

SCALE|AI

ACCELERATION PROGRAM GUIDELINES

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1. Introduction

Attracting and retaining top entrepreneurs is a key element of Scale AI's overarching strategy and is paramount to ensure that the future giants of AI emerge from Canada's promising ecosystem. As part of Scale AI's SME Scale-Up workstream, the Acceleration program aims at supporting the emergence of new ventures in Canada seeking to apply AI products and solutions to supply chains. Our goal is to encourage incubators, accelerators and other similar initiatives to support more ventures focusing on AI for supply chains. To achieve this goal, SCALE AI will provide funding to partner organizations running programs that benefit ventures focused on building applied AI and intelligent supply chain products and services.

In order to receive Scale AI funding, eligible programs will need to be certified by Scale AI through a detailed application process. Once certified, an eligible program will be granted a maximum funding allocation based on the value of the program for ventures partaking and the number of eligible ventures. Scale AI will only fund certified programs and will not directly finance ventures. All funding granted by Scale AI will be based on reimbursed costs and expenditures.

Scale AI will use a Scoring Grid to score programs. This Scoring Grid could be amended and, in that case, will be re-publicized to better reflect over time Scale AI Strategic Priorities, specifically on SME inclusion.

This document provides the overall framework under which a program from a partner organization will be selected and certified by Scale AI.

2. Acceleration Program Overview

The objective of the Acceleration program is to provide access to growth and scale-up support services for ventures focused on AI and intelligent supply chain products and services. The goal is to offer support to a wide number of high-potential ventures in accelerating their growth and to provide a ramp for global leaders to emerge. The approach is end-to-end and will address a range of ventures sizes with relevant support models.

- Accelerate the generation and early growth of new ventures by augmenting the magnitude and/or geographic footprint of incubators and accelerators.
- Attract more ventures as we go and provide connections with seed and growth investors that can bring added value to the scale ups.

The Acceleration program will support a range of programs and initiatives such as incubation, coaching, mentorship, customer and sector business development support, IP & commercialization support, product expansion, and access to capital facilitation. The objective is to develop global leaders and to support growth and scale-up of start-ups and SMEs.

3. Scale AI Definitions

- a. Organization
 - i. The ultimate recipient of ScaleAI funds that will administer and provide the Program.
- b. Program
 - i. Supporting activities, such as incubation, coaching, mentorship, customer and sector business development support, commercialization support, product expansion, access to funding and capital facilitation, co-work / office space, laboratory space/maker space, business coaching/consulting/mentoring/leadership development, trade and export support, networking events and key introductions, regulatory assistance, intellectual

property education and assistance, practical prototype/MVP development assistance and others. The objective is to develop global leaders and to support growth and scale-up of start-ups and SMEs.

- c. SME
 - i. Small and medium-sized enterprises (SMEs) are non-subsidiary, independent firms that employ fewer than 500 employees globally.
- d. Startup¹
 - i. A start-up is defined as a business that is two years old or younger.
- e. High-growth firm (HGF)²
 - i. A business with an average annualized growth rate of greater than 20 percent, over a three-year period.
- f. Venture
 - i. A startup, SME or HGF.

4. Acceleration Program Beneficiaries

Scale AI's Acceleration program targets organizations across Canada that offer programs and supporting activities, such as incubation, coaching, mentorship, customer and sector business development support, IP & commercialization support, product expansion, and access to capital facilitation, for example:

- a. Incubators focused on next-generation technologies.
- b. Accelerators supporting AI-based startups
- c. Innovation centres aimed at increasing collaboration across industries.

Scale AI's objective is to amplify a partner organization's programs by providing them resources to support more ventures focused on building applied AI and intelligent supply chain products and services. This support will ultimately flow through to eligible ventures participating in programs certified by Scale AI. As such, there are two types of beneficiaries of the Acceleration program:

1. Direct beneficiaries: Programs supporting ventures such as incubators, accelerators and innovation centres. These are the recipients of Scale AI funds once certified.
2. Ultimate beneficiaries: Eligible ventures participating in a program certified by Scale AI

5. Acceleration Program Offer

Scale AI's Acceleration program will invest up to \$20M over the next 3 years to fund AI supporting initiatives across Canada.

Direct beneficiaries can receive funding up to 50,000\$ per eligible venture graduating from the direct beneficiary's program. Contributions will be based on 100% reimbursed cost and expenditures from direct beneficiaries up to the authorized amount.

6. Acceleration Program Selection Process

Scale AI follows an objective and transparent process to review a program submission. Programs are reviewed first for eligibility and then selected based on specific prioritization criteria.

a. Phase 1: Eligibility

Program proposals are reviewed by the Scale AI team to validate the program eligibility and provide early feedback on potential changes that could increase the likelihood of selection.

¹ Key Small Business Statistics - June 2016 - https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03018.html

² Idem

i. **Eligibility Application Content**

1. Overview
 - a. High-level summary of the program
2. Administering organization(s)
 - a. Description of partners involved
3. Impacts
 - a. General expected impact of the program
4. Timeline
 - a. Program duration and key milestones
5. Financial Summary
 - a. Program high-level costs
 - b. Program sources of funds, including private funding
 - c. Funding request to Scale AI

ii. **Eligibility Selection Criteria**

Eligibility criteria ensure that the program aligns with Scale AI strategic objectives. Following conditions are considered while determining eligibility of the program.

1. In Scope
 - a. Programs must be aligned with Scale AI's strategy and focus on AI applied to supply chains.
2. Beneficiaries
 - a. Program must benefit ventures focused on building applied AI and intelligent supply chain products and services .
3. Readiness
 - a. Program must have applicant executive endorsement, and must be launched and operational within a reasonable time frame after selection.
4. Location
 - a. Program must benefit Canadian-based ventures

b. Phase 2: Selection and Prioritization

In this phase, the Organization will work in collaboration with the Acceleration team to develop a detailed program proposal. The detailed proposal will be submitted to the Scale AI selection committee. Programs are prioritized based on our selection criteria. Programs are encouraged to involve contributions from the industry.

i. **Detailed Application Content**

1. Overview
 - a. Executive summary
 - b. Key metrics
2. Administering organization, management and team
 - a. Partner organizations
 - b. Management / executive team
 - c. Team, resources & experts
3. Detailed program description
 - a. Context and scope
 - b. Goal(s) and expected outcomes.
 - c. Beneficiaries
 - d. Structure, methodology and key activities

4. Market relevance
 - a. Market
 - b. Differentiation
 - c. Risk and mitigation
5. Impacts
 - a. For beneficiaries
 - b. For the ecosystem & Canada
6. Timeline
 - a. Program schedule, duration and milestones
7. Financials
 - a. Program detailed costs
 - b. Program sources of funds, including private funding
 - c. Funding request to Scale AI

ii. **Detailed Application Selection Criteria**

Scale AI is committed to accelerating the adoption and commercialization of AI in supply chains. As a result, the program application needs to meet certain requirements in terms of viability and contribution to the ecosystem. All program submissions are compared to ensure a fair and competitive allocation of Scale AI funds. Scale AI uses the following categories to determine the business and ecosystem impact of a program.

1. **Organization and Program Quality: 25% of points**
 - a. Quality of the organization and program
 - b. Added value through cooperation
 - c. Realistic and clearly defined program management and planning
 - d. Financials
2. **Strategic Alignment to Scale AI Strategic Plan: 30% of points.**
 - a. In-scope
 - b. Applied knowledge and innovation
 - c. Technical challenge
 - d. Achievability
3. **Business Impacts: 20% of points**
 - a. Adoption of AI-powered supply chain
 - b. Potential beneficiary
 - c. Market assessment and risk
 - d. Differentiation
 - e. Program evolution and growth
4. **Ecosystem Impacts: 25% of points**
 - a. SME growth through access to supply chains
 - b. Generation of foreground IP
 - c. Skills and diversity development
 - d. Development of industry-informed academic research, learning and training
 - e. Benefits to the ecosystem

Scale AI will use a Scoring Grid to score programs. Evaluation criteria for each category will be noted on multiple questions. On each of these questions, a score has to be given, ranking from 1 to 5, 1 meaning very low, 2 low, 3, medium, 4 high, 5 very high. This Scoring Grid could be amended to better reflect, over time, Scale AI's Strategic Priorities.

c. Phase 3: Selection Committee and Board Ratification

The collective judgment of the selection committee will play a large role in the program selection process. The selection committee includes members from Scale AI's management as well as independent advisors and researchers from the corporate and scientific communities. The stakeholders involved in the program approval process are listed below.

- i. Acceleration Team
 1. The Acceleration team works with organizations throughout the entire program lifecycle. They assess the eligibility of proposed programs in collaboration with the applying partner organizations and other stakeholders.
- ii. Selection Committee
 1. The selection committee includes members from Scale AI's management as well as independent advisors and researchers from the corporate and scientific communities.
- iii. Ratification Board
 1. The ratification board members include individuals who are not officers or employees of Scale AI, and at least one of whom is a director of the board.

d. Phase 4: Agreements

The Administering Organization and Scale AI need to sign a formal program agreement. Scale AI will provide a Master Program Agreement template.

e. Phase 5: Operations

In this operation phase, the Administering Organization will execute its program.

To start, after the program cohort selection, Scale AI will validate the program participating ventures to set an initial funding contribution. The Administering Organization will execute its program, providing a mid-term and a completion report. Scale AI will assess progress through reports.

Scale AI may participate as an observer in kickoff activities (program launch event, kickoff meetings, ...), end of program activities (closing meeting, demo day, ...) or other key milestones.

Upon end report completion, Scale AI will verify the program graduating ventures to proceed with the final funding confirmation.

Renewal will be subject to program performance review.

- i. Funding Terms
 1. Certified programs will be allocated a specific number of eligible ventures for which they can claim Scale AI funding per year.
 2. Certified programs will be allocated a specific amount of contribution, up to 50,000\$, per venture supported per year.
 3. Scale AI will fund the agreed-upon specific amount only for eligible ventures that have successfully **graduated** from the certified program.
- ii. Funding Timeline
 1. On a cohort by cohort basis, or on a yearly basis, based on the initial contribution estimate:
 - a. 40% advance, at the start of the cohort or activities;

- b. 20% advance, upon midterm progress report completion including receipt of claims and reports of expenditures;
- c. 40% upon end report completion including receipt of claims and reports of expenditures, and final funding confirmation based on program graduating ventures
 - i. If a selected venture does not complete the program, or does not reach graduation, Scale AI will retain the remaining contribution.
- iii. Program Review
 - 1. [Progress report](#) at midterm to assess the program progression
 - 2. [Completion report](#) at the end term to assess the program delivery, the results and the impacts.
- iv. Funding Renewal
 - 1. Renewal will be based upon program performance review and approbation by the Scale AI team and selection committee.
- v. KPIs & Surveys
 - 1. All programs will need to track a certain number of KPIs. The list of KPIs will be included in the MPA.
 - a. [Program completion KPIs](#)
 - b. [Post-program KPIs](#)
 - 2. All program participants will be surveyed to ensure quality control. The list of questions to be surveyed will be included in the MPA.
 - a. [Program completion surveys](#)

7. Acceleration Program Operations

Scale AI will put in place an Acceleration Manager that will work closely with the applicants and other relevant stakeholders to provide guidance and explanation in the design of the Detailed Program Submission.

The Acceleration Manager will work jointly with the applicants to refine their program submission and ensure alignment with the program selection criteria and develop a high-value and ambitious program with regards to Scale AI's goals. This preparation approach is proactive, supportive and inclusive.

The Acceleration Manager will provide feedback and support to improve the program, notably regarding its expected contribution to Scale AI's objectives:

- a. Impact to the participants and beneficiaries:**
 - i. Adoption of AI-powered supply chain
 - ii. Return on investment
 - iii. Employee development
 - iv. Extent of Involvement of SMEs
 - v. Linkages to post-secondary research
- b. Impact on the AI Ecosystem:**
 - i. Development of innovative technologies
 - ii. Macroeconomic impact (jobs, growth, exports)
 - iii. Talent and diversity efforts
 - iv. SME growth through access to a supply chain
 - v. Network effect beyond participants
 - vi. Valuable data or foreground IP shared with the ecosystem
 - vii. Job creation and skills development

- viii. Development of innovative technologies
- ix. Development of industry-informed academic research, learning and training
- c. Impact on Canada and beyond:**
 - d. A global advantage for Canadian businesses
 - e. Other positive impacts outside the ecosystem
 - f. New markets created/entered.
 - g. Possible additional venture capital investments

8. Milestones

The following milestones are expected for all programs. Indicate a realistic planned date at the time of program submission.

- a. Eligibility confirmation: Scale AI team confirms that the program is eligible.
- b. Detailed proposal submission: Organization submit a detailed program proposal.
- c. Approvals by all Organization executives: Organization stakeholders have obtained all required approvals to launch the program (e.g. any financial, compliance, partners and executive committees)
- d. Supercluster board approval: Scale AI board has approved the program.
- e. Program start: Program execution activities begin (excludes program initiation, planning, etc.)
- f. Program end: All program execution activities end (excludes program closure)

9. Financials

Many types of Canadian-based entities are admissible to Scale AI Acceleration program, and anyone can present an eligibility application for consideration.

Programs that secure additional contribution from eligible sources (see below) will receive a higher score in the evaluation of the [Financials subcategory](#).

a. Eligible Sources of Additional Contribution

Canadian entities whose funding qualifies as industry contribution include:

- i. For-profit organizations;
- ii. Not-for-profit organizations that facilitate and fund research and development and whose funding is received primarily from private-sector organizations;
- iii. Non-federal Crown corporations whose funding is derived from commercial activities;

10. Costs

a. Eligible Program Costs

Program costs admissible to receive Scale AI Funds in accordance with the Master Program Agreement and budget include expenditures made in Canada relating to program activities that fall into one of the following categories:

- i. wages and salaries for carrying out program activities;
- ii. costs related to equipment, room, coworking space, lab, facilities and supplies, including rental, operation and maintenance costs of the program;
- iii. materials, supplies, software and licences used by the program;

In-kind contributions are not considered as an eligible cost. However, these will be recognized as a tangible contribution to the program and will be considered as an additional benefit in the selection process.

All other costs will not be eligible for reimbursement. For example, capital investments, losses on investments, taxes, fines and penalties, depreciation, gifts, entertainment, legal fees, in-kind contributions and other expenses will not be eligible for reimbursement under this program.

11. Funding Requirements and Management

a. Cost Reimbursement Requirements

Scale AI contribution in a program will be released to reimburse Eligible Costs paid by the program in undertaking their AI acceleration activities, for a specific amount of up to \$50,000 per graduating ventures.

b. Conditions for Release of Scale AI Funds

Before Scale AI contribution can be fully and finally disbursed, several conditions for funding must be satisfied:

- i. the program will submit claims and reports of its eligible expenditures at midterm and at the end of the cohort, and
- ii. the Scale AI Funds will be disbursed to the program based on the graduating ventures.

12. APPENDIX

a. KPI

Scale AI will review programs based on a certain amount of Key Performance Indicators (KPI). KPIs could be amended and in that case will be re-publicized to better reflect, over time, Scale AI's Strategic Priorities.

KPI will be tracked by the program and reported to Scale AI during the program and for 5 years starting after the program completion. KPIs may include:

- i. Program completion KPIs
 1. Application
 - a. Geography of applicants
 - b. Quantity of applicants
 - c. Business Stage of applicants
 2. Conversion
 - a. Program completion of participants
 - b. Program drop-outs from participants
 3. Mentors/Network
 - a. Quantity and quality
 - b. Involvement
- ii. Post-program KPIs
 1. Longevity
 - a. Survival rate
 - b. Number of participants still in operations
 2. Funding
 - a. Percentage of the participants that accessed capital for each type: equity, debt and grants.
 - b. Total capital value for participants per each type: equity, debt and grants
 - c. Number of seed round deals
 - i. Total amount raised in seed round deal
 - d. Number of Series A deals
 - i. Total amount raised in Series A deals
 - e. Number of Series B deals
 - i. Total amount raised in Series B deals
 - f. Number of exits
 - i. Value of each exit
 3. Business growth
 - a. Number of direct revenues generated
 - b. Number of indirect revenues generated
 4. Jobs
 - a. Number of direct jobs created
 - b. Number of indirect jobs created
 5. IP
 - a. Number of IP elements generated

b. Surveys

Scale AI will survey program participants for program evaluation and quality control. We ask venturers supported by the program to participate in our evaluation to rate the effectiveness of the program in terms of helping their company grow. The focus will be on three primary types of support offered by programs:

- i. Business education
- ii. Capital access
- iii. Network connection

c. Program Reports

- i. The progress report at midterm includes:
 - 1.** Executive summary
 - 2.** Key achievements
 - 3.** Upcoming activities
 - 4.** Key risks and mitigation plan
 - 5.** Receipt of claims and reports of expenditures
- ii. The completion report at end term includes:
 - 1.** Executive summary
 - 2.** Key achievements
 - 3.** Feedback and retroaction
 - 4.** Receipt of claims and reports of expenditures

d. Program Payment

After completion of the program over the given period, the Administering Organization needs to provide supporting documents, including

- i. Completion Report.
- ii. Program content, including the supporting activities that were delivered.
- iii. List of participating ventures,
 - 1.** Including all information, contact, proof of eligibility and each participant signature.
- iv. Financials supporting documents including all receipt of claims and reports of expenditures.