



INNOVATE 518 “SHOVEL-READY” FUNDING PRE-SEED FUNDING FOR TECHNOLOGY COMPANIES

Innovate 518, The Capital Region Innovation Hot Spot, led by the University at Albany, is providing non-dilutive pre-seed funding to help qualifying early-stage companies become “shovel-ready” for private investment. Companies admitted to the program must have a business model that can provide a financial return on investment for shareholders beyond the immediate owners of the company.

Successful applicants will be awarded up to \$50,000 by the Research Foundation at the University at Albany, the fiscal agent for Innovate 518, to complete a project that will “de-risk” their company and make it more attractive to investors. Applicants should outline the total amount of dilutive seed funding they would like to raise, and the total amount of non-dilutive pre-seed funding needed for the project.

The project identified and outlined by the applicant should be able to be completed in one to six months. At the time non-dilutive pre-seed funding is awarded, companies will commit to certain terms (i.e., valuation, the cap, the discount, etc.). Once the project is completed, successful companies will be introduced to private investors who will be given the option to invest in the companies with the terms agreed to when the pre-seed funding was provided.

DESCRIPTION

Innovate 518 “Shovel Ready” Funding can award up to \$50,000 per company to support short-term commercially focused projects and/or beta-prototype creations. The primary goal of the funding is to make it easier for private investors to support new ventures in the Capital Region and provide early-stage companies with necessary funding to grow their business in the Capital Region of New York State.

ELIGIBILITY

Companies must be a legally formed entity eligible to do business in New York State and a member in good standing with one of the following Innovate 518 Partner Incubator Programs:

- Biomedical Acceleration and Commercialization Center (BACC)
- University at Albany Innovation Center
- Tech Valley Center of Gravity
- S.T.E.A.M. Garden
- NY-BEST

Applicants who have not previously received dilutive funding are preferred. This condition is to ensure the company has a clean cap table. Companies who have outside investment may be considered provided the review committee feels the previous equity/debt vehicle does not hamper the company from raising future investment.

APPLICATION PROCESS

Applicants must submit the attached application form, a letter of intent, and a recommendation letter from the Innovate 518 Affiliate Partner incubator program. Applicants must be a member of an Innovate 518 incubator program at the time of the application. Applications will be accepted on a rolling basis. The letter of intent should include:

- A description of the company, its product(s), and long-term growth strategy.
- A description of the “de-risking” project. Examples of de-risking projects include testing, generation of data for marketing, prototype development, entry into another geographic market, and projects with industry partners that will yield letters of support.
- Proposed non-dilutive pre-seed funding amount (up to \$50,000) needed to complete the project included in budget.
- Proposed dilutive seed fundraising vehicle and amount to raise (equity, convertible debt, or simple agreement for future equity). Priority will be given to applicants who propose two separate fundraising vehicles and outline terms necessary to structure either an equity or convertible debt investment (i.e., principal amount, valuation, investment rate, cap (target valuation), and/or discount).

Review of eligible projects will be conducted as submitted by the Innovate 518 Advisory Committee, listed here, and will continuously be reviewed until the commitment of all available funds.

Innovate 518 Advisory Committee: Nasir Ali, Alan M. Evans, John Pietrangelo, Joe Richardson, Matthew Wagoner, Peter Gonczlick, Todd Tidgewell.

REPORTING PROGRESS

Award recipients will report project progress and accomplishments at scheduled checkpoints or milestones. A brief annual status report will be required for three years to assist in evaluating the project and determining its direct and indirect benefits, including follow-up funding, licenses, and creation of start-up companies, as well as new products or services based on the funded technologies.

PROGRAM REQUIREMENTS

The goal of the Innovate 518 “Shovel Ready” Funding Program is to make it easier for companies to accept private seed investment. For companies to put themselves in the best position to accept private investment, applicants will be required to:

- Complete a regional NSF i-Corps Program at the University at Albany.
- Make a profile on Gust (<https://gust.com/>) within the first three months of being accepted into the program.
- Meet with, and pitch to, potential investors and angel funds for seed investment.
- Present at a public event with Innovate 518 partners.
- Meet with members of Innovate 518 Operational Partner the Center for Economic Growth and present at Venture B.