



I-3 TECHNOLOGY
START-UP
COMPETITION

Presented by Innovacorp
2011-2012 Competition Information Kit
September 2011

www.innovacorp.ca

INTRODUCTION

I-3 stands for "Idea, Innovation, Implementation," the early steps in the commercialization process.

The purpose of Innovacorp's I-3 Technology Start-Up Competition is to find and support high potential early stage Nova Scotia knowledge-based companies, and encourage entrepreneurial activity across the province. The businesses chosen as first and second award winners from across the province are excellent examples of types of companies that will fuel our future economic growth.

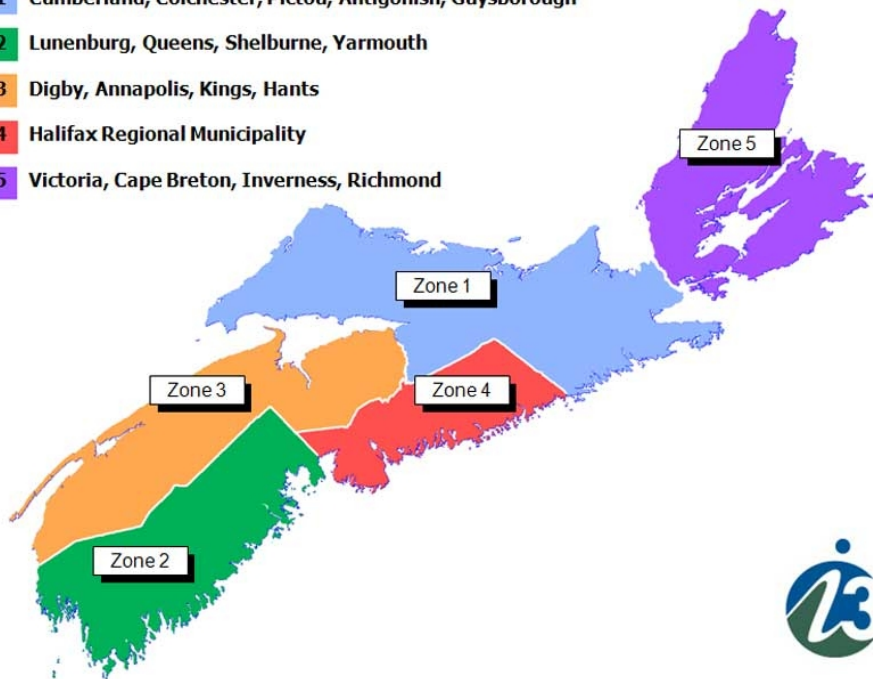
More than ever, a sustainable strong, vibrant economy in our province requires continuous innovation and the creation of new Nova Scotia-based companies. Not only can early stage companies evolve over time to become major employers in the community, but they also encourage a culture of entrepreneurship and innovation – key ingredients for a region's prosperity.

Innovacorp ran a pilot I-3 competition in Cape Breton in 2006, and subsequently held provincial competitions in 2007-2008 and 2009-2010. Over the years, the competition has received a remarkable 270 start-up company submissions, reflecting the increasingly high level of entrepreneurship happening across Nova Scotia.

The latest I-3 competition will be held in five zones covering all of Nova Scotia during September 13, 2011 – February 8, 2012. Below are the competition zones.

I-3 Technology Start-up Competition - Zone Map

- Zone 1** Cumberland, Colchester, Pictou, Antigonish, Guysborough
- Zone 2** Lunenburg, Queens, Shelburne, Yarmouth
- Zone 3** Digby, Annapolis, Kings, Hants
- Zone 4** Halifax Regional Municipality
- Zone 5** Victoria, Cape Breton, Inverness, Richmond



THE JUDGING

Each zone will have a six-person judging panel that consists of a seasoned entrepreneur, a seasoned business person, a lawyer, a chartered accountant, and two senior representatives from Innovacorp. The judging panel to select the provincial I-3 winner will include a representative from the original panel in each of the five zones. The panels will assess submissions based on a pre-determined set of criteria.

Submissions will be evaluated based on: business plan credibility, management experience, a high barrier to competitive entry, a large addressable market, and the probability of obtaining a fully-funded business plan. Ultimately, the winning entrants are those determined by the judges to have the highest probability of entering the market in a competitively sustainable fashion and the most commercialization potential.

THE AWARDS

Each first place zone winner will receive \$100,000 in a combination of cash and in-kind business building services. Each second place zone winner will receive \$40,000 in a combination of cash and in-kind business building services. The cash and in-kind business building services are to be used towards the establishment or further development of the start-up ventures. The in-kind contributions will include business building expertise, services and resources (i.e. legal, accounting, marketing, human resource, and other consulting services) from professional service firms located in the winners' zones.

The provincial winner, selected from among the five first place zone winners, will be awarded a \$100,000 seed investment from Innovacorp. The goal is that the cash award will be used as leverage to attract additional potential funds that may be available through sources such as angel investors.

ABOUT INNOVACORP

Innovacorp is Nova Scotia's technology commercialization agency, helping high-potential, early stage companies succeed in the global marketplace. The organization's High Performance Incubation business model is an internationally recognized approach to technology commercialization, combining incubation infrastructure, business mentoring, and seed and venture capital investment.

We run the I-3 Technology Start-Up Competition to find and support high potential early stage Nova Scotia knowledge-based companies, and encourage entrepreneurial activity across the province.

ELIGIBILITY RULES

Entrants must be a Nova Scotia-based start-up business venture with a focus on a new knowledge-based product and/or service.

In addition, entrants must be the majority owner (51 per cent or more) of the business venture and plan to work full-time within the business to be located in their competition zone.

Innovacorp investee clients are not eligible for this competition. I-3 zone winners from previous years are not eligible to reapply with the same product/service from the winning submission, but may reapply with a different product/service and a different company.

Eligibility Defined

Nova Scotia-based – The head office is located in Nova Scotia and the business is or will be registered in Nova Scotia. (The start-up or spin-out must be registered in Nova Scotia by January 13, 2012, which is prior to the pitch presentations in round two of the competition.) Entrants apply in the zone in which the business is located. See below for zone details.

Zone 1: Cumberland, Colchester, Pictou, Antigonish, Guysborough

Zone 2: Lunenburg, Queens, Shelburne, Yarmouth

Zone 3: Digby, Annapolis, Kings, Hants

Zone 4: Halifax Regional Municipality

Zone 5: Victoria, Cape Breton, Inverness, Richmond

Start-up business venture – Start-up refers only to sales revenue and not to the number of years in business. To qualify as a start-up, the business has generated cumulative sales revenue of less than \$3 million since inception.

New knowledge-based product or service – The business proposition must be a unique technology product and/or service that cannot be easily duplicated.

Entries will be evaluated based on the following Innovacorp criteria:

Stage: Nova Scotia early stage company

People: Relevant subject matter expertise and management experience

Market: Large international market

Barrier: High barrier to entry

Fundability: Executable business plan

AWARD PACKAGES

Zone Awards

1st Place Winner in Each Zone

- **\$100,000 award package** made up of cash and in-kind business building services

2nd Place Winner in Each Zone

- **\$40,000 award package** made up of cash and in-kind business building services

The in-kind contributions will include business building expertise, services and resources (e.g. legal, accounting, marketing, human resource, and other consulting services) from professional service firms located in the winners' zones.

Provincial Award

1st Place Provincial Winner

- **\$100,000 Innovacorp seed investment**

Unlike the cash award, which is designed to cover reasonable business expenses and is not repayable, this seed investment will take the form of equity and is subject to Innovacorp's general investment principles.

Awards are intended for the establishment and/or future development of the new knowledge-based start-up business venture in the zone indicated by entrants in their round one submission.

In the unlikely event there is low participation in the competition and none of the entries meet the criteria, the judges reserve the right to withhold awards and determine the best path forward to accomplish the competition's goals.

I-3 COMPETITION TIMELINE

Date	Activity
Tuesday, September 13, 2011	Competition launch (Halifax)
Wednesday, September 14, 2011	Zone 1 launch (Truro)
Thursday, September 15, 2011	Zone 5 launch (Sydney)
Friday, September 16, 2011	Zone 3 launch (Middleton)
Friday, September 16, 2011	Zone 2 launch (Yarmouth)
Thursday, October 20, 2011	Round One (summary submission) entry deadline
Tuesday, November 8, 2011	Round Two short list announced
Thursday, December 15, 2011	Round Two (full business plan submission) entry deadline
January 16-26, 2012	Round Two (pitches/oral presentations) and judging
Thursday, January 26, 2012	Zone winners announced as provincial finalists
Wednesday, February 8, 2012	Provincial winner announced
Wednesday, February 8, 2012	Awards presentation (zone and provincial winners)

SUBMITTING ENTRIES

Interested parties that meet the eligibility criteria outlined above must ensure all submissions follow competition guidelines.

Submissions must be made online at www.innovacorp.ca. Submissions must be received on or before 5:00 pm AST on Thursday, October 20, 2011.

COMPETITION REQUIREMENTS

Round One – Summary Submission

Round One - Important Dates	
Submission deadline	Thursday, October 20, 2011
Announcement of round two participants	Tuesday, November 8, 2011

Complete the competition entry form and submit a 3-5 page summary of your business venture. The summary should include the following information:

- Cover Page
 - The primary contact person, with complete contact information, including an email address
 - The business name (or proposed name), and a one-sentence overview of the main line of business
- Project Team
 - Name of majority owner (51% or more)
 - Brief background on the entrepreneur(s) involved and their experience
 - Roles and responsibilities of those involved
- Product and/or Service Offering
 - Brief description of the offering
 - What problem does it solve, or what need does it fulfill? What are the benefits of your offering?
- Uniqueness of the Offering/Barriers to Entry from Competitors
 - Why is the product/service unique or different from the competition?
 - Who are the major competitors?
 - What potential barriers of entry could you encounter?
 - Is this uniqueness sustainable (e.g. patents, intellectual property, barriers to entry, etc.)?
- Market Opportunity
 - Who are the targeted customers?
 - What is the market size?
 - Is there evidence they will buy the product?
 - How will the product penetrate the market?
- Current Stage of Development
 - What is the current status of the technology/venture?
 - What are the key next steps?
- Business Model
 - How will the company generate sustainable revenue?
- Milestones and Success Metrics
 - What are the success metrics and timelines?
 - What is the time required to go to market?
- Capital Requirements
 - How much funding is needed to move forward?
 - How will the money be used?
 - Why is your business an attractive investment?

The summary must be submitted in Microsoft Word or Adobe Acrobat PDF format on or prior to 5:00 pm AST on Thursday, October 20. A confirmation receipt will be sent by email.

Please note that we are unable to accommodate updates once summaries are submitted.

The document must be limited to 3-5 pages of text (typed, single-spaced, minimum 11 point font, with at least 1" margins on all sides), excluding the cover page.

The judging panel will select a short list of up to five entries per zone that will be invited to move into round two of the competition. Announcement of the short list will be on November 8, 2011.

Round Two – Full Business Plan Submission and Oral Presentation

Round Two - Important Dates	
Business plan submission deadline	Thursday, December 15, 2011
Oral presentations	January 16-26, 2012
Announcement of zone winners and provincial finalists	Thursday, January 26, 2012

Business Plan Submission

Those moving on to round two will be required to submit a full business plan. An electronic version is required. The full plan must include the following:

- Executive Summary – Clear, exciting, and effective as a stand-alone overview of the plan
- Products or Services – Description, features and benefits, pricing, current stage of development, proprietary position
- Market and Marketing Strategy – Description of the market, competitive analysis, needs identification, unique capabilities, sales/promotion, and penetration
- Management – Background of key individuals, ability to execute strategy, human resource requirements, organizational structure
- Summary Financials – Presented in summary form, easy to read and understand, and consistent with plan

The full business plan must be submitted in Microsoft Word or Adobe Acrobat PDF format on or prior to 5:00 pm AST on Thursday, December 15. A confirmation receipt will be sent by email.

Plans are limited to 15-20 pages of text (typed, single-spaced, minimum 11 point font, with at least a 1" margin on all sides), excluding the cover page but including the executive summary, charts or diagrams, and summary financial data. Detailed spreadsheets and appropriate appendices should follow the text portion of the plan and be limited to 10 pages. Appendices should be included only when they support the statements and observations in the plan.

Financial data should include the projected cash flow statement, income statement, and balance sheet for a 3-year period, as well as actual financial statements (if applicable). Include an explanation of how much money is required and the use of funds. In addition to the detailed financial statements, a financial summary should be included (see below for an example).

Illustrative example:

Proposed Business Plan
Financial Summary

	Year One	Year Two	Year Three
Revenue:	\$ 100,000	\$ 1,000,000	\$ 10,000,000
Expenses:	\$ 200,000	\$ 750,000	\$ 5,000,000
Profit or (Loss):	\$ (100,000)	\$ 250,000	\$ 5,000,000
Profit Margin Percentage:	-100.0%	25.0%	50.0%
Employee Count:	1	5	15

The financial model example above is intended to show the level of detail the judges are seeking. Entrants may be asked for additional levels of financial detail and back up assumptions to support the high level view.

Pitch Presentation

Round two participants will each have 30 minutes to present their business plan, followed by a 15-minute question and answer session.

A projector, screen and computer will be available in the presentation room. Presenters may bring their own laptop if desired. Laptops will connect directly to the projector present in the room. All presenters are encouraged to bring a back-up copy of their presentation. "Tech checks" can be done before the actual presentation by prior arrangement with the competition manager.

Round two participants must provide an electronic copy of their presentation and business plan.

Zone winners will be announced on Thursday, January 26, 2012.

Provincial Round

Provincial Round - Important Dates	
Pitch presentations	Wednesday, February 8, 2012
Awards presentation – zone winners and provincial winner	Wednesday, February 8, 2012

Zone winners will be invited to present their business opportunity/venture to a judging panel on February 8, 2012. This presentation will be similar to round two in that each finalist will have 30 minutes to present their business plan, followed by a 15-minute question and answer session. A business plan will be submitted to the judges in advance of this presentation.

A projector, screen and computer will be available in the presentation room. Presenters may bring their own laptop if desired. Laptops will connect directly to the projector present in the room. All presenters are encouraged to bring a back-up copy of their presentation. "Tech checks" can be done before the actual presentation by prior arrangement with the competition manager.

Provincial round participants must provide an electronic copy of their presentation and business plan.

The provincial winner will be announced at an event later that day, February 8, 2012.

ANNOUNCING THE WINNERS

The zone winners and the provincial finalists will be announced on January 26, 2012. The provincial winner will be announced at an awards ceremony in Halifax on Wednesday, February 8. Throughout the competition, Innovacorp may present a brief summary of finalists' business ventures in news announcements and other materials.

CONFIDENTIALITY

All submissions will be treated confidentially and will not be made available to the public. Only those directly involved in managing or judging the competition will view submitted documents. While business plan details will not be disclosed, the competition organizers reserve the right to publicly announce those who advance to subsequent competition rounds.

JUDGING

Each zone will have a six-person judging panel that consists of a seasoned entrepreneur, a seasoned business person, a lawyer, a chartered accountant, and two senior representatives from Innovacorp. The judging panel to select the provincial I-3 winner will include a representative from the original panel in each of the five zones.

Key criteria for evaluation include:

Stage: Nova Scotia early stage company

People: Relevant subject matter expertise and management experience

Market: Large growing international addressable market

Barrier: High barrier to competitive entry

Fundability: Probability of obtaining a fully-funded business plan

The quality of the idea, the strength of the management team, and the clarity and persuasiveness of the written plan and pitch presentation will influence the judges' selection of the competition's winner.

Ultimately, the winning entrant will be the one the judges determine to have the most commercialization potential.

QUESTIONS

Questions can be directed to Shelley Hessian, Manager of Entrepreneur Programs, Innovacorp, at 1.800.565.7051 or 902.424.8670 ext. 1123, or at I-3@Innovacorp.ca.

I-3 COMPETITION PARTNERS

Zone 1 Partners

Cox & Palmer
Mclsaac Darragh Chartered Accountants
Impact Communications
Sandler Sales Institute
Entrepreneurs' Forum
St. Francis Xavier University Enterprise Development
Centre (XEDC)
Nova Scotia Community College
Pacrim Hospitality Services Inc.

Zone 2 Partners

Cox & Palmer
Belliveau Veinotte Inc. Chartered Accountants
Tri Star/Avid Media
Sandler Sales Institute
Entrepreneurs' Forum
Acadia Centre for Social and Business Entrepreneurship
(ACSBE)
Saint Mary's University Business Development Centre
Pacrim Hospitality Services Inc.

Zone 3 Partners

Cox & Palmer
Grant Thornton
Westcliffe Marketing
Sandler Sales Institute
Entrepreneurs' Forum
Le Conseil de developpement economique de la Nouvelle-
Ecosse
Nova Scotia Community College
Pacrim Hospitality Services Inc.

Zone 4 Partners

Cox & Palmer
WBLI Chartered Accountants
Gesso Communications
Sandler Sales Institute
Entrepreneurs' Forum
Saint Mary's University Business Development Centre
AVIS Budget
Pacrim Hospitality Services Inc.

Zone 5 Partners

Cox & Palmer
Grant Thornton
Vibe Creative Group
Sandler Sales Institute
Entrepreneurs' Forum
Cape Breton University Small Business Development
Centre
Pacrim Hospitality Services Inc.