



## **Technology Transfer Facility**

### **Proof of Concept (PoC) Program Guidelines**

Version 1.1.

February 3, 2020

## Table of content

<b>1. Background</b> .....	<b>2</b>
<b>2. Description</b> .....	<b>2</b>
2.1. Objectives .....	4
2.2. Who can apply? .....	4
2.3. Type of projects that can be financed.....	4
2.4. Eligible costs.....	5
2.5. Business advisers .....	6
2.6 Expected deliverables.....	7
2.7. Legal and financial framework .....	7
2.8. Confidentiality .....	8
<b>3. Application Process</b> .....	<b>8</b>
3.1. Selection of Awardees .....	9
3.2. Workflow .....	10
<b>4. Implementation</b> .....	<b>10</b>
4.1. Requirements .....	10
4.2. Social and Environmental .....	11
4.3. Procurement .....	11
4.4. Reporting.....	11
4.5. Payments .....	12

# 1. Background

This document represents the design of the Proof of Concept scheme (hereinafter referred to as PoC) in Serbia to be implemented in the framework of the Innovation Fund's (IF) Technology Transfer Facility (TTF) as one of its service lines. The purpose of the TTF is to stimulate transfer of public research results to the private sector to create products and service to the benefit of the economy. The TTF is established under Serbia Research, Innovation and Technology Transfer Project (SRITTP), with the goal to facilitate re-orientation of the public research sector toward the needs of the private sector. Currently, TTF is financed through the Government of Serbia budget under the Competitiveness & Jobs Project.

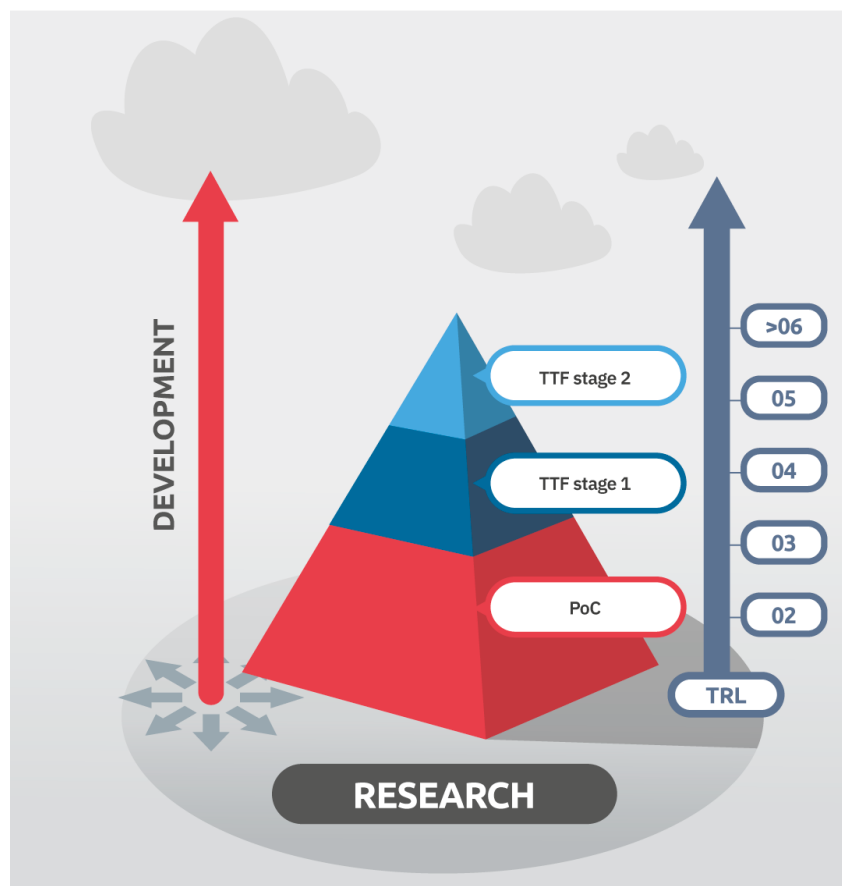
To meet its objectives, the TTF is implementing the TTF Program, through which the support is offered to local Technology Transfer Offices (TTOs), research institutions and innovation support organizations, with the goal to consummate commercialization transactions. The support of the TTF is provided by a number of service lines, through which invention disclosures are collected, evaluated and those eligible selected for further support. Furthermore, the TTF provides expertise in the commercialization process by preparing strategy and connecting researchers with interested commercial partners, help negotiating and closing technology transfer deals. In addition to the core technology transfer service lines under TTF, an Innovation Vouchers scheme is being implemented since December 2017, through which a direct financial support is provided to Serbian micro, small and medium-sized enterprises (MSMEs) who wish to use R&D services provided by R&D sector in Serbia.

Additionally, the PoC, as a new service line, would offer financial and business support to existing research efforts to establish the proof of concept of an idea generated during the course of previous R&D efforts.

# 2. Description

While research and development (R&D) generally cover wide technical areas, within which ideas are generated and tested, and in many cases often requires expansion of activities into relevant technical fields, once the commercialization phase starts, the scope of research is reducing and the development towards so called minimum viable product begins. Stage of development is very often measured by the Technology Readiness Level (TRL) scale, which quantitatively describes the stage of technology development. Research activities are generally part of the TR levels 1 or 2 (see Figure 1). As the understanding of the technology increases, the work starts to evolve towards the proof of concept and formulation of a minimum viable product through a first and demonstration prototype. Proof of concept is often regarded as a small exercise to test the design idea or assumption. Prototyping, which is a next step in the development process is valuable exercise that allows innovator to visualize or test how the product will function. It is an interactive model of the product and its key features. Therefore, the proof of concept is offering evidences that the product **CAN** be developed and is integral part of the prototype, which is showing **HOW** the product could be developed. Beyond proof of concept and prototype stage the technology (product) is further developed in controlled

environments and tested in different surroundings to assess its robustness. Activities covered by the PoC scheme are therefore part of TRL 2-3, with an aim to end up with a clear view of how a prototype should look like or with the first rough demo unit that can be further refined. Most of the work in this phase is still R&D intensive, but with more clear focus on a product. At this stage formulation of an IP strategy becomes important, first through consolidation of ownership over the IP (e.g. contractual definition of the ownership) and defining a broad scope of protection, and then through deciding on a type of IP (patent, TM, copyright, industrial design...) that fits best with the future market needs. First preliminary market assessments are often part of this stage. By the end of proof of concept, analysis of the prior art by a competent professional should be able to point out the additional development activities and bring more clarity to the scope of protection. Funding beyond PoC is available through IF's TTF program over two stages (<http://www.inovacionifond.rs/program/program-transfera-tehnologije>), for increasing the TRL above 4 and commercializing inventions.



**Figure 1.** PoC as a part of an overall Innovation Fund's commercialization funding mechanism

The IF is offering a limited number of PoC grants to eligible Applicants as a pilot, with a maximum budget of EUR 20,000 (RSD 2.4M) per project. The PoC includes mandatory business support for activities related to product formulation and preliminary market analysis. With this program, the IF aims to support projects and research teams, raise the TRL of the supported projects and create conditions to further develop resulting inventions, suitable for support through the technology transfer service lines under the TTF program. Projects with successful outcomes will be considered for further support through TTF stages 1 and/or 2.

## 2.1. Objectives

Objectives of the PoC program are:

1. **To support activities at the stage of turning research outputs towards a commercial or socially valuable propositions.**
2. **To strengthen the pipeline of commercialization-ready projects.**

The twin objective of the PoC aims at increasing relevance of the scientific research and development through the creation of new products relevant to the economy and/or society. The output of the PoC incorporating these objectives is expected to create much stronger pipeline of projects with technology readiness high enough to pursue with commercialization in the next step. Use of experienced business advisers with experience to transform R&D results into products according to relevant market needs is expected to point out directions for development and create synergetic relationships with the project teams, thereby yielding PoC outputs with higher quality, and potential for better match with the needs of private sector.

## 2.2. Who can apply?

Eligible Applicants are **all Serbian public sector<sup>1</sup> R&D institutions, as well as all other Serbian institutions and organizations accredited to do R&D (including the private ones)**, such as: universities, faculties, research institutes, and other R&D institutions in Serbia. Application is nominated and prepared by the Principal researcher or the research team, employed/engaged by the Applicant whereas the eligible R&D institution is a signing party responsible for the grant management in case the Application is accepted for funding. Other members of the team can be other researchers from the same or other R&D organization, from abroad, or from private sector. Only one organization can submit an Application for funding, receive and manage financial support. All researchers (no matter the profile) from eligible R&D organizations, including PhD students, could be accepted as Principal researchers.

One Principal researcher can submit only one Application per call for proposals. In case of more than one Application submitted by the same Principal researcher the IF will consider the first submitted Application (as per official Portal submission time), while all other Applications will be rejected as ineligible. Awardees that have already received grants under TTF program for commercialization of inventions are eligible to apply for funding under PoC, provided their Application is in line with the conditions prescribed in this guideline.

## 2.3. Type of projects that can be financed

The PoC is looking to support projects coming from all fields of science and technology including humanities and arts. Relevant Applications are expected to define a problem (concept) that has emerged from previous R&D efforts, which may lead to creation of

---

<sup>1</sup> Majority state-owned R&D organizations

products, processes or technologies suitable for transforming them into products on the market. The main goal of the PoC is to provide insight, whether the relevant concept identified and described in the Application can work in practice.

The PoC program therefore supports projects with TRL 2-3. This excludes fundamental research projects at the level of ideas. The minimum content of an application should clearly describe the concept developed based on the previous research. Projects formulated this way should have sufficient capacity to formulate an invention that may or may not be protected by any of the IP rights. Although protection of IP rights is not part of the PoC, all new IP created during the course of PoC could be protected using TTF funding, adjacent to the PoC, available to all Applicants, selected by the TTF Decision Committee, after the PoC project has ended.

In case of a negative outcome of the PoC, learnings from the process might lead to an improved or completely new concept formulation to be submitted at the later stage. Projects that already have working prototypes will be ineligible as they already attained higher TRLs.

Projects that are focused on routine or periodic changes made to existing products, production lines, manufacturing processes, services and other already established operations **are not necessarily suitable** for financing under the PoC, even if those changes may represent improvements.

## 2.4. Eligible costs

The PoC grant can be used for typical services at this stage of development. Project budget, which is part of the Application is divided in the following categories of costs:

- Personnel costs (honorariums for the research team up to EUR 5,000 (RSD 0.6 million)). Maximum amount per man-month cannot exceed gross EUR 1,000 (RSD 120,000)
- Experimental PoC (may include consumables, rental of equipment or facilities and external experts<sup>2</sup> (up to EUR 10,000 (RSD 1.2 million))
- International and local travel excluding scientific conferences (up to EUR 2,000 (RSD 240,000))
- Legal services<sup>3</sup> (general legal counsel and IP services (excluding drafting and filing IP) up to EUR 2,000 (RSD 240,000))
- Costs of business adviser up to EUR 4,000 (RSD 480,000)

---

<sup>2</sup> External experts can be engaged to provide services not directly related to the process of invention conception and definition (e.g. if a team needs specific analysis of the material that is being developed and this expertise is not available in the team or his host institution, the team can outsource this activity and engage external expert). When planning external experts, it is necessary to plan the expertise required for project implementation and not the specific person who will perform planned work. If someone is named as a team member, he/she cannot be engaged as an external expert.

<sup>3</sup> Planning for legal costs are in principle not mandatory, but in the case when the planned budget contains no legal costs this has to be justified (available legal expertise from elsewhere or IP ownership already consolidated). In any case the Applicant should make sure to have sufficient resources for IP ownership consolidation as this is the condition for disbursement of funds.

- Other costs such as licenses, software and organization overheads<sup>4</sup> up to EUR 1,000 (RSD 120,000))

Awarded budget must not be used for:

- Sales activities
- Direct Marketing costs
- Activities financed through another framework, programme or company/institution
- Purchase of equipment incl. IT equipment
- Standard websites development
- Travel for participation to conferences.

Funding available through PoC can be used for paying costs that include VAT. Therefore, the VAT for project-related costs is eligible costs and can be payed from the PoC grant.

## 2.5. Business advisers

Every team with project accepted for funding must engage its own business adviser from the list provided and published by the IF. The IF will hold consultation with the Awardee with regards to business adviser selection. The role of business adviser is to assist the team in the process of product definition, business modelling and future development beyond PoC. Business advisers are expected to facilitate the transition to higher TRLs by focusing efforts of the team in translating their lab results towards the market-driven context and thereby helping the team to formulate viable commercialization strategy. Generally, business advisers should engage with the team, and provide necessary expertise and guidelines during the project implementation. Expected time of engagement of a business adviser is between 5-10 working days per project. Each team is expected to contract its business adviser from the approved project budget.

Business adviser's activities would include:

- Introducing with the team and the project
- Holding regular (weekly) consultations with the team regarding the implementation of the PoC activities and future technology implications
- Definition of a future business model
- Providing help in preparing preliminary market assessment and analysis of product-market fit
- Validation of the final results of proof of concept-related activities
- Preparing independent report for the IF at the end of project implementation period.

Business adviser is expected to act as an external part of the team, providing necessary advices for the team, offer expertise where appropriate, help the team delineate their PoC

---

<sup>4</sup> Organization overhead costs can be planned in maximum 5% of the total project budget. These costs do not have to be named, justified and documented. Overheads are disbursed at the end of the project once the Final report is approved by the IF. Overheads are disbursed as a percentage of total eligible documented costs and this amount could be less than the amount planned in the Application.

activities towards the minimum viable product (MVP) and assist in documenting PoC efforts through an invention disclosure at the end of the PoC process.

Each Awardee must contract its business adviser in not more than 30 days from the date of signing PoC grant agreement.

## **2.6 Expected deliverables**

Each PoC grant is expected to result in the following deliverables:

- Clear IP ownership position. Although the ownership over the IP may not be clear at the point of applying for the PoC grant, part of the funding must be used for legal counsel to help in consolidation of the ownership structure with all necessary agreements in place. The final report must contain a clear ownership structure explaining who owns what, in which percentage and how the distribution of commercialization income is split amongst the owners and other authors, with copies of all accompanying agreements.
- Analysis of the prior art and the preliminary scope of the future patent application, where applicable; IP strategy with details of how the protection will be effectuated in the short term; which IP right will suit best the product needs, and what are the costs of protecting in the coming 3 years.
- Interim report containing IP ownership structure and (where applicable) prior art analysis.
- Invention disclosure filled in with preliminary market assessment and product-market fit, based on the input from the business adviser. This deliverable should be prepared in sufficient details to serve as an application to the TTF.
- A final report that discusses the concept defined in the Application for the grant and details whether it is being proven successfully or not, containing invention disclosure as appendix. This report must be signed by the assigned business adviser and the principal researcher.

## **2.7. Legal and financial framework**

Public call for PoC is expected in the first quarter of 2020, and it will be open for around two months.

The allocated budget for 2020 is EUR 1M (RSD 120 million).

Each PoC grant will cover 100% of the total eligible costs, up to EUR 20,000 (RSD 2.4 million) including Value Added Tax (VAT).

The PoC will support projects with the duration of up to 12 months. All project activities will have to be finalized within the time frame for which the funding is granted. Additional 3 months may be used to make payments for goods and services delivered within the agreed timeframe – e.g. if the project ends on June 30, 2021, all activities must be finished until that date. However, the deadline for payments to be made could be September 30, 2021.

The project may be extended only under exceptional circumstances for a period up to additional six (6) months subject to the review and approval of the IF's Decision



Committee<sup>5</sup>. The Awardee must submit the request for change with the description of change and the justification for change at latest 30 days before the original end date of the project. The circumstances in which the project may be extended are unforeseen delays in project implementation caused by administrative, financial or other procedural factors; force majeure events which include, but are not limited to floods, fires, earthquakes, draughts, power and water shortages or general shortages of basic resources necessary for project implementation, armed conflict, etc. The approved amount of financing is not subject to increase in any case.

## 2.8. Confidentiality

All Applications and reports under PoC will be treated as confidential and disclosure of any information by the IF will be limited only to non-confidential project summaries for the purpose of promotion of the PoC in the public.

Awardees of the PoC are suggested to use non-disclosure agreements when they communicate their projects to the external public. When contracting business adviser and other advisers, awardees are advised to include non-disclosure provisions in their contracts.

## 3. Application Process

Applications to the PoC are handled through a PoC e-portal available at <https://secure.inovacionifond.rs/poc>. Interested Applicants must first register on the portal, to receive the login and password. Upon logging in Applicant must register a project and fill in contact information about the team and the R&D organization. Application for PoC grant consist of:

- An abstract, short non-confidential description of the project,
- Description of the activities with clear explanation what are the hypothesis/technical concepts that will be proven in the project,
- Potential of the innovation and its main benefits, in case a concept is proven,
- Plan of implementation with main results, risks and a list of activities and its duration,
- Budget<sup>6</sup> breakdown split in the given categories,
- Signed Applicant statement from the R&D organization that contains terms and conditions of the PoC.
- CVs of the members of the team, including the project manager (principal researcher).

---

<sup>5</sup> In addition to the manager of the PoC the Decision Committee consists of IF staff involved in implementation of other programs of the IF with specific experience in coordination of the evaluation process.

<sup>6</sup> The budget should be filed in using the Excel template provided by the IF (available on the IF's website) and submitted as an Excel file.

Once ready, the Application must be submitted<sup>7</sup> using appropriate templates available on the IF's webpage by clicking submit button on the PoC portal to be further considered by the IF.

### 3.1. Selection of Awardees

Following the submission of the Application for PoC grant, the IF will perform administrative and eligibility check of the submitted Applications.

Ineligible Applicants will be notified of their ineligibility (including reason for rejection) by email. Only fully signed, complete and electronically submitted Applications will be further considered for evaluation.

If an Applicant wishes to file a fact-based objection to the outcome of the administrative completeness and eligibility check (citing evident omissions, oversights or mistakes made by the IF staff), they may submit a formal letter of objection to the IF, written in English and not exceeding 500 words within 8 calendar days from the day of receiving the original eligibility review decision notification. The letter should be signed by the authorized representative of the Applicant (dean of the faculty or the director of the institute/innovation center) and sent to PoC@inovacionifond.rs. The IF will provide an official response to the formal letter of objection within 8 calendar days from receiving the objection.

Applications that are administratively complete and meet the eligibility criteria will be evaluated. The IF will engage at least two peer-reviewers to provide assessment of the submitted Applications. Upon receiving the feedback from the peer reviewers, internal Decision Committee of the Innovation Fund will make a final decision, taking into account assessments provided by peer-reviewers. Should the two peer reviewers provide conflicting assessments the Decision Committee may call for additional peer reviewer's assessment before the final decision is made. Irrespective of the outcome of the evaluation the Applicant will receive the feedback from the Decision Committee of the Innovation Fund.

In case of the non-acceptance of the Application for PoC grant, the Applicant is allowed to resubmit the same Application once, in any of the subsequent public calls with the mandatory note of resubmission.

During the selection process peer-reviewers and the Decision Committee will take the following criteria in mind:

- **Strength of the team (based on CVs of key researchers);**
- **Clarity of the proposed concept**
- **Innovativeness and feasibility of the proposed concept;**
- **Potential for commercialization of the resulting product;**
- **Feasibility of the implementation plan.**

Details about the selection process is given in the Review guidelines available on the web page of the IF.

---

<sup>7</sup>Application should be submitted using the template supplied by the IF (available on IF's website) in Word or searchable PDF. The page in the Application with stamps and signatures can be scanned and inserted into the word document as picture.

### 3.2. Workflow

Typical workflow of a process for applying and using PoC grant is given in figure 1.

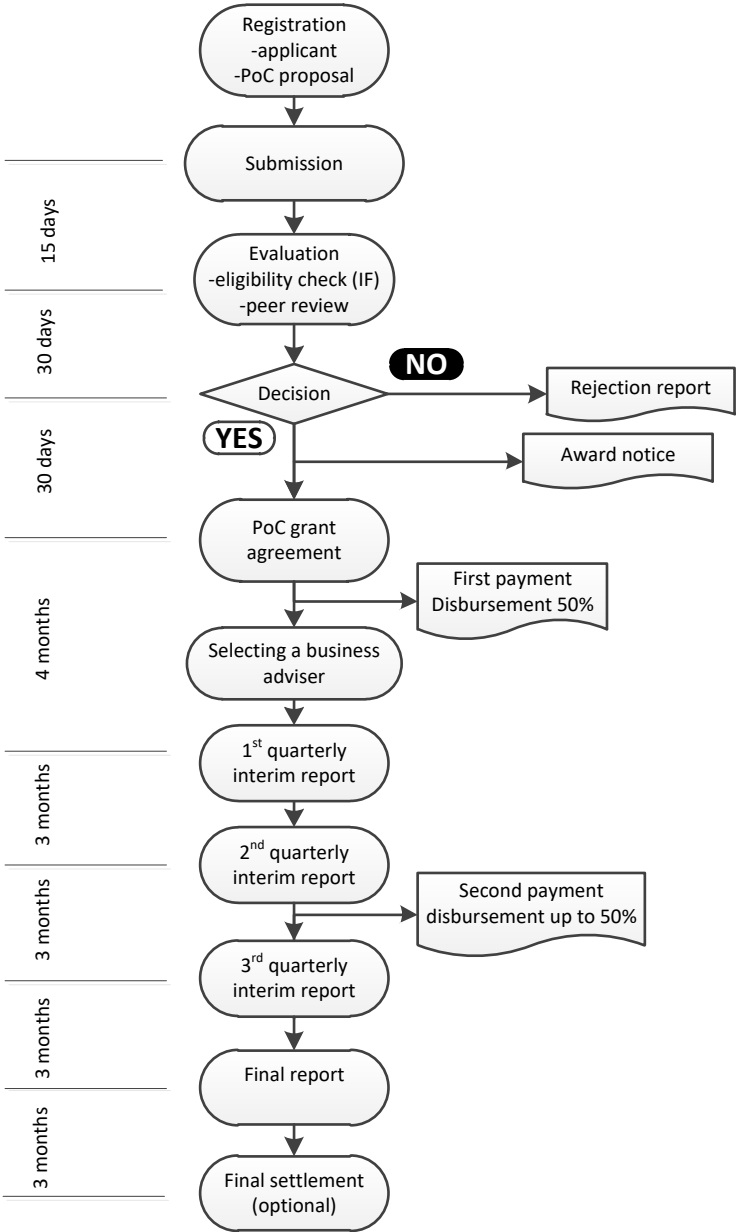


Figure 2. Workflow of the PoC

## 4. Implementation

### 4.1. Requirements

Upon approval of its Application, the Awardee is required to sign a PoC grant agreement with the IF. Existence of an engagement/employment contract between the Principle researcher and his organization that was named in the Application will be checked by the IF staff before signing PoC grant agreement. In case the Principle researcher fails to provide valid proof of employment/engagement with the Applicant, the IF will not sign

PoC grant agreement. Also, before the PoC grant agreement is signed, the Innovation Fund will suggest at least two business advisers from the list published by the IF, among which the team should select one. The selected business adviser will serve as an external counsel and advice the team on strategic issues including IP, business strategy and product development.

PoC grant agreement contains specific provisions generally stated in this Guidelines, along with the approved budget.

The Awardee is required to implement the project diligently and efficiently with sound technical, economic, managerial and social standards and practices.

Any changes in the implementation methodology approved by the Innovation Fund must be approved by the Decision Committee with the prior written notice.

## **4.2. Social and Environmental**

Environmental and social impact in the PoC are expected to be negligible due to the nature of the grants (some R&D and soft support services). However, in cases where the IF suspects potential negative impact, environmental and social management specialist (engaged on the Competitiveness and Jobs project) may be called upon to do detailed assessment and to advise on any safeguard issues, in which case the terms of the Environmental and social management framework<sup>8</sup> available online ([www.inovacionifond.rs](http://www.inovacionifond.rs)) will apply.

## **4.3. Procurement**

The PoC is funded by the Innovation Fund through the budget of Government of Serbia in the framework of the Competitiveness and Jobs project. All necessary procurements within the PoC will be effectuated in line with the national Public Procurement Law. All awardees under the PoC are allowed to use their internal procurement procedures in according to the applicable national laws and regulations.

## **4.4. Reporting**

The Awardee is expected to report quarterly on the progress during the implementation process. There will be a total of four reports over a period of 12 months – three interim reports followed by the final report at the end of the last quarter. Each of the three interim reports will cover the 3 months implementation period and will be submitted to the Innovation Fund not later than 30 days following the end of 3 months period of reporting. Interim report contains the progress versus implementation plan, with justification in case of unforeseen changes. It also discusses the plan of activities that are left to be finalized. It contains details about the conducted and planned procurements, lists the

---

<sup>8</sup> Environmental and Social Management Framework can be accessed on [this link](#)

costs already incurred and provides estimation about the remaining funds disbursement. Finally, interim reports provide details and legal documentation (contracts, statements...) about the ownership over IP created during the course of PoC implementation, taking into account all foreground and background IP related to the project. Approval of the first two interim reports is a condition for disbursement of remaining project funds.

The final report will cover the entire period of implementation and will be submitted to the Innovation Fund not later than 30 days following the end of the project. The final report has the same structure like the interim report and provides necessary details about the project that is already finished. In addition, final report contains invention disclosure, which could be considered as application for funding under TTF program.

## 4.5. Payments

Upon signing a PoC grant agreement, the Innovation Fund will disburse the amount specified in the contract in the following manner:

- First payment of 50%<sup>9</sup> of the approved budget will be disbursed to the account of the Awardee upon contract signing. Awardee is expected to provide a subaccount where all PoC grant-related transactions will be recorded and available to the Innovation Funds inspection.
- Second payment of the remaining 50% of the approved budget is a subject of acceptance of the 1<sup>st</sup> and 2<sup>nd</sup> interim report by the Decision Committee. In case of approved interim reports, Awardee can fill in Request for payment stating the amount to be disbursed by the IF. Request for payment can contain only the amount committed to date through signed contracts and cannot exceed neither 50% of the approved budget nor the ceiling amount specified in the contract (cumulative with the first payment). Maximum amount the IF can grant through the PoC is RSD 2.4 million (EUR 20,000). Request for payment of the remaining amount will normally be considered by the IF only if the Applicant has already spent or committed at least 80% of the first payment made by the IF at the beginning of the project, as documented in the interim report.
- Final disbursement (if necessary) per signed Final settlement agreement between the IF and the Applicant, upon approval of the Final report.

All payments from the IF will be made in Serbian Dinars. Awardee is allowed up to 10% variations from the total approved project budget within any of the budget categories and the Awardee is obligated to inform the IF by e-mail regarding any such variations and provide budget update. Should the expenses variations exceed 10% of the total budget during the course of the project, a written request for funds reallocation must be submitted to the IF for approval by the IF's Decision Committee.

---

<sup>9</sup> The first payment may be up to 70% of the approved budget if the Applicant provides written justification (e.g. procurement and payment for goods and/or services amounting more than 50% of the approved budget within the first two quarters).