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1. Proof of Concept Funding Overview

1.1. The Illinois Proof of Concept (I-POC) Fund

The Illinois Proof of Concept (I-POC) Fund is designed to facilitate translation of University of Illinois at Urbana-Champaign inventions into commercial products by providing 1) monetary support and 2) commercialization resources, guidance, and services. The purpose of the fund is to bridge an existing funding “gap” between government supported innovations that result from University research and private sector supported translation of those innovations into commercial products. “Gap” funding is designed to facilitate the demonstration of a technology’s proof-of-concept, working prototype, or scale-up development to make that technology more attractive for private sector funding and partnering. The I-POC Fund has been financed for the inaugural year through support from the University’s colleges, research institutes, and Vice Chancellor for Research Office. University alumni will be engaged with the support of advancement staff and development officers to create an ongoing and sustainable source of funding.

The I-POC Fund supports the economic development goal of the University of Illinois through facilitating transformation of University discoveries and technologies into useful products and services that benefit society. The I-POC Fund feeds University technologies into the University's innovation pipeline which is aimed at protecting, supporting, and launching ideas into global solutions (see Figure 1).

Figure 1. Innovation Matrix
1.2. Making a Difference with POC Funding

POC and gap funds have been shown to help identify and secure a route towards commercialization and distinguish weaknesses in potential products. Innovosource, authors of the ‘Mind the Gap 2011 Report’ surveyed 44 gap funds around the U.S. and uncovered these encouraging statistics about gap funds:

- 395 startup companies were formed as a direct result of gap funding support
- 7,753 new jobs were supported by gap funded projects
- $16,300 gap fund dollars were invested per job created
- 70% survival rate for gap-funded startups over 5 years old (vs. 51% survival rate from a Small Business Administration (SBA) analysis of all new firms)

The University of Illinois at Urbana-Champaign led 3 independent POC initiatives throughout 2011, 2012, and 2013. The outcomes of each initiative motivated the OTM to fund a larger, more sustainable POC program. The results from these prior programs include:

- 4 startup companies formed
- Multiple technology evaluations with large corporate partners
- $4M in venture/angel funding raised
- $400K leveraged in additional government support

The first round of IPOC funding, awarded in 2014, has resulted in:

- Multiple companies formed or in process of being formed: Illiac Software (Taube); Photonicare (Boppart); Oceancomm (Singer); Soil Diagnostics (Bhalerao)
- $225K in STTR funding awarded to Illiac Software
- $150K in SBIR funding to OceanComm

2. I-POC Fund Program Outline

| LOI and Project Eligibility & Commercialization Assessment Form Deadline | Friday, February 27, 2015 5:00pm CST |
| Invitation to Submit Full Proposal | Friday, March 27, 2015 |
| Full Proposal Submission Deadline | Friday, April 24, 2015 5:00pm CST |
| Notification of Review Outcome | Friday, May 29, 2015 |
| Projects Commence | Monday, June 15, 2015 |

Faculty submitting I-POC projects must propose a plan for further development of University-owned technologies or inventions close to commercialization and/or licensing. Each project should contain defined steps or tangible set of milestones that would overcome a specific, identifiable hurdle to commercialization. A successful I-POC project will enable a technology or invention, within 1-2 years of the I-POC program completion, to become more attractive for either (1) licensing to an existing company or (2) enabling the formation of a start-up company that will further develop and commercialize the technology. Projects that relate to a technology or invention that could address a significant market need and are able to achieve proof of concept in less than 12 months are especially encouraged. Projects solicited under this program may include:

- Building of a prototype or second iteration prototype to prepare for commercialization
- Commercial feasibility tests
- Work to demonstrate mitigation of risk for potential licensees
• Work to address a specific gap identified by industry that impairs the ability to license or attract capital

2.1. Scope of Award

Projects will be awarded in amounts totaling $10,000 to $50,000 and money will be tranched over a 12-18 month period. Number of awards and amount of rewards will be based on individual contribution from each College/Institute and the available matching funds from the Office of the Vice Chancellor for Research. In addition to the monetary support, participants will be offered commercialization support in the form of the following resources and services:
• Mandatory quarterly meetings with an Entrepreneur in Residence (EIR) (see Section 5.2. for more details on the EIR Program)
• 2 hours of free consultation per month with an EIR
• Competitive Enterprise Works I-Start funding (if applicable) in the range of 75%-90% (see Section 6.6. for more details on the I-Start Program)
• Up to 20 hours of support from the Office of Technology Management (OTM) with intellectual property landscape and market landscape analysis
• Up to 10 hours of support from an EIR and the OTM for assistance with generation of a project-tailored “pitch” presentation (see Section 3.2.3. for more details on pitch presentations)

2.2. Support Available to Non-awardees

In the event a proposal is not funded under I-POC, applicants have the opportunity to seek out the following resources from OTM:
• One-on-one debriefing sessions to review proposal feedback and comments
• Information on additional POC programs and support, outside of the University
• Support with future re-applications to I-POC

2.3. Eligibility

I-POC is open to projects in all fields of research in which the proposed project fulfills the goals and funding priorities of the program outlined above. Additionally, proposals must meet both the application and project eligibility as outlined below. To be considered eligible for funding under I-POC, both the investigator and proposed project must meet the following criteria:

2.3.1. Principle Investigator Eligibility

• The PI must currently be a full-time faculty member at Illinois, or an emeritus faculty member who maintains an active research group.
• The PI must have an invention disclosure on file with the OTM upon which the proposed project will be based, prior to applying. Pre-proposal applications will not be accepted if a disclosure is not on file with the OTM.
• Non-Illinois personnel should be identified within the grant application as key contributors and their role within the project should be defined. Competitive applications will utilize both University and non-University expert resources and personnel to help with key milestones related to product development, testing, or prototype construction.
• A PI may serve on multiple proposals, provided that the proposals are not based on the same invention disclosure.

2.3.2. Project Eligibility

• The technology which provides the basis for the proposal must not be licensed, optioned, or encumbered by any other prior obligations (i.e. sponsored research agreement, ongoing
collaboration with an industrial partner, ongoing license negotiation, or consulting agreement).

- The IP surrounding the invention disclosure must be owned (or co-owned) by the University of Illinois. If co-owned with another academic institution, the University of Illinois must be the lead institution, meaning 50% or more of invention ownership. Please contact the OTM if you are unsure about the IP ownership of your invention.

- The project must be focused on commercial product development or testing. I-POC funding cannot be used for basic exploratory studies or as general funding for the PI’s lab. Project proposals should address how achieving identified project milestones will move the invention towards commercialization.

- Project milestones and deliverables must be achievable within 12-18 months of the start of funding and within the requested budget.

2.3.3. Limitations and Exclusions

The following are NOT eligible for funding under this program:

- Proposals to fund pharmaceutical/drug clinical trials. Pre-clinical animal testing and medical device testing, if it can be completed in 12-18 months and is feasible within program limits and other guidelines, may be proposed.

- Proposals to fund basic research or theoretical development, or to generate models, new data, or asses the feasibility of a research project.

- Projects for which the proposed activities require more than 18 months to complete.

- Projects with industry sponsorship, an investment partner, or research grant support.

- Renewals for projects funded in previous I-POC cycles.

- Funds cannot be directly distributed to a start-up company.

3. How to Apply/Submission and Review Process

The submission and review of I-POC proposals will consist of a two-stage process. The first stage (Pre-proposal submission) will be required of all investigators who wish to be considered for the I-POC Program. After a review of the Pre-proposal submissions, select Pre-proposals applicants will be invited to submit Full Proposals for I-POC funding. Only those investigators who are invited to submit Full Proposals will be eligible for I-POC funding. Any Full Proposals submitted without an invitation will not be reviewed.

3.1. Pre-proposal

The Pre-proposal will have two components: 1) a short, two-page letter of intent and 2) a pre-proposal application form. The Pre-proposal should be submitted to: IllinoisPOC@illinois.edu. Detailed information on the recommended content is as follows:

3.1.1. Pre-proposal Application Form

A completed Pre-Proposal Application Form will need to be submitted. The Pre-proposal Application Form can be found at: http://otm.illinois.edu/IPOC

3.1.2. Letter of Intent (LOI)

- **Project Description** – Introduce the problem your technology solves, a high-level overview of your technology and how it will address that problem, as well as a brief description of your proposed project.

- **Project Impact** – Identify current technical or commercial risks associated with your technology that your proposed project will be able to address, thus significantly impacting the commercial potential of your technology.

- **Specific Aims/Milestones** – Propose 2-3 distinct milestones that will be used to track the
progress of the project over the course of the funding period. Milestones should be logically ordered such that the successful completion of one milestone triggers work to begin on the next milestone. (Please note: I-POC funds are released in tranches, meaning a defined milestone must be successfully achieved before the next tranche of funding is released.)

- **Market Attractiveness** – Describe the envisioned end product based on your technology and the market it will compete in. Identify the differentiating factors (e.g. better/faster/cheaper) that will make your technology competitive in the marketplace. Provide any industry-specific feedback you have received on the competitive advantage of your technology and its ability to fulfill an unmet need in the marketplace.

- **Appendix** – A maximum of one (1) page of supporting data or references cited in the LOI may be included. The appendix will not count towards the two-page LOI limit.

3.1.3. **Review Process**

An internal University committee (Internal Review Committee) consisting of Deans, Directors, select delegates from across campus, and members from the University’s entrepreneurial system, will review Pre-proposals. Pre-proposals will be evaluated based on the project’s ability to successfully prepare the technology for commercialization within the scope of the proposed studies and within the requested budget and time frame. Please note: reviewers are not required to sign a confidentiality agreement prior to the review. Protected or proprietary information should not be included in the proposals, but applications must provide sufficient information for reviewers to make a determination regarding commercialization potential.

3.2. **Full Proposal**

Only investigators who have submitted a Pre-proposal and are invited to submit a Full Proposal will be eligible to submit a Full Proposal. Any Full Proposals submitted without an invitation will not be reviewed. The Full Proposal should be submitted to: IllinoisPOC@illinois.edu.

3.2.1. **Full Proposal Application PowerPoint** – Invited investigators will be required to use the pre-formatted proposal application .ppt template for Full Proposal submission. The template can be found at: http://otm.illinois.edu/IPOC.

3.2.2. **Budget** – A detailed, line item description of how funds will be allocated for the proposed project should be included in the Full Proposal. Funds are only to be used for activities that further commercial development of the specified technology and are not to be used as general laboratory funding (see Section 4 for specific budgetary restrictions). A budget template can be found at: http://otm.illinois.edu/IPOC.

3.2.3. **Pitch Presentation** – Investigators will be required to prepare a short, 15 min. “pitch” presentation for the Review Committee. Pitch Presentations are designed to “sell” a technology and attract investors (or licensees). Presentations will be given by way of a live webinar. The committee will score projects based upon both the strength of the written proposal as well as the inventor’s passion and vision for the project as conveyed through the Pitch Presentation. Support for the Pitch Presentation is available to all Full Proposal applicants through the OTM and EIRs (see Section 2.1). Please note, the Pitch Presentation should not be the same as the Full Proposal Application PowerPoint, but the two documents should be cohesive and may be redundant in some areas.

3.2.4. **Review Process**

3.2.4.1. **Review Committee** – Multidisciplinary panels composed of scientists from both within and outside the University, business experts, members of the investment community, and industry professionals will review Full Proposals. Applicants are encouraged to avoid jargon and to prepare
proposals and Pitch Presentations in a manner comprehensible to a general audience. Full Proposal reviewers are not required to sign a confidentiality agreement prior to the review. Protected or proprietary information should not be included in the proposals, but applications must provide sufficient information for reviewers to make a determination regarding commercialization potential.

3.2.4.2. Review Criteria – The Review Committee will evaluate proposals based on the scoring criteria and generate a rank-ordered list of I-POC applications that are recommended for funding. The following criteria will be evaluated and weighted as indicated below:

- **Strength of IP that exists now or will be generated - 35%** - The IP review will consist of assessment of the patentable material that has already been generated or will be generated within the POC funding time period, analysis of the IP landscape (including presence of currently existing patents and publications in the field that will give a sense of whether broad or narrow claims are anticipated), and whether the technology presents itself as a platform technology.

- **Market attractiveness and commercialization strengths - 35%** - The market review will incorporate the estimated size and growth potential of the market, impact the technology will have on the market, and ... Commercialization analysis will included assessing any hurdles that may affect the value of the technology from the perspective of potential licensees as well as an assessment on what resources will be required to develop the invention for commercial applications.

- **POC funding as an appropriate enabler of commercialization for this technology - 20%** - Reviewers will assess whether the technology has been demonstrated or sufficiently reduced-to-practice to justify POC funding (including the identification of a defined hurdle to commercialization) and whether the proposed deliverables will clearly reduce the future licensee or investor risk to enable licensee or investor interest.

- **Expertise and Commercialization interest by PI and project participants - 10%** - The project team presented in the proposal will be evaluated for their experience, qualifications, and strengths with regards to the proposed studies as well as the commercialization milestones. A strong proposal will include project participants that have experience in commercialization and entrepreneurship, an interest and passion for commercialization and entrepreneurship, and have potentially expressed interested in starting a company based on the technology presented in the proposal.

4. Award Funding Obligations and Limitations

The POC grants will be awarded in the range of $10,000-$50,000 over a 12-18 month period. A maximum of $50,000 can be requested under this initiative. Grants are intended to only provide support for project related expenses and cannot be used to provide salaries for principal investigators, to purchase laptops or large equipment, to attend conferences, for travel (except when it directly supports project completion), for publications, or to cover legal costs or obtain intellectual property protection. Furthermore, funds cannot be used as general support for the investigator’s lab. Funding may be used to provide salary support for graduate or undergraduate students involved in the project.

For projects that are funded under this initiative, funds are expected to be released the week of June 15, 2015. However, there is no guarantee funds will be released by this date. As a result, investigators must not spend any funds prior to release into the investigator’s account. Funds will be dispersed through your College/Institute’s Finance/Business Manager. After the first quarter, the release of additional funds will be contingent upon successful...
achievement of the stipulated milestones and deliverables. The OTM will trigger the release of funds based on the progress conveyed in the Quarterly Progress Report (see Section 5.i.). Failure to complete the stipulated milestones and deliverables may result in delay of payment and potential termination of project.

5. Post-award Funding Obligations

In addition to meeting the specified milestones and deliverables in the project proposal, I-POC awardees will be required to participate in the following activities:

5.1. Quarterly Reports – A Quarterly Report will need to be submitted at the end of each quarter. The Quarterly Report outlines the milestones and deliverables that were met (or not met) as well as provides an outline of the topics discussed at the mandatory meeting with the EIR. The Quarterly Report provides information back to the OTM on whether the next funding tranche should be released as well as general feedback on how the I-POC program is enabling translational development of a given technology. The Quarterly Report template can be found here: [http://otm.illinois.edu/IPOC](http://otm.illinois.edu/IPOC)

5.2. Entrepreneur in Residence (EIR) Meetings – EIRs are a University and Enterprise Works resource. EIRs consult with prospective technology entrepreneurs and are able to provide feedback on various business aspects surrounding new innovations, commercialization, and startup company formation. Award recipients will be assigned an EIR and are required to meet with their EIR once every quarter. Topics discussed with the EIR should focus on commercialization aspects of the project proposal, but are not defined and are at the control of the PIs.

5.3. Final Pitch Presentation – Awardee teams will be required to prepare a final, 15 min. Pitch Presentation at the end of the funding period and present their pitch to a public audience. This presentation should also summarize the outcomes and deliverables of the I-POC funding. Investigators are encouraged to seek support for composing their pitch presentation from their EIR and the OTM.

6. Post-award Funding Opportunities (see Figure 1)

I-POC award recipients interested in taking advantage of the below should contact the OTM.

6.1. EIR Consulting Hours – Free 2 hours of consultation with an EIR, per month, in addition to the required EIR quarterly meetings (for more information on the EIR program see Section 5.2.).

6.2. Investor Consulting Hours – To-be-announced hours of consultation with a venture capitalist from Illinois Ventures

6.3. IP and Commercialization Support – An OTM-appointed Commercialization and/or Marketing Analyst will be dedicated to working with each I-POC team and provide support on issues related to commercialization of the I-POC project. This support may include market analysis, information on industry and venture capital activity, and IP landscape information. The OTM is also available to facilitate introductions to various industry contacts and venture capitalists, as well as notify you of upcoming entrepreneurial events, activities, and programs that might be helpful for commercialization of the technology.

6.4. Share the Vision Presentation Slot – Share the Vision is an event sponsored by the OTM that is intended to highlight the remarkable research, technology, and start-up companies from the University of Illinois at Urbana-Champaign. The event helps connect University inventors, innovators, and entrepreneurs with corporate partners and venture capitalists, with the ultimate goal of those relationships leading to further innovation. I-POC awardees will be offered the opportunity to present, with other leading University researchers and innovators, to over 200 attendees at the OTM’s next Share the Vision event.

6.5. CIM Presentation Slot – Chicago Innovation Mentors (CIM) Network is a mentoring program supporting biomedical opportunities from Midwest universities. CIM matches innovating faculty teams with experienced, local entrepreneurs, executives, and domain experts. The CIM framework brings together talented mentors
with potential ventures to form a high value relationship. The University of Illinois is a member of CIM and I-POC awardees will be offered a spot to present to the 150+ members of the CIM mentor network.

6.6. NSF I-Corps Site Pre-qualification – NSF I-Corps is a public-private partnership program that teaches university entrepreneurs how to identify valuable product opportunities that can emerge from academic research and offers entrepreneurship training to participants. The University of Illinois at Urbana-Champaign is an official I-Corps “Site.” I-Corps Sites are intended to develop future I-Corps Teams and I-Corps Projects by providing an entrepreneurial program for faculty and graduate students. Specifically, the I-Corps Site will provide infrastructure, advice, resources, networking opportunities, training, and modest funding (~$3K per team) to enable teams to transition their inventions into the marketplace or into becoming NSF I-Corps applicants. With the support and mentorship of the I-Corps Site, the teams will learn about entrepreneurship first-hand and explore the transition of their ideas, devices, processes, or other intellectual activities, into the marketplace. For more information visit: [http://researchpark.illinois.edu/i-corps](http://researchpark.illinois.edu/i-corps). I-POC awardees will be pre-qualified to participate in the NSF I-Corps Site program.

6.7. I-Start Funding – Awardees who decide to start a company based on the project proposal will receive automatic acceptance into the highly competitive I-Start Entrepreneur Assistance Program. The I-Start Program is a matching award program that offers a suite of first-year professional services for new startup companies including business development, legal setup, SBIR application support, bookkeeping assistance, and marketing assistance. I-POC awardees will be guaranteed between 75% - 90% in matching.

7. FAQ’s
   Questions can be emailed to: [IllinoisPOC@illinois.edu](mailto:IllinoisPOC@illinois.edu).

8. Acknowledgements
   The OTM thanks the colleges and institutes that helped seed the Illinois Proof of Concept Fund including the College of Agricultural, Consumer and Environmental Sciences, the Beckman Institute, the College of Education, the College of Engineering, the College of Fine and Applied Arts, the Institute for Genomic Biology, and the College of Liberal Arts and Sciences. The OTM also thanks the Office of the Vice Chancellor for Research for providing matching support.