



Department of
Development

John R. Kasich, Governor

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Ohio Third Frontier Ohio's New Entrepreneurs (ONE) Fund

**Fiscal Year 2012
Request for Proposals (RFP)**

- RFP Released – December 7, 2011
- Bidders' Conference – 1:00 PM, December 13, 2011
- Written Questions – through January 16, 2012
- Proposals due – 12:00 PM Noon, January 18, 2012
- Review and Award approximately – Spring 2012



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Ohio Third Frontier Innovation Platform Program

Fiscal Year 2012 Request for Proposals (RFP)

1 Ohio Third Frontier Statement of Solicitation

1.1 Background

The Ohio Third Frontier (OTF) 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 OTF creates opportunity through innovation. In targeted areas of technology, the multi-year State of Ohio initiative supported with over \$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 OTF, please see www.thirdfrontier.com.

Consistent with the strategic goals, OTF investments represent a balanced portfolio of programming that proactively identifies opportunities throughout the Technology Commercialization Framework (Framework). As a result, all OTF 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 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://www.thirdfrontier.com/Documents/RecentPublications/TechCommFramework-Complete.pdf>.

1.2 Request for Proposals Issuance

A Proposal is an application submitted in response to a Request for Proposals (RFP) issued by the Ohio Department of Development (Development) for a particular OTF program. This RFP is being issued for OTF funds anticipated to be awarded under the Ohio's New Entrepreneurs (ONE) Fund and will be released by publication on the OTF website at <http://thirdfrontier.com/ONEFund.htm>.

The OTF Commission reserves the right to fund any OTF 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 OTF Commission determines that doing so is in the best interests of the State of Ohio (State). Issuing this RFP does not bind the State to make an award of OTF Funds. Any award of OTF Funds in respect to this RFP will be subject to availability of funds as provided in Ohio Revised Code (ORC) Section 126.07.

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
- Questions & Answers (Q&A)
- 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.

Please note that the Review Process may be conducted in two stages, with the second stage potentially involving an interview with the Lead Applicant (see Section 2.3 for the definition of Lead Applicant).

All questions regarding this RFP must be submitted in writing via e-mail to ONEFund2012@development.ohio.gov with a subject line of "ONE Fund 2012 Q&A".

2 Program Description

2.1 Purpose

Ohio's New Entrepreneurs Fund (ONE 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. ONE Fund aggressively recruits young entrepreneurs from within Ohio and outside the state and fosters the young entrepreneurs' professional development by educating them on what it takes to form a business 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 entrepreneurial talent in Ohio by directing resources to accelerate the formation and development of companies;
- Assist young companies in attracting follow-on investment; and
- Foster a culture of entrepreneurship, 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 Menlo Park, California, followed by TechStars in 2006 in Boulder, Colorado, and both accelerators still remain pre-eminent today. ONE 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. A typical business accelerator can be viewed as an entrepreneurial "boot camp" lasting 10-12 weeks and ending with an Investor "Showcase 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.

The ONE Fund pilot, 10-Xelerator (10x), was launched in June 2011 through a collaboration with The Center for Entrepreneurship at The Ohio State University, Fisher College of Business. The first 11-week session was launched in June 2011 and ended with a New Venture Showcase Day on September 1, 2011, while the second session begins in January 2012. After evaluating the results of the summer pilot program, Development is planning to expand the ONE Fund to an additional two to four accelerators in Ohio. For more information regarding 10x, please refer to <http://10xelerator.com/>.

2.3 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 OTF Funds.

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 awarded OTF Funds become Grantees and 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 10-12 week duration, support between 5 and 10 teams of entrepreneurs, expect a high level of team commitment and progress during the program and maintain graduation standards, and end with a "Showcase 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.

2.4 Funding and Cost Share

Development anticipates awarding up to \$800,000 in Grants through the FY2012 ONE Fund. Development anticipates awarding three (3) to four (4) Grants through the FY2012 ONE Fund. Each Grant will be for up to \$200,000 to support up to 10 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.

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 OTF 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 (3) months. For an additional two (2) years of

the Grant, the Lead Applicant will continue to follow the business success of the teams, and report these to Development upon request.

3 General Proposal Requirements

3.1 General Instructions

Proposals must be submitted electronically in a complete single, unlocked, searchable PDF file of the Proposal sent to ONEFund2012@development.ohio.gov.

- 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.
- Font must be 11 point or larger with no more than 6 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. 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 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 Table of Contents

Prepare a Table of Contents with detail for two 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.

3.3.4 Statement of Work

Please provide the following information pertaining to the accelerator:

Stage of Development

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

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 6 months of program completion.

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, including any formal or informal education sessions, programs to support company development, initiatives to measure and achieve progress targets, and any social or networking activities.
- Briefly discuss the proposed “Showcase 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.

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.

Remember that a company must be registered in Ohio prior to receiving 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.

Accelerator Timeline

- Describe the proposed timeline for an accelerator session in calendar year 2012, 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.

Media Outreach

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

3.3.5 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% of participating companies will have raised meaningful follow-on capital within 6 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 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.

3.3.6 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 time commitment to the accelerator. 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, information management, and evaluation and assessment of progress. 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.

Biographical Sketches. Biographical information is limited to no more than four (4) individuals whom the Lead Applicant considers key to the success of the accelerator. Biographical sketches shall be no more than one half (1/2) page each and should present only the directly relevant experience.

Past Performance. If applicable, describe the past performance in the form of previous accelerator results. Please make specific reference to the number of teams which participated in the accelerator and the outcomes such as the follow-on capital raised by the teams by the end of the program and within 6 months of program completion.

3.3.7 Proposed Funding Model

Describe the sources and uses of funds needed to operate the accelerator other than the Third Frontier funds on a line item basis, and the fundraising strategy if applicable. Delineate the funds which have already been raised and those which are anticipated to be raised for the accelerator session and the expected date, following the format below. Please note that these funds must be committed to the accelerator at the time the Grant Agreement with Development is executed.

Use of Funds	Source(s) of Funds	Amount (\$)	Already Available or Date Expected
...	

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.

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. 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 – 5 pages

Performance Goals – 2 pages

Experience and Qualifications – 3 pages

Biographical Sketches – 2 pages (A maximum of four (4) biographical sketches of Key Personnel with each bio limited to one half (1/2) page)

Proposed Funding Model – 2 pages

4 Evaluation Criteria

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.

The following criteria have been designated with the highest relevance to and weighting for ONE Fund:

- Alignment of the Proposal with the ONE 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 OTF and its various programs.

5 APPENDICES

- A. RFP Process, Awards Process and Mandatory Compliance**
- B. Application Title Page**