

**Reference Document**  
**Competitive Start Fund (CSF 59) All Sectors**

**1.0 Background**

A key focus of Enterprise Ireland's Strategy is the commitment to increase the number and quality of High Potential Start-Up companies (HPSUs) that have the potential to employ more than 10 persons and achieve €1 million in export sales within 3 years.

This Competitive Start Fund call for applications is open to early stage companies in manufacturing & internationally traded services.

Applicants to the fund should ideally be able to demonstrate the following:

- Be able to clearly demonstrate that product or service has reached MVP stage, and that the product is, at a minimum, live in beta.
- That the product or service has demonstrable customer validation with (trial and/or paying) customers.
- A fully articulated proposition addressing a clear gap in the market with market research conducted with customers/potential customers.
- Evidence of innovation, export potential and employment capacity. Clear market opportunity for the proposed product or service. Clear knowledge of the competitive landscape.
- Clear execution plan outlined, identifying suitable channels to international markets.

Assessments are undertaken on the applications submitted, it is important to note that the greater the progress the applicant has undertaken towards generating sustainable revenues the stronger the application. Applications from projects that are at idea, concept or design stage may be considered to require further development before applying for the competitive start fund. If successful in progressing to pitch, the applicant may be required to supply contacts of (trial and/or paying) customers prior to any Enterprise Ireland investment completing as part of our due diligence process.

The fund is designed to help start-up and early stage companies to get off the ground and launch new products and services in the international marketplace. The priority of the Fund is to provide young companies with critical early stage funding for the key

commercial and technical milestones that will ensure delivery of their product or service, and/ or, will get their project to a key funding milestone.

## **2.0 Objectives of the Fund**

The objective is to identify early stage companies from the Manufacturing and Internationally traded services sectors with the capability to succeed on global markets and to accelerate the growth of these Companies. The target start-ups are those that have already proven the feasibility of developing a viable business. The aim of the Fund is to enable these companies to progress with their key commercial and technical milestones.

## **3.0 Funding**

This is a competitive fund. Funding will be provided to companies who rank highest in the scoring process. The maximum level of support per successful application will be €50,000 in equity support (in two equal tranches). Successful applicants will be required to secure additional new cash investment for equity of €5,000 prior to the release of Enterprise Ireland's first tranche. This new investment in equity is to occur post the relevant call close date. Capitalisation of existing director/related party loans will not qualify. In addition each successful company will be appointed a mentor who will work with the company for up to 10 sessions. Enterprise Ireland will pay the Mentor directly €1,750 per company plus expenses.

## **4.0 Legal Basis**

The legal basis is Section 31 of the Industrial Development Act 1986.

## **5.0 State Aid Basis**

The State Aid basis is De Minimis Aid EC No 69/2001

## **6.0 Eligible Applicants**

- Must be a manufacturing or an eligible traded services business (the eligible services as listed in the [Service Industries Order 2010](#));
- Must not have received equity funding of more than €100K prior to the competition closing date. Equity includes Ordinary shares, Convertible Preference Shares, Convertible Loan Notes and Directors Loans. Sweat equity does not apply;
- Must be pre-trading or recently commenced trading, i.e. does not have revenues in excess of €60k in the current financial year to date or in any previous financial year;
- If a company, it must be less than three years old (from date of registration);
- Must be capable of creating 10 jobs in Ireland and realising sales of €1m within 3 years. [If a company is required to have FDA or CE approval, these targets must be achievable within three years of approval to sell];

- Must not be engaged in gambling, "adult entertainment", tobacco or military sectors;
- Applicants must be eligible to live and work in Ireland. If their current visa status does not allow them to run a business in Ireland they must regularise their visa situation before receiving an investment. (Enterprise Ireland has a help-desk to advise non EU applicants on the relevant rules);
- Must meet [SME definition as defined by EU legislation](#).

**Please note:**

- If an application is successful and is currently in receipt of an Enterprise Ireland Feasibility Grant, the full amount of the Feasibility grant must be drawn down before the Competitive Start Fund investment or, alternatively, the company/individual must forego the balance of the Feasibility Grant prior to starting the CSF.
- If the applicant is successful and currently in receipt of a New Frontiers scholarship, or a Priming Grant from the Local Enterprise Office, the application will not receive Competitive Start investment until they have completed drawdown of the New Frontiers scholarship/priming grant or declined further payments.
- Where an applicant is a subsidiary of a parent company, then the eligibility criteria will be applied to the parent company.
- If the applicant was a sole trader or a partnership prior to applying to CSF as an individual or a Limited company and the undertaking is exactly the same, then the eligibility criteria will be applied to the former entity.
- The majority management must be based in Ireland.

**Please note:** Any intellectual property that is required to execute the business plan that is currently owned by the promoters must be assigned to the company prior to the CSF investment completing.

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## **7.0 Ineligible Applicants**

The Fund is not open to the following:

- Companies that do not meet the above criteria.

## **8.0 Eligible Activities:**

The investment will be towards the execution of a business plan. The following expenditures are expected to form the basis of any application submitted to Enterprise Ireland – salaries, consultancy fees and travel costs. Other costs such as subcontracting and prototyping may also be considered.

## 9.0 Assessment Criteria

This is a competitive fund with a two-phase assessment process:

**Assessment 1** – An evaluation panel, comprising external consultants in conjunction with representatives of Enterprise Ireland, will evaluate each application and will score them under the following assessment criteria:

Evaluation Criteria	Weighting
Company and Promoter Profile	20%
Product/Service & Market Opportunity	20%
Business Proposition - delivered by Video Pitch	20%
Product/Service Innovation	10%
Ability to deliver key Commercial and Technical Milestones over the coming 12 months	10%
Likelihood of developing into a HPSU (company with at least 10 employees and €1 million revenue within 3 years)	20%

### Assessment 2

Assessment 2 is carried out by an evaluation panel comprising external industry experts and representatives of Enterprise Ireland. The top applications arising from Assessment 1 will be invited to deliver a short investment pitch to this Evaluation Panel.

The evaluation panel will be asked to score the applicant's performance based on the following equally weighted criteria:

- Business Model - explain how this company will generate revenue and scale internationally.
- Management Team - describe how the proposed management team have the necessary skills to scale this business and clearly identify gaps and proposed actions to address them.
- Roadmap - clearly outline the steps necessary and the resources required over the next 12 months.

The evaluation panel will select the start-ups to go forward to Enterprise Ireland's Investment Committee for approval. The presentations will be scored out of 30 with each question marked out of 10.

From the final applicants, the highest scoring applicants will be selected to go forward to Enterprise Ireland's Investment Committee for approval.

#### **10.0 Funding Available and Form of Aid**

- Successful applicants will receive funding of €50,000 in equity from Enterprise Ireland for a 10% shareholding in the company. The equity investment will be made in two equal tranches of €25,000, The first tranche will be released to successful applicants only when it provides confirmation of additional new cash investment for equity of €5,000. This new investment in equity of €5,000 by the successful applicant is to occur post the relevant call close date. The €5,000 should come from the promoter sourced funds and must not be matched from State funds. These monies, must not be provided by the Capitalisation of existing director/related party loans which, will not qualify. The company must also meet the general terms and conditions of the scheme.
- In addition each successful applicant will receive 10 sessions of Mentor support valued at €1,750 per company plus expenses which will be paid directly to the Mentor.

#### **11.0 Application Process**

The fund will be launched on 29<sup>th</sup> January 2019. Applications are invited through a public call.

- Completed application forms must be submitted through the Enterprise Ireland Online Application System by 3pm on 12<sup>th</sup> February 2019.
- A Video Pitch must be submitted on the Sonru.com platform by 11:59pm on 12<sup>th</sup> February, 2019 (when you commence the application form an email regarding the video pitch will be sent to you separately).

A valid application must contain both a video pitch and complete application form.

Applicants will receive an acknowledgement email on receipt of their application. A helpline has been set up on 01 7272202 and it will be in place for the duration of the competition.

#### **12.0 Assessment Process**

The Assessment Process is in two phases.

**Assessment 1** - Eligible applications will be reviewed and scored against set criteria by a number of external consultants in conjunction with Enterprise Ireland advisors. An independent scorer will ensure consistency of scoring between applications. The purpose of this assessment process is to identify the highest ranking applications. As part of the initial assessment feedback on the application submitted will be available. A "signpost" will also be recorded for the applicant for next steps from an Enterprise Ireland HPSU perspective i.e. should the applicant meet directly with HPSU, go to Local Enterprise Office etc.

**Assessment 2** - The highest ranking applications will then be invited to meet an Evaluation Panel comprising external industry experts and representatives of Enterprise Ireland for review. Applicants falling outside the top applicants will be informed that they have not been short-listed for the competition at this time. The short-listed applicants will be invited to present a short investment pitch to this Evaluation Panel. The highest scoring applicants from this stage will be selected and recommended to Enterprise Ireland's Investment Committee for approval.

### **13.0 Post Approval**

All applicants will be notified by email on the outcome of their application following the Investment Committee Decision.

Unsuccessful applicants will receive an email informing them of the Committee's decision. Feedback will be available to companies if requested.

Successful applicants will receive a copy of the draft shareholders agreement. This document must be printed, signed and returned within 8 weeks by registered post to: Competitive Start Fund, Enterprise Ireland, East Point Business Park, Dublin 3.

In order to receive payment the client must provide;

- Executed Agreement
- Amended Articles of Association (where necessary)
- Valid Tax Clearance Certificate
- Third Party Confirmation that €5,000 has been invested as new cash for shares.

If the signed shareholders agreement is not returned within 3 months of the date of approval then the offer is rescinded.

### **14.0 Release of second tranche**

The release of the second tranche equity investment will be contingent on the submission of a report, satisfactory to Enterprise Ireland, outlining progress on agreed commercial and technical milestones from the company's original application and detailing how the

first tranche monies were spent in the business. The report will be reviewed by Enterprise Ireland and the release of second tranche will be linked to the achievability of agreed objectives. In the case where Enterprise Ireland is not recommending the release of the second tranche, a note will be prepared for the Investment Committee to approve the decision. A final report satisfactory to Enterprise Ireland, outlining how the second tranche monies were spent in the business will be required on completion of the business plan.

#### **15.0 Date of eligibility of costs**

The start date for eligible expenditure is the call close date. No expenditure prior to this date is allowed.

**Start & End Date-** Projects should commence within three months of approval and be completed within 24 months.

#### **16.0 Review of Fund**

Enterprise Ireland HPSU Division will conduct an annual impact review of the Fund and the successful companies within twelve months of approval. This could include the number of companies that will seek iHPSU funding, level of commercial traction, employment levels etc.