

Proof of Concept Fund

Preamble

The Proof of Concept Fund is designed to provide a three pronged approach to furthering the technology transfer and/or commercialization of innovations in South Dakota. All Proof of Concept funding is provided as an advance that is presumed to be repaid, unless forgiven at the sole discretion of the Governor's Office of Economic Development ("GOED") based on the project outcome(s). The three available avenues within the Proof of Concept Fund include Research Funding, Market Analysis Funding, and Patent Funding. As outlined below, each of the three funding tracks have distinctive requirements and parameters. If you have any questions related to eligibility please contact Nathan Lukkes at the South Dakota Board of Regents at Nathan.Lukkes@sdbor.edu or (605)773-3455; or Mel Ustad at the Governor's Office of Economic Development at Mel.Ustad@state.sd.us or (605)367-4515.

Research Funding

Purpose: Proof of Concept Research ("POC Research") funding may be utilized to provide up to \$25,000 advances for eligible applicants to conduct research demonstrating the technical and economic feasibility of an innovation, significantly enhancing the likelihood of commercialization of the innovation. A core consideration for POC Research funding is the innovation's proximity to commercialization. POC Research funding is not intended to fund basic academic research.

Eligibility: Eligible applicants for POC Research funding include entrepreneurs, universities, existing South Dakota companies, or other entities committed to commercializing the results in South Dakota.

How it Works:

1. Complete the POC Research application and submit it to the designated individuals at GOED/BOR.
2. GOED/BOR staff will review the application, determine eligibility and contact the applicant if additional information is needed.
3. Eligible applications will be reviewed for technical/scientific validity and economic viability. The Research Affairs Council, consisting of representatives from the six public universities, will conduct a technical review of the proposals. An advisory group of private equity investors and business incubator managers will conduct a business review of the proposals.
4. The technical and business reviews will be used by GOED to make a decision on approval of the application.
5. If approved, a contractual agreement will be sent to the applicant for approval and the POC Research project will be conducted.

6. Upon completion of the POC Research project, a final report will be submitted summarizing the project and indicating if the project will continue toward commercialization. Based on the outcome of the project, GOED will determine if the advance will be forgiven or repaid, and if applicable, the interest rate and repayment terms will be instituted at that time.

Basic Terms:

- Applications can be submitted at any time.
- GOED/BOR staff will screen applications for completeness and eligibility, and forward to reviewers within 10 days of submission.
- A 10% matching cash or in-kind contribution is required.
- POC Research proceeds may NOT be used to pay the principal(s) or researcher(s) salaries. Legal fees for incorporation and sales expenses and general business operating expenses are NOT eligible.
- POC Research proceeds may be used to pay consultant contracts, material and supplies, salaries of employees in South Dakota, graduate assistant stipends, and other necessary services pertaining to technical feasibility or marketing studies.
- South Dakota universities may pursue advances from multiple Proof of Concept funding pools.

Market Analysis Funding

Purpose: Proof of Concept Market Analysis (“POC Market Analysis”) funding may be utilized to provide up to \$25,000 advances for South Dakota universities to explore and assess the market, value and commercialization potential of an innovation.

Eligibility: South Dakota universities are the only eligible applicants for POC Market Analysis funding.

How it Works:

1. Complete the POC Market Analysis application and submit it to the designated individuals at GOED/BOR.
2. GOED/BOR staff will review the application, determine eligibility and contact the applicant if additional information is needed.
3. Eligible applications will be reviewed for technical and economic viability. The review committee, consisting of representatives from the private sector, GOED, BOR, and the university tech transfer offices, will conduct a review of the applications and recommend approval or denial to GOED.
4. The review and recommendation of the review committee will be used by GOED to make a decision on approval of the application.
5. If approved, a contractual agreement will be sent to the applicant for approval and the POC Market Analysis project will be conducted.

6. Upon completion of the POC Market Analysis project, a final report will be submitted summarizing the project and indicating if the innovation will continue toward commercialization. Based on the outcome of the project, GOED will determine if the advance will be forgiven or repaid, and if applicable, the interest rate and repayment terms will be instituted at that time.

Basic Terms:

- Applications can be submitted at any time.
- GOED/BOR staff will screen applications for completeness and eligibility, and forward to reviewers within 10 days of submission.
- A 1:1 matching cash contribution is required.
- POC Market Analysis proceeds may NOT be used to pay the principal(s) or researcher(s) salaries. Legal fees for incorporation and sales expenses and general business operating expenses are NOT eligible.
- POC Market Analysis proceeds may be used to pay consultant contracts, industry experts, and other direct costs associated with determining the market, value and/or commercialization potential of an innovation.
- South Dakota universities may pursue advances from multiple Proof of Concept funding pools.

Patent Funding

Purpose: Proof of Concept Patent (“POC Patent”) funding may be utilized to provide up to \$15,000 advances for South Dakota universities to assess and pursue the patenting of an innovation.

Eligibility: South Dakota universities are the only eligible applicants for POC Patent funding.

How it Works:

1. Complete the POC Patent application and submit it to the designated individuals at GOED/BOR.
2. GOED/BOR staff will review the application, determine eligibility and contact the applicant if additional information is needed.
3. Eligible applications will be reviewed for technical and economic viability. The review committee, consisting of representatives from the private sector, GOED, BOR, and the university tech transfer offices, will conduct a review of the application and recommend approval or denial to GOED.
4. The review and recommendation of the review committee will be used by GOED to make a decision on approval of the application.
5. If approved, a contractual agreement will be sent to the applicant for approval and the POC Patent project will be pursued.
6. Upon completion of the POC Patent project, a final report will be submitted summarizing the outcome of the POC Patent project and indicating if the

innovation will continue toward commercialization. Based on the outcome of the project, GOED will determine if the advance will be forgiven or repaid, and if applicable, the interest rate and repayment terms will be instituted at that time.

Basic Terms:

- Applications can be submitted at any time.
- GOED/BOR staff will screen applications for completeness and eligibility, and forward to reviewers within 10 days of submission.
- A 20% matching cash contribution is required.
- POC Patent proceeds may NOT be used to pay the principal(s) or researcher(s) salaries, sales expenses and general business operating expenses.
- POC Patent proceeds may be used to pay consultant contracts, attorney's fees, and other direct costs associated with assessing and pursuing the patenting of an innovation.
- South Dakota universities may pursue advances from multiple Proof of Concept funding pools.