



**Development
Services Agency**



Third Frontier
Innovation Creating Opportunity

John R. Kasich, Governor

David Goodman, Director

Ohio Third Frontier Ohio's New Entrepreneurs Fund

Fiscal Year 2014 Request for Proposals (RFP)

- RFP Released – December 19, 2013
- Bidders' Conference – 2:00 p.m. on January 22, 2014
Vern Riffe Building, 77 South High Street, 31st Floor, Columbus, OH 43215
- Written Questions – through February 4, 2014
- Proposals due by 1:00 p.m. February 7, 2014
- Review and Award approximately – April 2014

RFP Administered by:
Ohio Development Services Agency
Office of Technology Investments
77 South High Street, 28th Floor
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1 Ohio Third Frontier Statement of Solicitation

1.1 Background

The Ohio Third Frontier represents an unprecedented and bipartisan commitment to expand Ohio's technological strengths and promote commercialization that leads to economic prosperity throughout Ohio. Designed to support world-class, commercializable research programs, nurture early-stage companies and foster technology development that makes existing industries more productive, the Ohio Third Frontier creates opportunity through innovation. In targeted areas of technology, the multi-year state of Ohio initiative supported with more than \$2 billion is catalyzing the growth of existing and emerging industry clusters throughout the state by:

- Improving the capacity of Ohio's entrepreneurial ecosystem to deliver services and attract capital necessary to create and grow scalable technology-based enterprises;
- Increasing the technical capabilities and business competencies of Ohio value chains within key existing and emerging driver industries and pursue targeted attraction to fill gaps; and
- Cultivating a highly collaborative and innovative environment that encourages Ohio's community of technology seekers and solvers to regularly exchange new knowledge in pursuit of targeted market-driven commercial opportunities.

For more information about Ohio Third Frontier, please see http://development.ohio.gov/bs_thirdfrontier/default.htm.

Consistent with the strategic goals, Ohio Third Frontier investments represent a balanced portfolio of programming that proactively identifies opportunities throughout the Technology Commercialization Framework (Framework). As a result, all Ohio Third Frontier programs share a common goal — to promote technology-based economic development within Ohio by funding activities that move technology from idea to market. This goal requires the state to design programs, evaluate proposals and projects, leverage resources and provide management oversight within the context of the Framework. It is expected that every proposal seeking Ohio Third Frontier funding will clearly demonstrate its understanding of the Framework, and will be able to articulate its scope of work within the Framework's model.

For more information about the guiding principles contained within the Framework, please see: <http://development.ohio.gov/files/otf/TechCommFramework-Complete.pdf>.

1.2 Request for Proposals Issuance

This Request for Proposals (RFP) is being issued for funds to be awarded under the Ohio Third Frontier. This RFP will be released by publication on the Ohio Third Frontier website at http://development.ohio.gov/bs_thirdfrontier/onefund.htm.

The Ohio Third Frontier Commission reserves the right to fund any Proposal in full or in part, to request additional information to assist in the review process, to reject any or all proposals responding to this RFP and to re-issue the RFP and accept new proposals if the Ohio Third Frontier Commission determines that doing so is in the best interests of the state of Ohio. Issuing this RFP does not bind the state to make an award of Ohio Third Frontier Funds. Any award of Ohio Third Frontier Funds in respect to this RFP will be subject to availability of funds as provided in Ohio Revised Code Section 126.07. This RFP is not a contract or commitment of any kind on behalf of the Ohio Development Services Agency (Development).

Development administers this RFP and reserves the right to adjust the dates for this RFP for whatever reason it deems appropriate. Development's Office of Technology Investments will administer all funds awarded under this RFP.

1.3 The RFP Process and Awards Process

The RFP process will consist of the following steps:

- Release of RFP
- Bidder's Conference
- Questions and Answers (Q&A) and Communications
- Submittal of Proposals

Each of these steps is discussed in Appendix A – RFP Process, Awards Process and Mandatory Compliance.

The Awards Process will consist of the following steps:

- Proposal Review and Evaluation Procedures
- Award Decision
- Award and Agreement Preparation and Execution

Each of these steps is discussed in Appendix A – RFP Process, Awards Process and Mandatory Compliance.

All questions regarding this RFP must be submitted in writing via e-mail to ONEFund@development.ohio.gov with a subject line of "ONE Fund Q&A". Lead Applicants, Collaborators and/or others acting on their behalf are to be aware of all prohibited contact in Section IV of Appendix A – RFP Process, Awards Process and Mandatory Compliance. If a Lead Applicant, Collaborator and/or others acting on their behalf makes prohibited contact, Development in its discretion may subject the Proposal to elimination from the RFP process.

2 Program Description

2.1 Purpose

Ohio's New Entrepreneurs Fund is an innovative approach to retaining and attracting the best and the brightest talent to Ohio. This mentorship-driven program focuses on the professional development of young entrepreneurs with the necessary ambition to commercialize new technologies, and looks to link promising new ventures in Ohio with early-stage investment capital. Ohio's New Entrepreneurs Fund aggressively recruits entrepreneurs from within Ohio and outside the state and fosters the entrepreneurs' development by educating them on what it takes to launch a new venture in Ohio.

2.2 Goals and Objectives

Development aims to support Ohio business accelerators which have the potential to become world-class by providing funding to teams of entrepreneurs participating in these accelerators. The over-arching goals for the accelerators include the following:

- Attract and retain top entrepreneurial talent in Ohio by directing resources to accelerate the formation and development of companies;
- Assist young companies in attracting follow-on investment; and
- Raise visibility and excitement about entrepreneurship in Ohio.

The accelerator model first emerged in 2005 around information technology with the goal of rapidly accelerating the time to secure investment capital and achieve market entry by quickly connecting emerging technology to market needs. The pioneer accelerator, Y Combinator, started in 2005 in Mountain View, California, followed by TechStars in 2006 in Boulder, Colorado, and both accelerators remain pre-eminent today. Ohio's New Entrepreneurs Fund aims to support accelerators with the potential to reach this caliber.

The accelerator model differs from business incubators due to highly defined programmatic structures including a set duration, identifiable progression targets, and a set number of participating companies in each cohort. A typical business accelerator can be viewed as an entrepreneurial "boot camp" lasting 10 to 12 weeks and ending with an Investor Showcase or Demo Day where entrepreneurs pitch their ventures to local, regional and national investors.

Companies supported by accelerators typically demonstrate a high likelihood of raising follow-on investment by the end of the program, which generally requires the ability to quickly validate the business model and demonstrate market traction, often involving the deployment of a beta prototype during the program. To accomplish this during the very short program timeframe, accelerator companies typically leverage platform technologies, utilize inexpensive development tools and are generally capital efficient. For these reasons, most accelerators focus on information technology, though several support a broader range of technologies.

2.3 Lead Applicant and Accelerator Eligibility

A Lead Applicant is the entity that submits a Proposal and will be legally and financially responsible for the administration of any resulting award of Ohio Third Frontier Funds. The Lead Applicant will be responsible for the administration of the Proposal should it be awarded.

The Lead Applicant must have a Principal Place of Business in Ohio. A Principal Place of Business is a facility located in the state of Ohio where the Lead Applicant, who is registered with the Secretary of State to conduct business in Ohio, maintains physical operations managed by a senior representative of the Lead Applicant who is authorized to make decisions and to obligate the Lead Applicant and its resources. This facility must be owned by the Lead Applicant or be subject to a long-term lease.

Lead Applicants that become Grantees must maintain eligibility while the grant is open. A Grantee that loses eligibility forfeits its award and may be required to repay the state of Ohio the full amount of the monies it has received, plus interest.

To be eligible for the program, the accelerators are expected to follow the model of approximately 12 week duration, support between six and 12 teams of entrepreneurs, expect a high level of team commitment and progress during the program and maintain graduation standards, and end with a Showcase or Demo Day where entrepreneurs pitch their ventures to an expert audience of local, regional and national investors. In addition, the accelerator is expected to provide a dedicated collaborative facility to the participating teams of entrepreneurs throughout the accelerator session. Current or past Grantees under the Entrepreneurial Signature Program are not eligible as Lead Applicants, but are encouraged to look at accelerators for a potential pipeline of quality deal flow.

2.4 Funding

Development anticipates awarding up to \$1.2 million in grants through the FY2014 Ohio's New Entrepreneurs Fund. Development anticipates awarding three to five grants through the Ohio's New Entrepreneurs Fund. Each grant will be for \$120,000 to \$240,000 to support six to 12 teams of entrepreneurs with funding of \$20,000 per team. Development will only support the entrepreneurial teams participating in the accelerator, and not the operating costs or overhead expenses associated with running the accelerator. Grantees will be expected to execute a grant agreement substantially in the form of the agreement included in Appendix C.

No portion of Ohio Third Frontier Funds may be used to provide bonuses, incentive compensation or rewards.

2.5 Term of Project

A Project is the plan of activity or activities that make up the total scope of work for which an award of Ohio Third Frontier funds is requested and for which a Proposal is approved. The Project Period is the period during which the work funded by the grant will take place and will be approximately three months. For an additional two years after the Project Period, the Lead Applicant will continue to follow the business success of the teams and report these to Development.

3 General Proposal Requirements

3.1 General Instructions

Proposals must be submitted in the following manner:

- **Proposals are to be submitted electronically in PDF format to ONEFund@development.ohio.gov with subject line “Ohio’s New Entrepreneurs Fund Proposal Submission”.**
- It is the Lead Applicant’s responsibility to ensure submission of a complete Proposal based on all requirements of this RFP.
- Proposals are to be submitted on 8.5 x 11-inch paper.
- Margins must not be less than $\frac{3}{4}$ of an inch on all sides, with the exception of forms found in Appendix B – Application Forms and Accelerator Operating Funds Form of this RFP.
- Font must be 11 point or larger with no more than six lines per inch.
- All pages must be numbered consecutively using the format “Page [#] of [total number of pages]” (e.g., Page 2 of 25).
- The Proposal title and Lead Applicant name must appear at the bottom of each page.
- Proposals should not include color figures that cannot be understood when photocopied in black and white.
- The first page of the Proposal must be the Application Information Page.
- Do not include a cover or cover letter other than the Application Information Page.

3.2 Trade Secret Information

All Lead Applicants are strongly discouraged from including in a Proposal any information that the Lead Applicant considers to be a “trade secret,” as that term is defined in Section 1333.61(D) of the Ohio Revised Code. All information submitted in response to this RFP is public information unless a statutory exception exists that exempts it from public release under the Ohio Public Records Act in Section 149.43 of the Ohio Revised Code. If any information in the Proposal is to be treated as a trade secret, the Proposal must:

- Identify each and every occurrence of the information within the Proposal with an asterisk before and after each line containing trade secret information and underline the trade secret information itself.
- Check the “This Application Does include information considered a ‘trade secret’” box on the Applicant Information Page.

- Include a page immediately after the Application Information Page that lists each page in the Proposal that includes trade secret information and the number of occurrences of trade secret information on that page.

To determine what qualifies as trade secret information, refer to the definition of “trade secret” in the Ohio Revised Code at 1333.61(D), which is reproduced below for reference:

- (D) “Trade Secret” means information, including the whole or any portion or phase of any scientific or technical information, design, process, procedure, formula, pattern, compilation, program, device, method, technique, or improvement, or any business information or plans, financial information, or listing of names, addresses, or telephone numbers, that satisfies both of the following:
- (1) It derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use.
 - (2) It is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

Development requires non-disclosure agreements from all non-Development persons who may have access to Proposals containing trade secret information, including evaluators.

3.3 Order and Content of Proposal Sections

3.3.1 Application Information Page

The first page of the Proposal must be the completed Applicant Information Page found in Appendix B – Application Forms and Accelerator Operating Funds Form to this RFP.

3.3.2 Trade Secret Information

This section of the Proposal must disclose any trade secret information included in the Proposal. This page is only required and must be included if there is any information to be treated as a trade secret in the Proposal. Follow the instructions in Section 3.2 of this RFP.

3.3.3 Lead Applicant Information

Complete and include the Lead Applicant Contact Information Page. One individual may serve in more than one capacity.

3.3.4 Table of Contents

Prepare a Table of Contents with detail for three levels of headings in the Proposal. This section should also include a list of charts, figures and tables that appear in the Proposal with a page number for each.

3.3.5 Statement of Work

This section of the Proposal's narrative must contain information that addresses the subject matter delineated below.

3.3.5.1 Stage of Development

- Whether this is a new accelerator, or whether one or more accelerator sessions have already taken place.

3.3.5.2 Focus Area

- Whether the technology focus areas will be broad-based, sector-weighted or sector-specific.
- If the focus is on area(s) outside of the information technology space, please clearly describe the following:
 - Why this is a good fit for the accelerator model;
 - Which points in the technology/business development timeframe can be accelerated; and
 - How the participating teams will be able to achieve rapid business validation and raise follow-on capital within six months of program completion.

3.3.5.3 Team Resources

- Discuss the breadth, depth and relevant expertise of the mentor network, and a strategy to continue to build, grow and maintain an extensive and committed mentor base. Indicate how many mentors with relevant expertise have committed their time to the program, and how many hours per week on average they expect to dedicate to the participating teams. If the mentors will be tiered based on their commitment level, please discuss.
- Discuss how the teams will readily gain access to customers for feedback, concept validation, market size assessment and prototype testing. Provide information about what tools and networks will be available to the participants in order to reach target market customers.
- Discuss the support of the local and regional investment community for the accelerator and how these investor networks are relevant to the focus area(s).
- Describe the planned accelerator methodology, such as formal or informal education sessions, programs to support company development, initiatives to measure and achieve progress targets and any social or networking activities.
- Discuss where the accelerator adopts existing best practices in its methodology and where it takes innovative approaches.
- Discuss the proposed Showcase or Demo Day, where at the end of the accelerator cycle entrepreneurs will pitch their ventures to local, regional and national investors.

- Discuss the proposed facility where the accelerator will be based and what makes it stand out as a great environment for accelerator teams and mentors.
- Discuss the corporate and professional services support such as technical expertise, business validation, legal services and resources which will be available to teams throughout the accelerator experience.
- If a team has not formed a company by the program start date, discuss the ability and process to assist the team in developing the appropriate legal structure in Ohio within the first week of the program.

3.3.5.4 Team Selection and Expectations

- Discuss the ability to develop a strong brand recognition and network in order to attract the quality of entrepreneurs desired from Ohio and outside the state.
- Discuss the process of team selection, including recruitment, application, selection criteria and screening processes.
- Discuss the expectations from teams, including but not limited to:
 - Location requirements;
 - Participation;
 - Expectations of progress and commitment;
 - Graduation standards;
 - Funding structure (e.g. lump sum at the start of the program or multiple phases during the accelerator session contingent on team progress); and
 - Equity, convertible note or other funding requirements from a company as a result of participating in the accelerator.

A company must be registered in Ohio prior to receiving Ohio Third Frontier funds. In addition, Development reserves the right to negotiate with the Lead Applicant regarding the specifics of Grant Agreements with the selected teams.

3.3.5.5 Accelerator Timeline

Describe the proposed timeline for an accelerator session in calendar year 2014, including the expected start and end date. Please indicate whether there is any flexibility in the proposed schedule. Development reserves the right to negotiate with the Lead Applicant regarding the proposed timeline if it deems that minimizing the overlap between the accelerators would benefit the program.

3.3.5.6 Media Outreach

Describe any promotional or social networking tools, and the media/public outreach strategy.

3.3.5.7 Becoming World-Class

Describe how the accelerator has achieved or will achieve recognition and prominence on a national or international level.

3.3.6 Performance Goals

The Lead Applicant should demonstrate why the accelerator is likely to have a significant impact on Ohio in the following areas:

- Assisting companies in raising follow-on capital. The initial target is that at least 50 percent of participating companies will have raised meaningful follow-on capital within six months of program completion. It is expected that the best accelerator companies will continue on to become successful, prominent Ohio companies;
- Increasing the ability to attract top talent from Ohio and outside the state in order to create and grow scalable technology-based enterprises;
- Selecting teams likely to derive meaningful benefit from the accelerator;
- Retaining top talent in Ohio following graduation from the accelerator;
- A meaningful experiential-based education for entrepreneurs; and
- Enhanced national and/or international recognition for Ohio.

3.3.7 Experience and Qualifications

This section of the Proposal's narrative must contain information that addresses the subject matter delineated below.

- **Organizational Capabilities.** Provide a description of relevant organizational experience, capabilities, and resources to operate a highly successful accelerator, keeping in mind that all costs pertaining to the accelerator other than team funding will be borne by the Lead Applicant.
- **Demonstrated Leadership Assets.** Identify the Program Manager and other key personnel who will lead the accelerator, their roles and responsibilities, relevant expertise and their commitment to the accelerator including the number of hours committed per week. Clearly indicate if any staff members are dedicated to the accelerator on a full time basis or are planned to be dedicated by the accelerator session start date.
- **Management Plan.** Discuss plans for internal means of communication and information management. Describe the frequency, format and structure of touch-points with teams and methods to track and evaluate team progress and address gaps. If applicable, provide

examples from past experience of how gaps or issues were identified and resolved. In addition, if applicable, describe the software tools to be utilized for team application, entrepreneur education and mentor/team/stakeholder collaboration, as well as program and data management.

- **Past Performance.** If applicable, describe the past performance in the form of previous accelerator results. In addition, please summarize the aggregate outcomes in the format outlined below.

	Graduation Date	Graduates (#)	Active Graduates (#)	Active Graduates in Ohio (#)	Graduates that Raised Follow-on Capital (#)	Follow-on Capital Raised (\$)
Session 1						
Session 2						
Session 3						
TOTAL:						

3.3.8 Proposed Funding Model

Describe the sources and uses of funds needed to successfully operate the accelerator other than Ohio Third Frontier funds, and the fundraising strategy if applicable. Use the form provided in Appendix B – Application Forms and Accelerator Operating Funds Form and provide a clear explanation of each line item. Delineate the funds which have already been raised and those which are anticipated to be raised for the accelerator session and the expected date. Note that these funds must be committed to the accelerator at the time the Grant Agreement with Development is executed, and must be available by the accelerator start date.

Discuss other aspects of the funding model, such as equity or convertible note participation in companies, if applicable. Discuss the path to accelerator self-sustainability and the anticipated timeframe. If previously supported by Ohio’s New Entrepreneurs Fund, describe the progress toward self-sustainability.

3.3.9 Letter of Commitment

Provide a Letter of Commitment on Lead Applicant’s official letterhead and signed by an authorized representative of the Lead Applicant. The letter should state that the Lead Applicant is committed to providing the proposed operating funds to the accelerator in the event that the Proposal is selected for Ohio Third Frontier funding, and that these funds will be made available no later than the specified accelerator start date. The Letter of Commitment must appear in an Appendix to the Proposal.

3.4 Page Limitations

Any pages beyond the page limits listed below will be eliminated from the Proposal before it is sent for review and evaluation. Except as otherwise noted, appendices or other methods to augment the information presented in the Proposal are not allowed. Reference to web-based information to supplement the Proposal is not permitted, and such references will not be considered in the evaluation.

- Statement of Work – up to seven pages
- Performance Goals – up to two pages
- Experience and Qualifications – up to three pages
- Proposed Funding Model – up to three pages
- Letter of Commitment – up to one page

4 Evaluation Criteria

Only the most meritorious proposals are sought for funding. Proposals will be evaluated based on responsiveness to all the requirements of this RFP and on the Lead Applicant's response to any additional information that may be requested. Implicit in those requirements and evaluation criteria is the quality of the Proposal and budget.

The following criteria have been designated with the highest relevance to and weighting for the Ohio's New Entrepreneurs Fund:

- Alignment of the Proposal with the Ohio's New Entrepreneurs Fund purpose, goals, objectives, eligibility and funding as described in Section 2 of this RFP.
- Quality of the responses to the requirements of this RFP outlined in Section 3. The following are examples of specific elements which will be examined:
 - Breadth, depth and relevant expertise of the mentor network;
 - Mentor commitment level;
 - Resources and services available to the participating teams;
 - Likelihood that the program will result in a world-class accelerator, and help garner national and international recognition for Ohio;
 - Availability of all financial and other resources needed to deploy and sustain the accelerator;
 - Likelihood of achieving the proposed performance goals;
 - Ability to attract top teams from Ohio and outside the state;
 - Team selection process and criteria;
 - Experience and qualifications of the Lead Applicant; and

- Strategy to retain teams in Ohio following program completion.
- Compliance with this RFP's administrative requirements.

The evaluation criteria are designed to support the mission and goals of Ohio Third Frontier and its various programs.

5 APPENDICES

- A. RFP Process, Awards Process and Mandatory Compliance**
- B. Application Forms and Accelerator Operating Funds Form**
- C. Form of Grant Agreement**