

ARKANSAS SCIENCE & TECHNOLOGY AUTHORITY
TECHNOLOGY DEVELOPMENT PROGRAM RULES

- 1.0 PROGRAM DESCRIPTION
- 2.1 TYPE OF AWARD
- 2.2 DEFINITIONS
- 3.0 ELIGIBILITY
- 3.1 CRITERIA
- 3.2 CONFLICT OF INTEREST
- 4.0 APPLICATION PROCESS
- 4.1 APPLICATION FORMAT
- 5.0 EVALUATION
- 5.1 TECHNICAL FEASIBILITY
- 5.2 PRODUCTION FEASIBILITY
- 5.3 MARKET FEASIBILITY
- 5.4 ECONOMIC POTENTIAL
- 5.5 PATENTABILITY
- 6.0 INVESTMENT AWARD
- 7.0 FREEDOM OF INFORMATION

September 19, 2008

1.0 PROGRAM DESCRIPTION

The Arkansas Science & Technology Authority supports cash awards for technology development. The goal of the Technology Development Program is to assist in commercializing new technology-based products and processes through technology development activities. This means that applications for award must have a well-defined project plan showing progression from idea, to prototype, to production.

Because technology development occurs in more or less sequential steps along the technology development spectrum, the program is intentionally flexible and broad in scope. The program is intended to provide "bridge" financing between other programs of the Authority, but is not intended to duplicate any existing program. Therefore, proposed projects that would, in the opinion of the Authority, qualify for other programs of the Authority will not be considered for support under the Technology Development Program. Both solicited and unsolicited applications will be accepted when officially submitted by a qualified applicant.

2.1 TYPE OF AWARD

The Board of Directors awards grants to qualified applicants for technology development projects. The total maximum award for the development of a given technology is \$100,000.

No match is required for an award under the Technology Development Program. However, the Authority is authorized to collect royalties from sales generated from the developed technology. The execution of a royalty agreement will be a condition for the disbursement of funds from the Authority to the qualified applicant. The royalty agreement will be required in lieu of any other matching resources.

In addition, the Authority is required, by statute, to impose a reasonable, nonrefundable fee for the evaluation of the technological and economic potential of emerging technologies from nonpublic sources of innovation.

2.2 DEFINITIONS

2.2.1 "Technology development" shall mean the evolution of innovative products and processes through the following stages:

_ The laboratory/workshop stage of development, usually before a working prototype is developed, during which evaluation and protection of the idea are paramount and a market application is identified;

_ The workshop/early startup stage of development during which the production and testing of a working prototype are paramount; and

_ The late startup/scaleup stage of development during which limited production and market testing of products are paramount.

2.2.2 "Officially submitted" shall mean the delivery to the Authority of a completed project application by a qualified applicant.

2.2.3 "Qualified applicant" shall mean one or more innovators representing any source of innovation in this state, including, but not limited to, Arkansas-based inventors, small businesses, colleges or universities, and federal laboratories.

2.2.4 "Qualified technology" shall mean a technical or science-based product or process.

2.2.5 "Royalty" shall mean an agreement between the Authority, the applicant, and/or the enterprise which will commercialize the developed product or process. This agreement will establish the payback to the Authority based on net sales revenue.

2.2.6 "Nonrefundable fee" shall mean a reasonable fee of \$100 for the evaluation of the technological and economic potential of emerging technologies from nonpublic sources of innovation.

3.0 ELIGIBILITY

Eligible applications will be evaluated on the basis of the following criteria. It is the intention of the Authority that eligibility be broadly defined, and that criteria be interpreted liberally so as to include applications to the greatest extent possible.

3.1 CRITERIA

3.1.1 The proposed technology development project must promote the purpose of the Authority by providing the benefits of science and advanced technology to the State of Arkansas and its people.

3.1.2 The application must address technology development.

3.1.3 The application must be officially submitted by a qualified applicant.

3.1.4 The proposed project must not be eligible for awards under other programs of the Authority.

3.1.5 The qualified applicant must possess a developed and well-defined project plan.

3.1.6 The nonpublic applicant must submit payment of the nonrefundable fee as defined in section 2.2.6.

3.2 CONFLICT OF INTEREST

No Director, officer or employee of the Authority for purpose of personal gain, shall have or attempt to have, directly or indirectly, any interest in any contract or agreement of the Authority in connection with the Technology Development Program.

It shall not be a conflict of interest for the Authority to permit any college or university with which a Director of the Authority is affiliated to participate in any program of the Authority provided that such Director shall promptly disclose the nature of the affiliation to the Board of Directors.

4.0 APPLICATION PROCESS

Application for a technology development award shall be submitted in a format prescribed by the Authority.

4.1 APPLICATION FORMAT

4.1.1 A cover sheet which includes the following information:

4.1.1.1 Principal's name, address, phone number, fax number, and social security number.

4.1.1.2 Amount of funds requested from the Authority.

4.1.1.3 List of any financial support from sources other than the Authority.

4.1.1.4 A signed and dated statement affirming the accuracy of information in the application.

4.1.1.5 A nonrefundable fee for nonpublic applicants as defined in section 2.2.6.

4.1.2 A project plan which includes the following information:

4.1.2.1 The description of the proposed product, process, or technical innovation (including drawings).

4.1.2.2 An assessment (if applicable) of previous research and development efforts that strengthen technical claims.

4.1.2.3 Potential sources of prototype development.

4.1.2.4 Description of any barriers to production of the product (e.g. process, materials, safety, or environmental).

4.1.2.5 Description of the product to be commercialized, including potential manufacturers, distributors, marketing, etc.

4.1.2.6 Probable market niche.

4.1.2.7 Description of the implementation plan for the accomplishment of the project.

Include a timetable, a narrative description of the use of funds, and listing of any required supporting facilities, equipment, and personnel.

4.1.2.8 Budget for the project period.

4.1.2.9 Description of the qualifications of key personnel, including resumes.

4.1.2.10 Statement of economic impact (e.g. potential job creation, export potential, value added to existing products).

4.1.2.11 Description of all methods used to protect intellectual properties (disclosure documents, patents, trademarks, copyrights, etc.).

4.1.2.12 A signed and dated Confidential Information Agreement.

5.0 EVALUATION

Projects will be evaluated by the Authority which may request the assistance of appropriate representatives from academia, private industry, and/or the public sector. The evaluation will indicate the level of potential of the project based on the following factors.

5.1 TECHNICAL FEASIBILITY

Is there a sufficient description of the proposed product, process, or innovation provided for a sound technical evaluation? Is the invention not based upon principles that contradict the laws of science? Is there previous research or development efforts that substantiate the technical feasibility? Does it require redesign, rebuilding, and/or further testing? How is it technically innovative?

5.2 PRODUCTION FEASIBILITY

Can it be produced economically and in sufficient quantities using existing production technology? Can it be produced safely meeting legal, liability, product infringement, and pollution guidelines? How many sources are willing to produce it?

5.3 COMMERCIAL FEASIBILITY

What specific customer needs does the product satisfy? Will the market support the product?

Who is the competition? Does the product, process, or innovation provide a competitive edge?

Is there adequate financial support? Does the budget support the implementation plan? Is the commercialization plan valid? Can key personnel support the project?

5.4 ECONOMIC POTENTIAL

Will the product impact Arkansas economy? Does it have job creation potential? Does it add value to existing products? Can it be exported?

5.5 PATENTABILITY

Has a patent been applied for? Are there similar patents granted? Can the concept be protected by a patent?

Technology Development Program Rules

6.0 INVESTMENT AWARD

Funds will be disbursed by the Authority only after the Board of Directors adopts a resolution authorizing an award to the applicant.

7.0 FREEDOM OF INFORMATION

All information submitted in proposals is subject to the provisions of the Freedom of Information Act. Therefore, if proprietary information is submitted by the applicant, it should be clearly marked as "confidential proprietary information." The Authority assumes no liability for disclosure or use of unmarked information, and may use or disclose such information for any purpose. Arbitrary and unwarranted use of this restriction by applicants is discouraged.