost information, management consultation, and educational services designed to support Indiana small business owners and potential entrepreneurs. Their mission is to help Indiana business grow and create new jobs within the state. The Fund interacts closely with the ISBDC to bring business development assistance to our awardees. You can find more information about the ISBDC at <http://www.isbdc.org/>.

INTERESTED IN APPLYING TO THE FUND OR WANT MORE GENERAL INFO?

Call: 317-234-5671

Or visit: www.21Fund.org