



**FY2011 Commercialization Grant Program  
Technology Maturation Fund**

**2011 Solicitation**

Submission Deadline  
February 18, 2011

**Tennessee Technology Development Corporation**  
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Nashville, TN 37219

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[www.tntechnology.org](http://www.tntechnology.org)

## **I. Program Description**

The Tennessee Technology Development Corporation (TTDC) is committed to working with partnering organizations around the state in a coordinated effort to connect scientists, entrepreneurs, venture capitalists and corporate business leaders in an innovation network that fosters and sustains economic growth. Accordingly, TTDC is proud to announce the FY2011 Commercialization Grant Program, also known as the Technology Maturation Fund. This program is a competitive funding opportunity intended to help financially support promising technology ideas that require additional maturation for commercialization. It is anticipated that these funds will enable the development of new products, services and business opportunities in Tennessee – where the focus of the program is technology commercialization.

### **A. Program Focus Areas, Funding Levels, and Repayment upon Success**

The 2011 program will make grant (non-equity) awards of up to \$50,000 per project. These awards will go to researchers affiliated with qualified institutions or for-profit entities located in Tennessee in order to commercialize intellectual property and accelerate the development of projects that have commercial potential with a focus on life sciences, engineering, material sciences, computer sciences, and other high technology areas. This funding may be used to perform early-stage feasibility testing on innovative products/services to assist in obtaining financing for further development. The program does not involve ownership by TTDC of equity or intellectual property rights nor does TTDC have rights to control any aspect of commercialization of the subject technology.

#### **Repayment upon Success**

**Company as Grantee:** Following completion of the Technology Maturation Fund project, the Grantee shall repay TTDC an amount up to the total project funding if any of the following three events occur:

1. Upon becoming cash flow positive for a consecutive twelve (12) month period (“Repayment Trigger”), the Grantee will begin paying TTDC 5% of monthly gross revenue, paid in quarterly installments, until the total project funding amount is reached. For purposes of this obligation, cash flow positive shall be defined as positive cash flow from operations as defined by generally accepted accounting principles. Note that cash flow from operations may be negative following the Repayment Trigger if cash flow from operations minus 5% of monthly gross revenue is negative.
2. The Grantee sells all or substantially all of its assets, merges with or into any other entity, or has more than 50% of its outstanding common stock owned by persons or entities who are not stockholders of the Company (or affiliates of stockholders of the Company), unless the succeeding company is subject to repayment revenue obligations set forth in number one (1.) above.

3. The Grantee relocates the company's headquarters outside the state of Tennessee

**University/Research Institution as Grantee:** For each technology developed under the program, institutions will be required to pay TTDC 10% of revenue from gross licensing proceeds, excluding patent reimbursement payments, which are received subsequent to project completion, and up to a maximum of an amount equal to the total project funding for that technology. Gross licensing proceeds may include cash received from royalty payments, milestone payments, or cash from liquidation of equity held under a license. For instance, an institution that receives a \$50,000 TTDC grant to develop an innovation would pay TTDC 10% of revenue received after the grant award until it had repaid the entire \$50,000. No repayment is owed on technologies that do not receive downstream licensing revenue. After this event, the university has no obligations to TTDC nor does TTDC control any of the terms of a license or exact any royalty of its own from a licensed technology.

**All funds repaid to TTDC will be used to extend the life of the Technology Maturation Fund and create a sustainable program.**

**B. Duration of Awards and Reporting Requirements**

Projects will be limited to no more than twelve (12) months in duration. An interim synopsis report detailing the project's progress will be required after six (6) months. A final project synopsis and commercialization summary will be required thirty (30) days after the expiration of the award.

**C. Submission Deadlines**

There will be one request for proposals to Tech Transfer Offices (TTO) for the 2011 Program focused on research institution-based innovations. All other proposals should be submitted directly to Dr. James Stover, VP of Operations (james.stover@tntechology.org). Awards are expected to be made in March. For full consideration, proposals should be received no later than 5:00 pm (CST) on **Friday, February 18, 2011.**

**II. Eligibility**

**A. Eligible Entities**

The current solicitation is open to TTOs affiliated with Tennessee research institutions listed below. In addition, for-profit companies commercializing intellectual property are also eligible. To be eligible for funding, an entrepreneur/researcher must be at the early development stage of commercializing a technology, and have a business model or target market that exhibits significant growth potential. *Collaboration among research organizations and the private sector is encouraged where combined expertise will advance proposed work as the goal of the program is to increase the number of early-stage technologies that are successfully commercialized.*

### **Research Institution**

Meharry Medical College  
Oak Ridge National Laboratory  
St. Jude Children's Research Hospital  
Tennessee Board of Regents  
University of Memphis  
University of Tennessee  
University of Tennessee (Chattanooga – SimCenter)  
Vanderbilt University  
Y-12 National Security Research Complex

### **Appointed TTO Contact**

Russell Poland  
Mike Paulus  
Scott Elmer  
Lou Svendsen  
Kevin Boggs  
Joy Fisher/Richard Magid  
David Whitfield  
Chris McKinney/Peter Rousos  
Tammy Graham

### **B. Submission Limits**

Each technology transfer office is limited to the submission of three (3) proposals for consideration. Because of this limitation, each office is encouraged to develop its own internal review and screening process for proposals before submission to TTDC.

## **III. General Instructions for Applications**

### **A. Eligible Costs**

Detailed and itemized budget information should be included in the proposal. Eligible costs include: direct costs related to the funded project; direct costs that are subcontracted to an outside party (as approved by the Selection Committee during the application/selection process); and indirect costs charged by a research institution (as appropriate). **Note: Preferential consideration will be given to proposals that maximize use of funds for direct development costs, including the minimization of indirect costs.**

### **B. Matching Funds**

Matching funds are encouraged and especially considered during the proposal review process, but not required. Such matching funds can be used to pay direct or indirect costs and will contribute to the overall competitiveness of the proposal. Cash must be committed in writing by institutions, private investors, lenders or companies coinciding with receipt of Program funds. Non-cash matching funds may be in the form of "in-kind" matching funds. The following types of in-kind matches may be allowed:

- Pro-bono services provided to the applicant
- Services provided which are paid for with stock rather than cash
- Donated rent or space
- Time and resources of the company/institution and its employees dedicated to the same activities proposed for financial support
- Pro-bono, not deferred, compensation by employees
- Imputed equivalent or fair market value of equipment donated or used in the project

### **C. Submission Instructions**

Proposals must be submitted online to Dr. James Stover, VP of Operations ([james.stover@tntechnology.org](mailto:james.stover@tntechnology.org)). The proposal should be developed and submitted by the principal investigator, technology transfer manager, company, or a combination of each. **Note that there is an eight (8) - page limit.** There is no mandatory format for the proposals; however the proposal should include the following information:

#### **1. Cover page (1 page)**

- a. Project Title
- b. Private Investigator and company name (if applicable). Please list all parties involved.
- c. Brief abstract/summary of proposal

#### **2. Project Technical Proposal (2 pages)**

- a. Background
- b. Specific aims
- c. Description of the work to be performed, including
  - i. a drawing, illustration or schematic that exemplifies the technology
  - ii. Research/development methodology
  - iii. Milestones to be achieved and their commercial significance
- d. List and brief description of project personnel, technical staff, and company management (if applicable) involved, and their experience/qualifications

#### **3. Information on intellectual property (IP) protection (1 page)**

- a. Are there patents filed? If so, please provide description
- b. Are there licenses on the IP? Please explain
- c. Brief summary of related IP not currently owned or controlled by the applicant (competitive IP)

#### **4. Commercialization plan for the technology (3 pages). Business school, entrepreneur, and/or non-academic leader participation is encouraged.**

- a. An analysis of the market opportunity for products and services provided by the technology;
  - i. Who/What is the target market? Who will buy this?
  - ii. What is the size of the potential market?
  - iii. How will the market needs be met with specific products/services
  - iv. Who are the competitors in the market and what is your competitive advantage? What is the barrier to entry for your competitors?
  - v. How will you make money?
- b. A list of potential products or services that could incorporate the technology and fill the market needs identified;
- c. List all deliverables and milestones linked to the development objective of reducing or eliminating hurdles towards successful commercialization

- d. Downstream/Follow-on funding plan
  - i. What specific funding sources will be approached to finance continuation of commercialization plan?

**5. Project Budget (1 page)**

- a. Amount requested from TTDC (itemized)
- b. Source and amount of matching funds (if applicable)
- c. For each individual involved, that person's total time commitment to the project must be specified
- d. Travel costs will not be awarded unless they are specifically justified.

**D. Notification of Awards**

It is anticipated that final award decisions will be made within 30 days of initial submittal. Awardees will be expected to enter into an agreement with TTDC to deliver proposed services and final reports.

**IV. Proposal Review Process**

**A. Scoring System**

The primary goal of the 2011 Commercialization Grant Program is to provide funding for technology projects that are potentially commercializable, but require additional maturation for commercialization. Accordingly, each application will be independently reviewed, scored and ranked by an independent selection committee based on the following criteria:

**Scoring System (number score 1 – 10):**

- A. Commercial Impact of Grant/Market Potential
- B. Impact to Tennessee
- C. Inventor(s)/Management
- D. Commercialization Strategy
- E. Matching Funds
- F. Intellectual Property Protectability
- G. Societal Impact
- H. Technical Merit/Feasibility
- I. Risk
- J. Competition

**B. Final Funding Decisions**

Following submission from each TTO, the selection committee will provide a ranking of the proposals to TTDC by March 14. The selection committee is as follows:

**Name**

Brian Laden (Chair)

**Affiliation**

TriStar Technology Ventures

Jim Phillips  
Ken Woody  
Vic Gatto  
Grady Vanderhooven  
Tracy Warren  
Reagan Farr

Nanomech (and TTDC Board of Directors)  
Innova Fund  
Solidus Capital  
Meritus Ventures  
Battelle Ventures  
Silicon Ranch

The individual rankings will be compiled by TTDC and the top ranking proposals will be selected for awards. All funding decisions and awards will be at the sole discretion of TTDC.

**C. Disbursement of Funds**

While most grant funds will be disbursed in advance of project start date, payments will be disbursed according to a predetermined schedule over two tranches based on project milestones, unless specifically requested otherwise by the selection committee. Once awarded, funds will be immediately released to the appropriate For-profit entity or TTOs (or other appropriate department at the Research Institution) for distribution and management.

**D. Additional Information**

In addition to direct financial assistance, entrepreneurial/commercialization support will be provided by one of three regional organizations who have partnered in TTDC's Tennessee Enterprise Network (TEN). Each grantee will be offered custom education and training programs in order to improve commercialization outcomes – with participation tailored to each grantee's needs and schedule. These services will be provided by TEN partners (see Partner list below). TEN will also assist each company in finding qualified business advisors/mentors and sector-specific expertise in order to assist in the development of new products, services and business opportunities in Tennessee.

**TEN Partners/Program**

Center for Entrepreneurial Growth  
Nashville Entrepreneur Center  
TECworks

**Region**

East-TN  
Mid-TN  
West-TN

**Contact Person**

Shawn Carson  
Michael Burcham  
Jan Bouten