

# Call for Proposals

## Los Alamos National Security, LLC

### Venture Acceleration Fund

### July 2008

#### Summary

Los Alamos National Security (LANS) LLC Venture Acceleration Fund (VAF) provides investments of up to \$350K annually to facilitate the creation and growth of regional ventures based on Los Alamos National Laboratory (LANL) technology or expertise. LANS solicits proposals for projects that promote technology commercialization, new company formation, and business growth in New Mexico, particularly in the northern regions surrounding LANL.

*An initial “Call for VAF Project Ideas” precedes a request for full proposals. Idea statements include an abstract of the proposed project, explanation of the use of LANL technology or expertise, and the expected commercial and regional impacts that will be achieved. In addition, ideas must confirm that matching funds are available for the project as required by the VAF program.*

*Ideas are evaluated and submitters are notified that they have or have not been selected to submit a full proposal. If asked to submit a full proposal, delivery of an oral presentation by submitters to VAF reviewers may also be required. Proposals cannot be accepted without this pre-screen for applicability to VAF objectives.*

The LANS Venture Acceleration Fund is administered by LANL’s Technology Transfer Division in conjunction with LANL’s Community Programs Office and the Regional Development Corporation (RDC). The fund builds on the success of LANL’s *internally focused* Technology Maturation Fund by serving as an *externally focused* fund that supports regional businesses with a LANL affiliation. The LANS VAF will provide investments of up to \$100,000 to facilitate projects with regional entrepreneurs, companies, investors, or strategic partners.

Proposals submitted to the LANS VAF must describe projects that develop and refine novel solutions for which strong market demand has been demonstrated and through which regional economic development can be achieved. Projects must be driven by clear, distinct, and achievable commercial milestones within a specified timeframe. Evaluation criteria include regional impact, team composition, technical feasibility, market opportunity, and the availability of matching funds or in-kind contributions.

Projects selected for LANS Venture Acceleration funding must support LANL’s core missions and be characterized by the following:

- A significant opportunity for new company formation or growth in New Mexico
- Access to a strong, experienced business and technical team
- Ability to leverage matching funds from other sources such as:

- LANL's internal Technology Maturation Fund
- Venture and private equity sources
- Other government entities, etc.
- A clear path for commercialization
- Identification of a profitable market using LANL technology or expertise, particularly technologies licensed from LANL. (LANL licensees must currently be in compliance with all license requirements to be eligible for VAF funding.)

## **Proposal Eligibility**

*An initial "Call for VAF Project Ideas" is sent out requesting an idea statement (not to exceed one page) that includes an abstract of the proposed project, explanation of the use of LANL technology or expertise, and the expected commercial and regional impacts that will be achieved. In addition, ideas must confirm that matching funds are available for the project as required by the VAF program.*

*Ideas are evaluated and submitters are notified that they have or have not been selected to submit a full proposal. If asked to submit a full proposal, delivery of an oral presentation by submitters to VAF reviewers may also be required.*

*Proposals cannot be accepted without this pre-screen for applicability to VAF objectives.*

Proposals must describe projects that use LANL technology or expertise in an existing or proposed New Mexico based start-up or small company. This funding cannot be used inside the Laboratory. The proposal must outline how the LANS Venture Acceleration Fund award will be used to conduct commercialization activities that reduce technical, market, *or* execution uncertainty. Examples of fundable projects that offset these risks, while achieving well defined commercial milestones include the following:

- Technology Risk
  - e.g., prototype or product engineering
- Market Risk
  - e.g., market validation
- Execution Risk
  - e.g., procurement of expert resources

At a minimum, the recipient of a LANS VAF award is expected to produce and submit two types of reports over the term of the award:

- Periodic oral and/or written reports to track progress against milestones (depending on proposed project duration)
- Success stories to share with other regional entrepreneurs, companies, venture capitalists, or strategic partners

The term of a LANS VAF award is up to, but not to exceed, 12 months from the time the award is funded by the RDC on behalf of LANS. Projects may be eligible for no-cost extensions. Projects funded under this announcement may be eligible for funding under a future LANS announcement, depending upon availability of funds and performance under the initial project.

LANS reserves the right to fund any proposal in full or in part, request additional information to assist in the review process, require new proposals from interested parties, or to reject any or all proposals responding to this announcement.

## **Proposal Announcement and Submissions**

**The deadline for the statement of ideas is July 21, 2008. Submitters will be notified that they *have* or *have not* been selected to submit a full proposal by July 29, 2008.** Applicants must ensure that full proposals comply with all the requirements set forth in the announcement. Proposals that do not include the required components may be rejected without further review. No supplementary or revised materials will be accepted after submission deadline unless specifically requested by LANS. Proposals that do not follow guidelines or instructions will not receive consideration under this solicitation.

## **Proposal Format and Content**

*Proposals that do not completely adhere to the VAF proposal format and/or do not contain the content requested will not be accepted.*

The proposal is to be no more than five (5) pages (excluding budget) and must adhere strictly to the format outlined below. Failure to comply with the format below or omission of requested sections without explanation may serve as cause for rejection.

The milestones are the key components of the proposal. Milestones are short-term, well-defined, goal-oriented events. For example, good milestones might include the following:

- Constructing a prototype within 12 months of receiving a LANS VAF award
- Measuring the efficacy/efficiency of a prototype by “X/Y/Z” date

Examples of milestones that would **not** receive funding:

- General development work
- Time-specified rather than task-specified work
- Work for which a tangible result cannot be communicated

### ***Abstract***

An abstract of not more than 500 words that summarizes the proposed project and its expected commercial outcomes is required. The abstract should be written so that a non-technical person can understand it, i.e., “tell a story.” The abstract may be used, in whole or in part, in public documents, including press releases, and must not contain proprietary/trade secret information.

### ***Project Overview***

This section should

- Demonstrate that the applicant understands the intent of the LANS VAF and how the proposed project is consistent with this intent.

- Describe the significant regional economic and strategic benefits of the proposed project for New Mexico. (Include expected sustainability of the project along with its long-term impact on regional economic development.)
- Describe commercial and technical challenges to be addressed in the proposed project and why solutions to these challenges will increase the likelihood of successfully achieving commercial success. (Include the key commercial, technical, or R&D areas to be developed and the unique opportunities that they will present if funded.)
- Describe how the proposed project increases the competitiveness of the existing or proposed venture, particularly in its ability to attract greater investments.

### ***Team Composition***

The proposal should include a team composition plan that identifies the principals who will work on this project and, if applicable, the company's management team with roles and responsibilities described. A short, one-paragraph description summarizing the technical, management, and commercialization experience and capabilities of these principals must be included. This section should include a description of relevant organizational experience, capabilities, facilities, and equipment of the bidder and collaborators. Provide detail sufficient to evaluate whether the applicant and collaborators have the direct experience needed to perform both the technical and commercial work being proposed.

### ***Matching Funds / In-Kind Contributions***

Matching funds or an in-kind contribution are required. Without this, the proposal will not receive further consideration. Greater than a one-to-one match is encouraged. The source of the outside funds must be cited. The proposal should indicate who the contributors are by name and affiliation and present a time-table for the funds to be contributed to the project. Any restrictions associated with the matching funds should be indicated.

### ***Statement of Work***

For each milestone, provide a description of the activities in the milestone, the key deliverables, the expected start and completion dates, and the staff or outside resources involved. Also include a simple budget showing expected allocations for each staff member's labor, materials and supplies, capital equipment, and external services to be acquired. The totals should include overhead, but no separate accounting of overhead is necessary. The sum of the milestone budgets should equal the total amount of funding requested.

### ***Proposal Submission***

**Email** completed proposal by no later than **August 18, 2008** to [bee@lanl.gov](mailto:bee@lanl.gov)

### **Evaluation Criteria**

LANS will evaluate the quality of proposals based on the following criteria:

<b>Criteria</b>	<b>Maximum Points Possible</b>
<b>Impact on Regional Economic Development</b>	75
<b>Team Composition</b>	75
<b>Matching Funds / In-Kind Contributions</b>	50
<b>Technical Feasibility</b>	50
<b>Market Opportunity</b>	50
<b>TOTAL</b>	<b>300</b>

### ***Impact on Regional Economic Development***

The proposed project should offer strategic value, commercial feasibility, and economic potential that can further develop a New Mexico high-tech economy. Specifically, projects that increase the impact and value of technology licensed from LANL in a way that improves the economy of Northern New Mexico will be favored. Suggested ways for quantifying the impact include providing job creation, product sales, and investment and business opportunity estimates. Proposed projects that have sufficient commercial potential to stimulate interest by investors in the venture will be given high priority.

### ***Team Composition***

The authorities and responsibilities of the project's principals should be clear and cover all major elements of the project. The fit between the background and skills of these principals should be well aligned with the authorities and responsibilities of the positions held or to be held by these key personnel. It is also useful to demonstrate mutual collaborations undertaken by the principals prior to that of the proposed project. One example of a prior collaboration may include having worked together on the same project in a laboratory or at a company.

### ***Matching Funds / In-Kind Contributions***

Matching funds or in-kind contributions are required or the proposal will not receive further consideration. Greater than a one-to-one match is encouraged. The source of the outside funds must be cited. The proposal should indicate who the contributors are by name and affiliation and present a timetable for the funds to be contributed to the project.

### ***Technical Feasibility***

The proposed project's product or service should be well defined or developed. The project should include data that demonstrate a unique competitive advantage.

### ***Market Opportunity***

The proposed project must demonstrate its ability to meet a compelling market need. Some pertinent questions to answer to demonstrate a compelling need include the following:

- What is the universe of people who might purchase the product or service being developed using LANL's technology or expertise?
- What segment of this universe can the proposed project realistically address from a technology, market, and execution standpoint?
- What is the technology adoption history of this targeted segment?
- Are this segment and the overall market growing? If so, how fast?
- Why will people switch from products built around the current-state-of-the-art to those built around the proposed project's new state-of-the-art technology? If the proposed project's product is an entirely new technology without an established market, why will buyers purchase the proposed project's product?
- What unique advantages does the technology licensed from LANL have in this market?

*Note: The review panel will evaluate proposals according to the aforementioned criteria. The percentages are only guidelines; a proposal that completely fails in any single category is likely to be rejected, even if that category is a smaller percentage.*

## **Review and Evaluation**

LANS staff and advisers with specific domain expertise (if necessary) will constitute a committee that will review, evaluate, and score the proposals submitted. The reviewers will score the proposals based on the evaluation criteria discussed above. After an oral question and answer session, a second level review may be required to verify certain information and obtain a deeper understanding of the applicant's proposal.

*Note: When necessary, LANS will ensure that fairness of opportunity compliance has been achieved and that any potential conflicts of interest on the part of applicants or reviewers are appropriately mitigated. **As noted above, LANL licensees must currently be in compliance to be eligible for VAF funds.** If applicable, LANS will provide a standardized non-disclosure agreement to protect proprietary information included in the proposal. All non-LANS reviewers will sign this agreement with LANS covering the proposer's proprietary information disclosed during the course of the proposal evaluation process.*

## **Award Announcement and Management**

Proposals will be evaluated and any awards made within 30 days of the **August 18, 2008** submission deadline. RDC will issue LANS VAF awards based on the proposal as amended (if necessary), budget, and any conditions set forth by LANS. The award will remain open for the duration of the project plus a one month reporting period at the end of the project. Approximately 90 percent of the award will be paid incrementally based upon completion of the project milestones with one advance payment to begin work. A minimum of 10 percent will be withheld until satisfactory completion of the final report.

Award recipients are expected to complete the project as described in the award agreement or statement of work with approved modifications. Award recipients unable to complete performance within the proposed schedule and cost may be granted an extension at the discretion of LANS but shall not be entitled to additional incremental funding. Failure to meet scope, schedule, and funding terms of the award will be considered negatively should future proposals be submitted by the recipient under later announcements. LANS retains the right to cancel

awards for failure to meet scope, schedule, funding terms, or to satisfactorily submit quarterly progress reports.

Questions regarding the proposal process should be directed to:

**Belinda Padilla**

Technology Transfer Division

Tel: **505-667-9896**

E-mail: [bee@lanl.gov](mailto:bee@lanl.gov)

## **The Tech Transfer Mission**

*The Technology Transfer (TT) Division serves as the conduit for Laboratory collaborations with private industry, universities, government agencies and other national laboratories. In this capacity, TT promotes the commercialization of LANL technologies for the benefit of the nation and its citizens. Specific functions within TT include licensing of LANL technologies, cooperative research and development agreements (CRADAs), and special assistance for employees interested in starting a business based on their LANL inventions. For more information about TT services, see: <http://www.lanl.gov/partnerships/>.*