



OHIO THIRD FRONTIER
CY 2021 TECHNOLOGY VALIDATION AND START-UP FUND PROGRAM

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## General

### Q: What is the overall purpose of this program?

A: As discussed in the RFP, the TVSF program has several objectives, but one could summarize it as: Economic development by enabling technology transfer offices to license technologies to start-up or young companies by funding commercial validation activities and providing early-stage, non-dilutive funding for start-up/young companies.

### Q: The best way to commercialize my technology is through an established company, not a start-up. Can I still apply?

A: This would not be consistent with the program goal of realizing economic impacts through start-up companies.

### Q: What's reimbursable under the program/what are the definitions of the budget categories?

A: There can be significant variability as to whether or not any given expense is reimbursable under the program. The following general definitions are intended to assist applicants in putting together their project budgets; understanding if an expense is actually reimbursable requires discussion with TVSF grant administrator:

**Personnel:** Compensation for personnel services which includes all compensation paid or accrued by the grantee for services of employees rendered during the period of the grant. It includes, but is not limited to, salaries, wages and fringe benefits.

**Purchased Services:** Individuals or firms hired to provide a specific service or product (product purchase or fee-for service) and not employed, either full-time or part-time, by the grantee. These types of services don't involve employee benefits, temporary employment or contracted labor. An executed agreement between both parties is typically required, referencing the scope of work and deliverables being provided.

**Supplies:** Tangible property other than equipment for business purposes only that can be expensed and consumed without delay (i.e., not capital equipment). Items are typically less than \$5000 and are necessary for continued operation of the project/business.

**Equipment:** Tangible long-term asset typically used with electricity which will depreciate over time. Individual items are typically more than \$5000 and are necessary for continued operation of the project/business.

## Q: What's the difference between Supplies and Equipment?

A: See the previous question. Additionally,

“Equipment” lasts longer than one year; “supplies” do not.

“Equipment” tends to be repaired; “supplies” tend to be replaced.

“Equipment” tends to cover items that are independent units; “supplies” tend to cover items incorporated into another item.

## Phase 1

### **Q: What do “Technology Validation” and “validation activities” actually mean?**

A: Definitions can be inferred or even found directly in the RFP. Here’s a slightly different way of characterizing these concepts: Phase 1 of the program is intended to fund activities that will demonstrate the commercial viability of a technology. A proof-of-concept of the technology must already exist—thus “technology validation” is more geared towards commercialization than research. The types of activities one might engage in to demonstrate the commercial viability would be along the lines of prototyping, demonstration and assessment of critical failure points, miniaturization, etc.

### **Q: The RFP asks applicants to describe the proof needed to license. What is being sought here?**

A: Beyond indicating a quantifiable, measurable metric that will enable licensing the technology, applicants should explain the rationale for selecting that proof point, particularly external (industry) input if possible, to demonstrate that the proof point is appropriate. It is also advantageous to include cost estimates for your technology compared to established competitors.

### **Q: My technology needs to go through FDA or some other form of regulatory approval. Should I include information related to this?**

A: If regulatory approvals are needed for your technology, you should provide your current rationale for the pathway for approval and discuss options if that pathway doesn’t materialize.

### **Q: I used to be employed at another institution and it has some ownership of my IP. Am I eligible to apply?**

A: If multiple universities are involved or named on patents, provide a narrative to clarify who has rights or claims against that and what impact that may have on the path to market. IP that is predominantly owned by a non-Ohio institution is likely a poor fit for the program.

### **Q: The RFP says that there’s a preference for validation activities to be conducted or overseen by an independent 3<sup>rd</sup> party. What does that mean?**

A: While universities and research institutions are excellent locales for the invention and initial stages of technology development, they are less well-suited for commercializing technologies. Thus, the program prioritizes projects that have little to no work being done “in-house.” Ideally, the specifics of your project would be defined by prospective customers or a possible licensee, and the work to actually achieve those specifics would be conducted by an unaffiliated firm (engineering, etc.). The more work you do “in-house,” the greater the need to have the process overseen by a 3<sup>rd</sup> party. Your proposal narrative also needs to be more compelling in these instances.

**Q: Can a potential licensee provide the cost share or conduct the validation activities?**

A: Possibly, although these arrangements carry the risk that the project may appear as subsidized R&D for the company, which is not consistent with the objectives of the program.

**Q: Is it important to connect my technology with in-state technical, manufacturing, or other significant capabilities?**

A: For some technologies, there's an obvious linkage with Ohio's strengths, thus spending too much space of the proposal on these linkages would not be helpful. That said, a technology that is fairly novel, disruptive or otherwise would require explanation for how it's linked to Ohio's strengths should definitely devote some space to discussing these connections (such as manufacturing partners, industry hubs, critical development resources). You should enable the evaluators to be able to answer the question "Why Ohio?"

**Q: Should I write about my technology in the context of the whole market or just the addressable market?**

A: You should focus on your best estimate of the addressable, not total, market. Total markets are often described in terms of multiple billions, but most Phase 1 proposals would only address a small segment of that market. The significance of that addressable market is what will be examined by the evaluator.

**Q: How much information should I provide about competing technologies/products? Is it sufficient to just talk about my value proposition?**

A: Technologies and products that are similar to yours should definitely be addressed in the proposal—do not simply rely on your value proposition without also connecting that proposition to the competition. While you may understand why your technology is better, it is critical that you convey this information in your proposal. If you are proposing a truly novel technology without any known competitors, you should consider talking about products/technologies already in the space or technologies that are similar but ultimately aren't competitive with yours (and explain why they aren't competitive).

**Q: Should I discuss similar-looking technologies under development elsewhere in the world?**

A: You should discuss them and establish why your value proposition is superior or more likely to succeed.

### **Q: Do I need to justify equipment purchases?**

A: Yes. Any equipment you plan to purchase with TVSF funds/cost share should be well justified in your budget narrative. TVSF is not intended to be a capacity-building program; rather it is designed to support commercialization of specific technologies. Consider what resources you can use at the university before including new equipment in your proposal (for instance, if your university already owns several 3D printers, it is likely not a good use of TVSF funds to purchase another 3D printer just for your project).

### **Q: Do I need to include a budget narrative in the proposal?**

A: The evaluators are charged with assessing the merits of your proposal. It will be difficult or even impossible for them to do so if they can't connect your budget numbers to actual activities. You should include how you generated the budget numbers—i.e., do they represent simply your best guess, or do you have actual quotes from service providers?

## Phase 2

**Q: Can I subcontract the work back to the institution that owns the IP? The institution is world renowned in this area and the best choice from my perspective.**

A: Generally, the answer is no. The intent of the program is to move the technology out of the institution. Continuing to use institutional resources runs counter to that intent, even if the institution is world renowned in the relevant field.

**Q: Can I hire a graduate student or post-doc at my university as an independent contractor to conduct some of the technical or other work in my proposal?**

A: Generally, the answer is no. See previous question.

**Q: What is the definition and example of “company backing”?**

A: Company backing is demonstrated by non-university financial or other resource commitments to a start-up company. Financial commitments from the private sector are considered the most impactful; some forms they can take include equity investments, convertible notes, or other cash infusions. Non-cost-share resources from potential customers or downstream partners in the form of materials and supplies, lab space, pilot plant time or personnel are also relevant, though less significant than cash infusions. The degree of independence of the company backing from the university and the start-up leadership team is taken into account.

**Q: Business Model robustness is often identified as a proposal weakness. What information is expected for a successful application?**

A: Applicants should provide a directional plan to be implemented by the start-up/ young company. This should include basic business metric assumptions such as projected revenue for the first few years, estimated unit costs and pricing and operational expenditures. If offered an interview, applicants should be prepared to justify their assumptions.