

SBDC Tech Team

The Michigan SBDC provides consulting, training and research to assist small business to launch, grow, transition and innovate.

While the Michigan SBDC serves all types of small businesses, its "Tech Team" specializes in assisting companies commercializing advanced technology. The SBDC Tech Team consists of 10 consultants who serve companies throughout Michigan, working in collaboration with Smart Zones, accelerators/incubators, PreSeed Funds, universities, and other organizations that support tech entrepreneurs. Each member of the Tech Team has firsthand technology commercialization experience.

The SBDC Tech Team provides consulting at no cost to early stage advanced technology companies to support their commercialization and growth efforts. The SBDC Tech Team often assists tech companies with short-term and immediate needs such as preparing to meet with an Investor or customer, or working on a proposal for a state or federal funding program. Other times, the SBDC Tech Team members become long-term trusted advisors to companies, helping them navigate through growth opportunities and challenges over a number of years. Areas of assistance include:

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|---|-------------------------------------|---|
| <i>- Strategic planning and execution</i> | <i>- Investor preparation</i> | <i>- Financial modeling</i> |
| <i>- SBIR/STTR proposal review</i> | <i>- Financing strategy</i> | <i>- Patent analytics and IP strategy</i> |
| <i>- Marketing strategy development</i> | <i>- Business model development</i> | <i>- Business plan development</i> |

SBDC Tech Team Areas of Expertise Specific to Early Stage Tech Company Needs

- | | | |
|------------------------------|--|-------------------------------------|
| <i>- Early stage capital</i> | <i>- Technology Roadmapping</i> | <i>- Intellectual Property</i> |
| <i>- Marketing</i> | <i>- Financial Management/Planning</i> | <i>- Sales</i> |
| <i>- SBIR/STTR</i> | <i>- Product Development</i> | <i>- Organizational Development</i> |

SBDC Tech Team Sector Expertise Includes

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|----------------------------------|------------------------------------|---------------------------------|
| <i>- Mobility and Automotive</i> | <i>- Advanced Manufacturing</i> | <i>- Information Technology</i> |
| <i>- Clean Tech</i> | <i>- Medical Device Technology</i> | <i>- Defense technology</i> |
| <i>- Education</i> | <i>- Advanced materials</i> | <i>- Consumer Products</i> |

STATE LEAD CENTER

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50 Front Ave. SW, Ste. 1020 | Grand Rapids, MI 49504-6424
616.331.7480 | SBDCMichigan.org





**Entrepreneurial
Training & Consulting**

Michigan SBIR/STTR Assistance Program

The Michigan SBIR/STTR Assistance Program helps qualified early-stage Michigan technology companies to be more competitive in this national proposal and award process. Through the program, BBC Entrepreneurial Training & Consulting (BBCetc) provides SBIR/STTR training and proposal development services throughout the state with most costs covered by the program.

SBIR/STTR Training

All aspects of preparing competitive proposals for R&D funding through the federal SBIR/STTR programs are covered in a series of seminars and workshops. Topics range from half-day SBIR/STTR overviews designed to assist attendees in determining their eligibility for this source of funding, to 1-to-2-day agency-specific workshops that provide step-by-step instruction on how to develop a competitive proposal.

In addition, a wide variety of webinars address specific solicitation topics, commercialization planning, electronic proposal submission, grants and contracts management, and more.

A complete list of course descriptions, fees, and registration information is available online at:

www.bbcetc.com/training

SBIR/STTR Proposal Development Assistance

BBCetc can assist clients in all aspects of SBIR/STTR proposal development, including:

- Developing an overall grant strategy
- Identifying appropriate solicitations
- Project planning
- Scientific and editorial review
- Assistance with proposal submission
- Assistance with details of post-submission administration

Assuming sufficient time is available prior to the submission deadline, BBCetc consultants will complete comprehensive proposal reviews for clients selected for proposal development assistance. Clients are required to share with BBCetc information on the results of the agency review and the grant award decision.

Clients pay a fee of \$500 to participate in the program. This fee includes BBCetc templates and tools, reduced rates on training, and one-on-one proposal development assistance up to 15 hours.

Eligibility

To be eligible for proposal development assistance, a prospective client must:

- Have its principal place of business in Michigan.
- Complete an assessment form and be available for a follow-up call with a BBCetc consultant.
- Attend an agency-specific training session. If no training is available, view assigned recorded webinar(s).
- Fit within the definitions of the State of Michigan's "competitive edge technology" sectors.
- Provide award and demographic data when requested.

For More Information

BBCetc collaborates with organizations across the state to make this program readily available to entrepreneurs and technology companies. To learn more, request assistance or discuss collaborative opportunities, please contact us at:

(734) 930-9741 · info@bbcetc.com www.bbcetc.com



Funds for this initiative were provided by the 21st Century Jobs Fund, a MSF program designed to accelerate the growth and diversification of Michigan's economy. For more information, please visit: <http://www.michiganbusiness.com>.



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

Gateway Representative Program

The Gateway Representative program is funded by the Michigan Strategic Fund (MSF) and is managed by the Michigan Economic Development Corporation (MEDC) Entrepreneurship and Innovation division. This program provides funding for a Gateway Representative (GWR) at each SmartZone.

The GWR is responsible for the local SmartZone client services including:

- Welcoming and introducing the technology-based start-up to the local ecosystem
- Providing an overview of the Michigan statewide tech ecosystem
- Recruitment and development of tech companies in the local SmartZone
- Local SmartZone business development activities
- Vetting of local tech companies
- Providing strategic business guidance and helping companies with fundraising efforts.
- Connecting companies to the various MSF funded entrepreneurial resources available to tech companies across the state.
- Supporting the start-up companies' applications to MSF funded entrepreneurial programs such as the Business Accelerator Fund, First Capital Fund and the Preseed Fund.
- Supporting the start-up companies' applications to federal funding agencies and programs such as the SBIR/STTR program.
- Support start-up companies through other SmartZone specific services or expertise.





The First Capital Fund (FCF) was created in 2017 by ID Ventures (IDV), with support from the Michigan Economic Development Corporation (MEDC), to provide early-stage investment capital to high-tech startups. This funding enables companies with high-growth potential to meet developmental milestones that can help secure venture capital follow-on investments.

Successful startups greatly impact a state's economy by creating jobs, increasing density, attracting new businesses, and spurring greater diversity and innovation in the business community. Pre-seed and Seed capital provide the foundation for long-term success but can be challenging to raise as most Michigan venture capital firms focus on later stage investments. This creates a significant gap in early-stage venture funding that the FCF strives to fill.

The First Capital Fund provides up to \$250,000 in start-up funding through quick, flexible financial instruments (convertible notes and SAFE's are typical). Investments are generally provided in tranches according to milestones and execution demonstration. Matching funds are not required. The primary focus is to help companies achieve commercial and technical milestones that will help them raise their next round of venture capital from larger funds.

In addition to capital, the IDV team also provides coaching and mentorship for companies and, recognizing the importance of diversity for local entrepreneurial success and competitiveness, is committed to equitable and inclusive investment with a portfolio including minority and female founders that far outpaces national averages.

Eligibility Criteria

When considering investment opportunities, IDV looks at a broad range of sectors and startups that meet the following criteria:

- Key founders and majority of FTE's located in Michigan
- Beyond concept, Minimum Viable Product created
- Tech-enabled or high-tech component
- For-profit LLC, C Corp, or S Corp
- On a scalable path that has strong potential for future rounds of venture capital
- Demonstrated execution against business model

How to be Considered

Companies can work through their local SmartZone to provide an email referral to ID Ventures, or they can submit a contact request through our website at <https://investdetroit.com/id-ventures/venture-company-application/>.

Investment Process Timeline

Timeline from initial contact to investment approval is typically 8-12 weeks, but can vary dependent on company readiness. Typical steps include the following:

- Initial 30-minute screening call to evaluate program fit
- In-person meeting to go through company slide deck (generally 2-3 weeks after initial call)
- After first in-person meeting, determination of diligence process commencing or pass.
- If diligence process starts, additional company documents will be requested and analyzed (2 weeks). Requested documents may include:

- Pro-forma financials
- Historical financials
- Financial forecast with 3-5 year horizon
- Cap table
- Corporate docs
- Prior investment docs
- Intellectual property information
- Sales Pipeline
- Pilot data
- Customer referrals
- Etc.
- After review of materials, diligence calls and market analysis, the decision to go forward for investment committee approval will be made. If positive, an investment memo will be prepared and presented to the independent investment committee for their approval. Investment committee meetings occur monthly, and presentation in a particular month depends on the number and priority of companies in the funding pipeline.
- After investment committee approval, funding can be finalized, contingent on requirements from the committee.

What we look for/pass on:

- *Positives:*
 - Experienced, coachable founding teams
 - Logical first customers and strong customer discovery completed
 - Large market that can support venture return
 - MVP already built for most types of companies, enabling funding to go towards initial revenue or piloting
 - Unit economics that make sense
 - Funding roadmap for future venture rounds
- *Negatives:*
 - No MVP or incomplete initial customer discovery/preparation
 - Small total addressable market or small first beachhead market
 - Limited future funding potential from later-stage venture capital funds
 - Poor understanding of financial metrics of the business and cash management (runway time, burn rate, unit economics, etc.)
 - Unable to deliver quality and timely standard documentation (forecasts, references, company formation)
 - Unbalanced team – too highly technical or too highly business-focused or single-founder
 - Lack of high-quality advisors (formal or informal)

About ID Ventures

ID Ventures, the venture capital team of Invest Detroit, scales promising early-stage ventures into thriving companies that help support the state's economy, provide jobs to local talent, and bolster Michigan's growing startup community. Since 2009, we have invested in over 120 companies with 12 exits, deployed more than \$15 million through multiple funds, and leveraged over \$800 million in additional investment. Visit www.investdetroit.vc for more information.



SMALL BUSINESS DEVELOPMENT CENTER

MICHIGAN EMERGING TECHNOLOGIES FUND

The Michigan Emerging Technologies Fund (ETF) expands funding opportunities for Michigan technology companies in federal research and development by providing matching dollars to support commercialization of Small Business Innovation Research/Small Business Technology Transfer (SBIR/STTR) projects.

The Michigan Small Business Development Center (MI-SBDC) in partnership with the Michigan Economic Development Corporation (MEDC) administers the ETF. Funding for the program is provided through the Michigan 21st Century Jobs Fund. Since 2008, \$7.28 million has been allocated to the ETF.

This fact sheet is a summary of the ETF program. Full eligibility rules are set forth in the ETF Guidelines and FAQ section of the ETF website, which can be found at www.mietf.org

Applicants

- The applicant must be a Michigan company or have its principal place of business in Michigan prior to the disbursement of an ETF award;
- The applicant must submit SBIR/STTR proposals in at least one of the Competitive Edge Technology Sectors;
- The applicant must complete an ETF application prior to submitting an SBIR/STTR proposal;

- The applicant must submit an ETF application for each SBIR/STTR proposal;
- The applicant may not have more than two (2) SBIR/STTR Phase II federal grants; and
- The applicant may receive no more than two (2) ETF awards per twelve-month period.

Competitive Edge Technologies

- Life Sciences
- Homeland Security and Defense
- Advanced Automotive
- Advanced Manufacturing
- Advanced Materials
- Alternative Energy

ETF Matching Funds Available

- The ETF will match \$25,000 of phase I SBIR/STTR awards. Third party match is encouraged.
- The ETF will match \$125,000 of phase II SBIR/STTR awards. Third party match is required. Eligible third party match is specified in the ETF Guidelines and FAQs.

ETF Awards

- An ETF award will be provided in the form of a grant upon proof of a successful SBIR/STTR award. Recipients of an SBIR/STTR award must enter into an ETF Agreement with the SBDC and agree to

- use the funds solely for commercialization of the technology sponsored under the SBIR/STTR. Permitted uses of funds are specified in the ETF Guidelines and FAQs.
- A company may receive no more than two (2) ETF awards covering phase II awards and no more than four (4) ETF awards covering phase I awards for a total of six (6) ETF awards throughout its participation in the program.

ETF Application and Award Process

- A company interested in applying to ETF program, must submit an electronic application through the ETF website at www.mietf.org. The company must complete an ETF application prior to submitting an SBIR/STTR proposal. ETF applications received after the federal SBIR/STTR submission deadline are not accepted.
- The MI-SBDC will review the application to determine eligibility. A company that meets the eligibility requirements and submits a complete application will receive an ETF Letter of Support from the MI-SBDC within five (5) business days of the ETF application.
- The company must request an ETF Letter of Support no later than ten (10) business days before the federal submission deadline. The company may include the letter in its SBIR/STTR proposal to the appropriate federal agency.
- Upon receiving an SBIR/STTR award, the company must submit three required documents to the MI-SBDC: proof of a federal award in the form of an executed SBIR/STTR contract or Notice of Award; eligible third party funding; and a Use of Funds – a one-page summary proposing

how the ETF award will be spent towards technology commercialization.

- Upon receiving and approving the aforementioned documents, the MI-SBDC will send an ETF Agreement to the company and when executed, disburse the applicable ETF award to the company.

Reporting Requirement

- On an annual basis for five (5) years following receipt of the ETF award, award recipients will be required to provide the MI-SBDC with a short summary report describing specific results of the work funded, documenting expenditures made with the matching award, and forecasting the next steps of the project. The report will include capital raised, revenue, the number of jobs created, the number of jobs retained, the number of commercialized products, the number of patents submitted, and the number of patents issued resulting from the project. ETF award recipients are expected to accommodate reasonable requests by the MI-SBDC staff for site visits. ETF recipients must file timely reports to remain eligible to participate in the ETF program.

Continued Funding and Available Funds

- All ETF awards are subject to continued funding of the ETF program and availability of funds. Final determination as to eligibility will be at the discretion of the MI-SBDC. Requests will be processed on a first come, first serve basis. Maximum amounts are considered up-to amounts and may be adjusted at the discretion of the MI-SBDC. The MI-SBDC and MEDC at their sole discretion shall have the right to alter or amend the ETF program administration.



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

Michigan Strategic Fund (MSF)/Michigan Economic Development Corporation (MEDC) Entrepreneurship and Innovation funded programs for high tech start-ups are available statewide for all Michigan based entrepreneurs.

Please indicate that the SmartZone/Incubator/Service Provider has shared information on the following MSF/MEDC funded programs:

- Gateway Representative Program
- Small Business Development Center (SBDC)- Tech Team
- BBCetc
- Business Accelerator Fund (BAF)
- Emerging Technology Fund (ETF)
- First Capital Fund
- Preseed Fund
- Resources for Michigan Businesses During COVID-19 link below:
<https://www.michiganbusiness.org/covid19/>

Client Name:

Service Provider Name

Client Signature

Service Provider Signature

Date

Date



BUSINESS ACCELERATOR FUND



The Business Accelerator Fund (BAF) is available to Participating Accelerators in Michigan's statewide [SmartZone](#) network. These funds are used toward the delivery of specialized services that are not otherwise available from these Accelerators to assist advanced technology companies. An Accelerator will engage a third party specialist (Service Provider) to help advance the Client's path to commercialization, company success, and economic impact for the state of Michigan. BAF proposals are reviewed and awarded to Accelerators through a competitive process. This program is administered by the Michigan Small Business Development Center in partnership with the Michigan Economic Development Corporation.

Eligibility Overview*

- Early-stage advanced technology company based in, or principal location in Michigan
- Privately held, for profit and defined as a small business by the Small Business Administration
- Less than \$1M private sector investments and less than \$2.5M revenue in last 12 months
- Client must agree to complete semi-annual BAF economic impact/client satisfaction surveys for five years
- Non-compliance with MEDC or other state programs may affect eligibility

*Your Accelerator will provide a detailed list of eligibility requirements

Targeted at Advanced Technology Companies

- Companies in which research and development brings forth an innovative product or process. The innovation typically involves intellectual property that contributes to a strong competitive advantage in the marketplace, and serves as a foundation for a high rate of growth.

Examples of Acceptable Specialized Services*

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| <ul style="list-style-type: none">• Develop marketing plans• Conduct market study/market research• Develop financial model• Develop test units for beta test• Cover legal costs for: strategic licensing agreements, bringing on key employees, or equity agreements with C-level talent | <ul style="list-style-type: none">• Logo design• Technology validation/product testing• Conduct patent search• Regulatory consulting• Technology consulting• Engineering services |
|--|--|

*Services are considered in context of the Accelerator proposal. The Accelerator Manager will work with Client to identify services.

Submission and Review Process

- SmartZone Accelerator submits proposal to the SBDC BAF Manager and includes the following:
 - ◆ Cover letter from the Accelerator which includes: Overview of Accelerator Engagement (the specialized services); Milestones; Leverage (match); Company Description and Potential for Success; Potential for Multiplier Effect (economic impact)
 - ◆ Client's Executive Summary (no longer than 5 pages)
 - ◆ SBDC Client Intake Form & Client Consent Form
 - ◆ Requests over \$15,000 require a 1-page description/bio of service provider(s) and full scope of work from Service Provider
- After submission is accepted by BAF Manager:
 - ◆ 2-4 week response time. Reviewed by 3 Accelerators and requires a 2/3 majority vote for approval. *The SBDC is not involved in individual funding decisions.*
 - ◆ If approved, BAF Engagement signed by Client, Service Provider, and Participating Accelerator
- When approved BAF engagement is completed:
 - ◆ Upon completion of the services as described in the BAF proposal, the client will provide the Accelerator via letter or email acknowledgement that services were completed satisfactorily.

BUSINESS ACCELERATOR FUND



How It Works

The Business Accelerator Fund (BAF) is a program designed to allow SmartZone Participating Accelerators (Accelerators) to deliver specialized services that meet their Accelerator Client's (Client's) specific needs to advance their product's commercialization. Important facts to understand how funds are distributed:

- Upon approval of an Accelerator's BAF proposal for services, funds are allocated to the Accelerator.
- After specialized Service Provider(s) satisfactorily render(s) services to the Client, the Accelerator is reimbursed for the payment(s) they made to the Service Provider(s).
- Money to deliver the identified specialized service(s) is awarded to the Accelerator **not** the Client.

In order to participate in this program, a company must be an Accelerator Client. As a Client, a company has access to the Accelerator's standard service offerings. If specialized commercialization services are identified as the Accelerator works with their Client, the Accelerator may submit a proposal to engage a specialized Service Provider to the (BAF) Manager for review. Again, this is a competitive process and must be approved by two out of the three Accelerator peer reviewers.

Because the Accelerator is the applicant for this program, they are responsible for identifying if their Client is eligible for the program as well as the quality of the proposal. Accelerator and Client will work together to put the best proposal forward. The Accelerator is responsible for identifying the nature and amount of specialized services to be provided as well as for choosing the Service Provider(s) (or conducting reasonable amount of diligence if chosen by their Client.) The Accelerator is responsible for making sure their Client is receiving ongoing support so the Client and Accelerator must stay in communication with each other. Each Accelerator has its own unique requirements and expectations of their Clients and can terminate a BAF engagement if the Client is not fulfilling its obligations.

The BAF program cannot provide grants to companies; therefore, there are limitations on certain services such as product development or prototyping, and "general company expenses" as well as "non-custom" items such as advertising and trade show fees, which are not allowed. Debt or equity programs tend to be more flexible and may be more suitable to address certain company needs.

The BAF program is for advanced technology companies. It is expected that Clients will have conducted research and development leading to a technology breakthrough that can support high potential commercial opportunities. Companies that have developed new innovative products that do not involve a technology breakthrough may be supported, but at lesser amounts.

BAF engagements for services are milestone focused – the services provided will help the Client achieve important milestones such as securing new customers, significantly ramping up sales, raising outside investment, securing an important strategic partner, etc. The larger the BAF engagement for services, the more impactful the company milestones will be.

Further details regarding the BAF program can be found in the BAF Proposal and Review Guidelines which is available from the Accelerator. Accelerator staff will work with Clients to navigate the complexities of the program, make the best use of their Clients' time, and get the best results.