

INNOVATION PROGRAM

SUBMISSION GUIDE FOR PROJECTS INVOLVING THE COMMERCIALIZATION OF AN INNOVATION

Component 2 of the Innovation Program, *Support for the commercialization of innovations*, was created to assist companies' efforts to commercialize an innovation resulting from the development of a new product or process or from a significant improvement to an existing product or process. To qualify, the project must meet the following three requirements:

- The project must concern the commercialization of a product or process involving the requisite level of innovation. In other words, the product or process must present a significant advantage over existing solutions available on the market and in comparison to industry activities at the national and international level.
- The project must have required research and development work.
- The project must have demonstrated commercial potential.

In addition to the information found in a business plan, certain other information is required in order to identify as clearly as possible how your project innovates.

The following questions will enable you to provide the information required for the review of your application. You do not have to answer every question in this document. However, the more precise your answers are in regard to the innovative character of your project and the associated costs, the better we will be able to evaluate your application properly.

Finally, you will find a list of eligible expenditures in the appendix.

PROJECT OVERVIEW

- What business opportunity do you wish to seize, or what problems do you hope to resolve?
- How does the project meet the objectives referred to in the previous question?

DETAILS ON THE INNOVATION AND INNOVATIVE ASPECTS OF THE TECHNOLOGY USED

Project's innovative character: anticipated technological aspects, functions or uses that are materially different from previous technologies, products or processes.

- What are the physical and technical characteristics of the technological innovation?
- In what way is the new technology, product or process technologically innovative in comparison to existing technologies?
- Did the product or process require research and development work? Was that work performed in Québec? If so, in cooperation with what university or organization was the research conducted?
- What is the stage of development of the product or process concerned by your project? If several stages have already been completed, what objectives have been achieved to date?
- How will you protect the intellectual property related to your innovation (trademark, patent, etc.)?
- Do you have to obtain a licence to use the acquired technology?

TECHNOLOGICAL AND COMPETITIVE BENEFITS

- What technological benefits will the project provide for your company? For instance:
 - for projects involving improvements to existing processes: greater productivity, cost reductions, major upgrade to improve international competitiveness, etc.;
 - for projects involving product development or improvements: expansion of product line, extension of product lifetimes, etc.
- What are the main benefits of the new product, process or technology in comparison to those supplied or used by your competitors, both in Québec and internationally?
- Does the project help correct or mitigate environmental damage?

COMMERCIAL POTENTIAL

- What existing markets does the project target (size and description)? Are there any barriers to entry?
- What marketing strategy do you plan to use to reach your objectives?
- Who are the main clients you are targeting and what sales do you anticipate?
- Have any acquisition agreements been signed with potential clients?
- Does the product meet any special requirements (e.g.: ISO, CSA standards, etc.)?
- Are there any project-specific regulations that must be met (e.g., DIN)?

PROJECT PLANNING AND ANTICIPATED RESULTS

- Who is responsible for coordinating all project-related activities? What human resources are necessary to achieve your objectives, and what skills and experience do they require? Are these resources available within your company?
- Does your project require hiring additional or specialized resources or the use of consultants?
- What is the timeframe for your commercialization project (implementation plan)?
- What are the project's anticipated results or outcomes? Are you able to quantify them?

In addition to the business plan, here are a few examples of documents that you may wish to enclose with your application:

- Financial forecasts and cash flows (over a two-year period)
- Past financial statements (last three years)
- Recent interim financial statements (less than 90 days old)
- Contractors' résumés
- Technical data sheets
- Market studies and commercialization plan
- Other relevant information

APPENDIX 1

Eligible Expenditures

Expenditures deemed to be reasonable and essential to the project's completion, and which are listed below, are eligible.

Project involving the commercialization of an innovation resulting from the development of a new product or process or from a significant improvement to an existing product or process:

- Professional fees paid for specialized services, including subcontracting services and the services of a person specializing in the commercialization of innovations
- Recruitment of an agent or distributor for the target market
- The cost of labour assigned to the commercialization project, including fringe benefits, contributions to compulsory plans and project management costs
- Travel and living expenses consistent with current government standards set out in the Québec government's Recueil des politiques de gestion
- Material transportation costs
- Direct costs related to promotional materials, in particular the creation and/or updating of a website (direct costs related to promotional materials cover brochures and flyers, advertising concept development costs, Web strategies and referencing fees, and trademark registration fees)
- Exhibitions and trade shows to present the service, product or process
- Costs incurred to develop a strategy to protect intellectual property and costs incurred to secure the protection of intellectual property and to acquire intellectual property rights or licences (particularly those related to patent applications, such as fees payable to a patent agent)
- Securing approvals or certifications required for commercialization
- Translation costs
- Steps to secure a contract or sale in a target market (primarily legal fees incurred for preparatory work leading to the signing of a contract)

Non-eligible Expenditures

All expenditures other than those listed as eligible expenditures are ineligible. More specifically, these include:

- Expenditures incurred prior to the date on which the file is submitted, including expenditures for which the company or organization has entered into contractual commitments
- Debt servicing, repayment of future loans, capital losses or capital replacement, or a capital payment or disbursement
- Operating expenses incurred by the company in the course of its regular activities
- Software and equipment acquisition costs
- Recurring costs such as annual subscription fees and software upgrading fees
- Expenditures related to the maintenance of intellectual property
- Land acquisition and development costs
- Building acquisition, construction and expansion costs
- Transactions between affiliated companies or partners
- Sales taxes applicable in Québec

Advertising and publicity costs (such as those related to television, newspapers, Internet, etc.) are ineligible.