APPLICATION GUIDANCE | Range 3

All investment applications are evaluated in six broad categories. In each of these categories, the application is ranked from Red (1) to Green (4), with Red (1) being the lowest and Green (4) being the highest.

Category One: Impact on MTI Mission and Impact Goals

How to answer: To the best of your ability, provide both current and projected economic impact information about your enterprise in the provided table. The middle column (*As of Date of Application*) should reflect the status as of the date of application; the right column (*Year 3 Projection*) should reflect projections on each economic impact metric. If you do not have data, complete the column with 'n/a' or 'none'. Use the offered additional section to explain any additional impacts not captured by the table and information about employee benefits and opportunities for growth.

Why we ask: MTI's mission is to grow and diversify Maine's economy. MTI's investments need to tie to our mission and impact goals. Successful and growing companies and organizations in Maine can lead to thriving communities beyond just the impact of their payroll. Maine needs companies that have a symbiotic relationship with the communities in which their employees live and work – these are usually measurable. Maine also needs companies that embed strong values and build a culture of collaboration within Maine – these can have impacts that are not always easily or directly measured.

What Green (4) looks like for Impact on MTI Mission and Impact Goals: Team can quantify plans for impact in the State of Maine over the next 2-5 years. At least two of the four major impact areas are identified and addressed in the company's projections. Jobs created and retained are well-paying and include benefits. The project leverages opportunities for raising other funds and the MTI award would be significant to this effort. The applicant has thought through other ways the organization impacts Maine's economy and their community. Application materials substantiate economic impact projections.

Category Two: Team Ability and Structure

Question: Describe your team's skill sets, noting the team's:

- **lived or personal experience with the problem you are solving;**
- **understanding of the innovation's value chain and cost structure OR the team's understanding of the approach to solving the problem and the costs associated with the approach;**
- **understanding of how your target market or audience operates;**
- **understanding of sales, production and management, OR program management and governance;**
- **ability to create a fully functioning prototype or pilot program; and**
- **gaps in skills and how you plan to address them**

How to answer: Describe your team's skill sets in detail relative to this project and to the health and growth of your enterprise. Make note of each of your key team members – and, in a concise paragraph for each, identify what specific skill sets each brings to your company / innovation (product, process, service or program). You should identify what specific deliverables each will be responsible for addressing in the proposed MTI-funded Scope of Work (Category 6). You may consider advisors, Board members, consultants and contractors as part of your team. You should also note any skills missing from the team and how you plan to fill the gaps.

OPTIONAL: You may include your team's resumes/CVs as a single document with your Supporting Materials upload at the end of the application. Limit the contents of the document to one page per team member.

Why we ask: An investment in a project is an investment in the team. A team with members who have some lived experience with the problem and an understanding of what a future team might look like, gives reviewers confidence in both the ability to complete the project and to grow the enterprise. A team with differentiated skill sets and experiences will help the enterprise as its structures become more complex.

Question: Briefly describe the history of your team, business, or organization; and provide an overview of the governing rules or management structure. Include descriptions of governing rules, practices or processes. What are the team's current strengths and weaknesses?

**How to answer*:* Describe your team's accomplishments to-date and identify how long your team has been working together – also, be sure to explain how your enterprise is managed/organized.

Why we ask: An understanding of the organizational structure and how the team works together helps instill confidence in the Team's potential for success.

What Green (4) looks like for Team Ability and Structure Team should be comprised of people with varying backgrounds and skills. The team has a strong understanding of what skills are needed – along

with a plan to address any current skills gaps. The team should instill confidence in the applicant's ability to successfully execute proposed project. The team is planning for the overall company or organizational structure needed to be successful or has already put clearly defined organizational or financial systems in place to provide oversight.

Category Three: Innovation and Value Proposition

Question: Describe your innovation (product, process, service or program), and include:

- **the critical assumptions you are operating with, including preliminary data that supports the choice of methodology and the feasibility of the project;**
- **relevant technical or scientific data about related or prior R&D that supports the proposed activities OR relevant program design components;**
- **appropriate references from literature, other published documents and results from tests, pilots, experiments and exercises;**
- **evidence of a fully functioning prototype, program or service, and how close you are to distribution or enrollment;**
- **research or evidence of the potential impact OR evidence of the supporting network and partnerships.**

Optional: You may include additional information about your prototype, pilot program or service as part of your Supporting Materials upload.

How to answer: Provide a concise description of the innovation that gives enough technical detail and the underlying critical assumptions for reviewers to evaluate its uniqueness in the market and its technical readiness level. Technical/scientific or program design component assertions should be backed up with relevant data when possible. You should also identify competitors in the market and why your innovation is differentiated from these competitors.

Why we ask: A clear, refined explanation with technical/scientific or program data demonstrates understanding of both the technical/scientific feasibility of the proposed idea and how your product development connects with the innovation process (an MTI eligibility criteria). A clear understanding of the competitive landscape demonstrates an understanding of the opportunities and challenges for successfully commercializing your innovation.

Question: Describe your Value Proposition (how it solves a problem or meets an unmet need, and why your solution is better than alternatives) using the following three sentence format*: "We sell/operate/serve _____ (innovation) to _____ (target customer/participant). The problem they have is _____, and we are addressing that with/by _____. Our solution is different from current alternatives because_____."*

How to answer: Make sure your value proposition addresses each critical component of the suggested format below:

> We sell/operate/serve: _____ (your product/service/program/proposed innovation);
>
> Our target customer is: _____ (your target customer/participant);
>
> The problem our target customers have is _____ (problem);
>
> We are/will address that problem with/by _____ (proposed solution);
>
> Our solution is different from current alternatives because _____ (differentiators).

Why we ask: Without a compelling value proposition, there is no future for the innovation. The ability to parse out the value proposition into areas of hypothesis that can be tested and validated is important to ultimate commercialization of any innovation or idea. For projects that require a specialized level of technical / scientific expertise, MTI may request additional technical details from the applicant.

Question: Tell us what you know about your freedom to operate - your ability to develop and implement your innovation or solution without Intellectual Property (IP) issues or constraints, or existing relevant patents.

How to Answer: Discuss the project's IP and any issues or constraints. You may upload any pertinent IP documents and identify the findings of your IP searches along with your Intellectual Property Form.

OPTIONAL: Upload any identified findings of your IP searches along with your Intellectual Property List.

Why we ask: Freedom to operate is a critical piece of investigation to bring an innovation to market. Evidence of the team's efforts to investigate and address any barriers instills confidence that Team will not face challenges associated with their innovation further along in the development stage.

What Green (4) looks like for Innovation and Value Proposition: Team articulates problem and a plan for validating solution; Team provides evidence that this is a significant problem for the customer – and that their solution will be of high value to customers. Team provides believable initial customer discovery data that verifies the legitimacy of the proposed solution. Team identifies competition and articulates differentiators against competing products; Team can clearly articulate the innovation and technical claims/assumptions are supported by reliable data. Answers instill confidence that the applicant understands freedom to operate and IP protection issues; Team provides requested IP information.

Category Four: Customer and Market

Question: Describe the market(s) or customer segments for your innovation/solution – noting the size of market – and your ability to capture multiple markets. If you are part of a group / cluster / collaborative, describe and provide evidence of the changes your innovation will have on the way entrepreneurs, sectors or the ecosystem functions. Your response should include initial evidence of customer discovery, early demand or pilot participation.

How to answer: Quantify the total addressable market as well as your target market/segment. Upload market research or other visual aids to further clarify the market opportunity – be sure to cite the source(s) of your market data. Articulate how you plan to capture your target market(s).

Why we ask: A deep understanding of the customer and market, and a path to capturing customer segments is indicative of potential future success. A product in search of a market or customer is much less likely to end up as a profitable or successful venture.

Question: Tell us about your interactions with customers. Specifically:

- **Note or provide evidence of how your customers are differentiated, and who your preferred customers are;**
- **Describe your customer feedback and how you incorporate or utilize customer feedback;**
- **Share evidence of customers' willingness to pay for, subscribe to or participate in the program, process, service or product.**

Question: In the portal, upload market research evidence, letters of key partnerships or customer support you currently have in place, including contractors, vendors, other organizations/business or additional collaborators. You may wish to include relevant evidence of customer discovery, early demand or participation in a pilot program and evidence of customer differentiation, feedback and/or payment / subscription / participation.

How to answer: Share further details regarding the bullet points. Your uploaded documents from the question should highlight these points as well; data collected from interactions with prospective customers/users should validate your proposed solution.

Why we ask: At this range, you should have customer data that can begin to validate the assertion that customers find the solution to be better than others and you should know that customers will pay the target price. You should also have credible data leading you to believe that when you spend money on marketing, or time on sales, you can win customers. If the project is focused on entrepreneurs or innovators, a Maine sector or cluster, or Maine' innovation ecosystem, reviewers should understand why customers find that this is a critical part of the solution in Maine.

What Green (4) looks like for Customer and Market: Team provides robust data about the market that includes a) the overall size of the market(s), and b) the potential for multiple markets or customer segments. Team demonstrates a well-informed understanding of the portion of the market(s) they hope to capture with a clearly articulated plan and explains an effective strategy for market capture. Data collected from interactions with prospective customers/users validates the proposed solution. Team has systems in place to iterate product and further refine based on customer feedback.

Category Five: Business Model

Question: Describe your plan for your business/organization in the next 2-5 years, including a) your strategy to grow, exit or become sustainable, and b) evidence that your growth trajectory could lead to IPO, acquisition, an exit, repayment or investors/financers, or sustainability OR (if non-profit ecosystem project) evidence that your program will inspire followers, c) if applicable, your strategy for manufacturing or production and distribution; what do you need to scale up?

Question: Tell us what additional capital you will need and describe other revenue models you have explored.

How to answer: Provide a narrative characterizing your plans for your enterprise over the next 2-5 years. Discuss any revenue models you have considered and any evidence you have gathered to support them. Connect the plans to governance and financial systems planned or in place, the team structure referenced in Category Two, and cash flow needs or challenges. Help reviewers understand your approach to production and distribution.

Why we ask: Strategic thinking about the business model for the enterprise is critical to its success in the long run. MTI wants to understand what avenues are being explored and why, as well as whether the aspirations for the enterprise align with MTI's mission. Reviewers need to understand how this will make money, scale or be sustainable over the long run. Reviewers also need to have confidence that the enterprise has enough financial runway to complete the effort and level up, as well as a confidence that production and distribution are well understood.

Question: Upload a Gantt chart of visual roadmap of the path forward in the application portal for the plan articulated above.
Note: the Gantt chart is not for the project's scope of work but for the overall enterprise plan.

How to answer: Use a Gantt chart of Roadmap format to illustrate your pathway to success and identify the critical deliverables your Team must achieve to realize your plan and establish a sustainable enterprise. Be sure to include key deliverables proposed to achieve the MTI-funded Scope of Work in Category Six (below).

Question: Upload a 4-year financial plan to identify your critical assumptions and provide the following:

- **Financial statements for both the prior year and current year-to-date (if applicable), in standard financial reporting format, to include:**
    - o **Balance Sheet or Statement of Financial Position**
    - o **Income Statement or Profit and Loss Statement**
- **Quarterly financial projections for the remainder of the current year, along with the next two (future) years, in standard financial reporting format, to include:**
    - o **Balance Sheet or Statement of Financial Position**
    - o **Income Statement or Profit and Loss Statement**
    - o **Statement of Cash Flow**
- **Debt and Capitalization tables to include:**
    - o **DEBT: list all existing debt obligations with detail including lender name, current balance, monthly payment and loan collateral; and**
    - o **CAPITALIZATION: list all owners, ownership percentages and types of shares.**

Identify any critical assumptions that inform your financial projections, and include discussion of the following:

- **Critical projected costs,**
- **Additional capital needs and the prospective sources of those investments,**
- **Price points where the program, product, service or process will create positive cash flow and/or become sustainable.**

How to answer: Provide each of the three requested financial statements for the prior year, current year and project out two years, along with debt and capitalization tables. Address revenue assumptions and how you formed those assumptions. Upload a single document that contains the requested financial information listed in the bullets above.

Why we ask: Strategic thinking about the business model for the enterprise is critical to its success in the long run. MTI wants to understand what avenues are being explored and why, as well as whether the aspirations for the enterprise align with MTI's mission. Reviewers need to understand how this will make money. An analysis of financial position and assumptions helps MTI understand its level of financial risk and how best to devise a plan for risk mitigation if needed to get to an investment decision.

Question: Upload a Credit Authorization using the form provided in the application portal.

NOTE: Credit reports are required on both companies and primary principals (any person having an ownership interest in the company/organization of 20% or more). Credit histories will be checked only

for those companies/organizations and/or primary principals whose application is forwarded to the MTI Investment Committee.

What Green (4) looks like for Business/Organizational Model: Team presents well-organized financial statements and reasonable revenue assumptions that legitimize financial projections, demonstrating strong potential for a viable revenue model. Team has outlined potential business models. Team instills confidence in their potential to succeed and attain MTI's desired economic impacts. The financial health of the enterprise is such that the team has enough 'runway' to complete the project and either begin to secure follow-on funding or has a revenue model that becomes sustainable by project end. If necessary, MTI could reasonably craft an agreed upon risk mitigation plan as part of an investment.

Category Six: Scope of Work and Budget

MTI invests in project-specific requests leading to impact goals – provide a Scope of Work that specifies your proposed objectives and project deliverables over the course of your proposed project timeline.

Question: Upload a Scope of Work using the template provided in the application portal.

How to answer: Use the Scope of Work template to identify the key activities and deliverables of your proposed project. The template connects the Scope of Work to the categories of the VIRAL scale so that MTI can track how our funding impacts our clients' ability to "level up" and establish a strong foundation for success.

In the template, column one asks you to identify the VIRAL category that the activities and deliverables support. In column two, enter the current VIRAL level that was provided following your client engagement session. Repeat this any for any VIRAL category that is directly related to the MTI funds requested and matching funds provided.

Provide an accompanying narrative below the table, if necessary, and in your application, to provide clarity on the stated deliverables and to connect them to the VIRAL level questions being answered to "level up" on the VIRAL framework scale. The narrative should also indicate what you hope to learn and what might change based on these learnings.

Why we ask: At Range Three, project success will be the ability to learn what is needed to "level up" within a realistic timeframe. Being able to focus on the appropriate area of enterprise growth at the right time, in a deliberate and disciplined manner, is an indicator that the effort will eventually succeed and have impact on MTI's economic metrics.

Question: Upload a Budget using the template provided in the application portal, providing a detailed breakdown of your proposed project budget. Include all proposed expenses: MTI funds requested, cash match and other match.

How to answer: Use the template to identify all costs for your proposed project. The Budget form allows you to break down project costs by category. Remember, MTI requires at least an equal amount of matching co-investment funds for all applications. Be sure the "MTI Funds Requested" entry is the amount you are requesting. The match fields should be the total of all additional project expenditures beyond MTI Funds; see MTI's Matching Funds Policy for more detail on what may be included as "Other Funds" contributions.

Why we ask: The requirement for matching is the hallmark of MTI's ability to leverage private sector co-investment. Reviewers must have confidence that the team can provide match to meet our policy requirements and enough funding to complete the proposed Scope of Work.

In the Application portal:

Question: In the application portal, list the project's start date and end date.

Question: Enter the breakdown of the project totals from the Budget Worksheet.

How to answer: Enter the project's start and end dates. Then, copy the numbers from "MTI Funds Requested", "Cash Match", and "Other Funds" of the Budget form into the corresponding fields in the online application portal.

Why we ask: The redundancy for these is intentional. We confirm the start and end dates that will guide any award contracting documents and provide clarity on project timelines; we also confirm the amounts of both matching funds and MTI funding requested.

*What **Green (4)** looks like for Scope of Work and Budget:* Planned activities focus on areas of agreed upon need and instill confidence that if completed, will accelerate goal achievement of the company or organization. Project outcomes are measurable. The deliverables and timeline are clear and realistic to be accomplished within the proposed scope of work. Team has a firm understanding of what it needs to learn and how to apply what it learns to the need or opportunity. Project budget is reasonable and appropriate; appropriate matching funds are identified.

Additional Materials

Supporting materials should be uploaded as one document that includes:

Team resumes/CVs
Additional information about your prototype, pilot program or service