

# Business Scale-up & Productivity (BSP) Program Stream

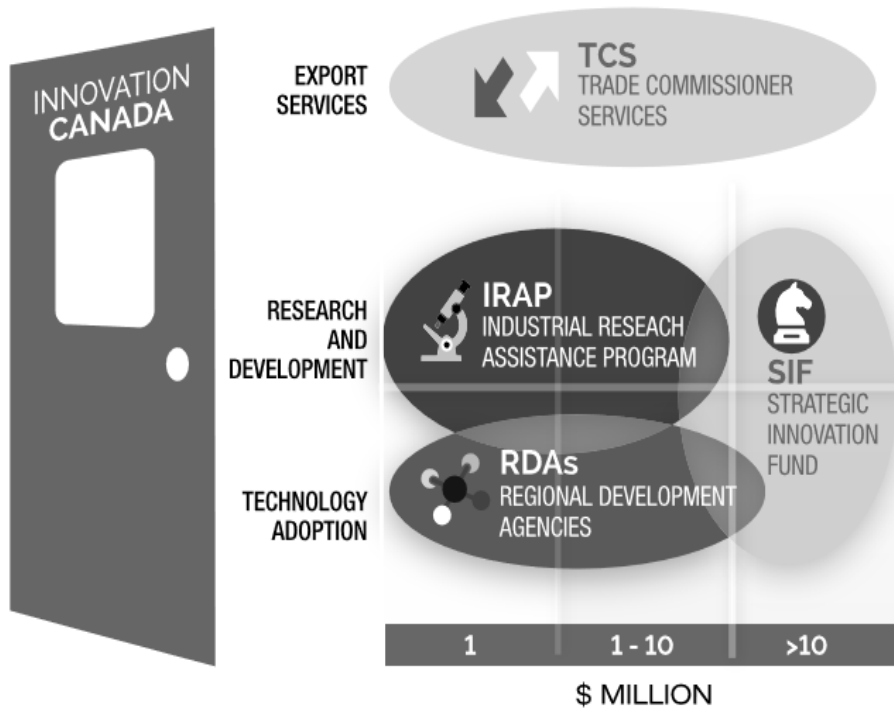
Information Deck

# Outline

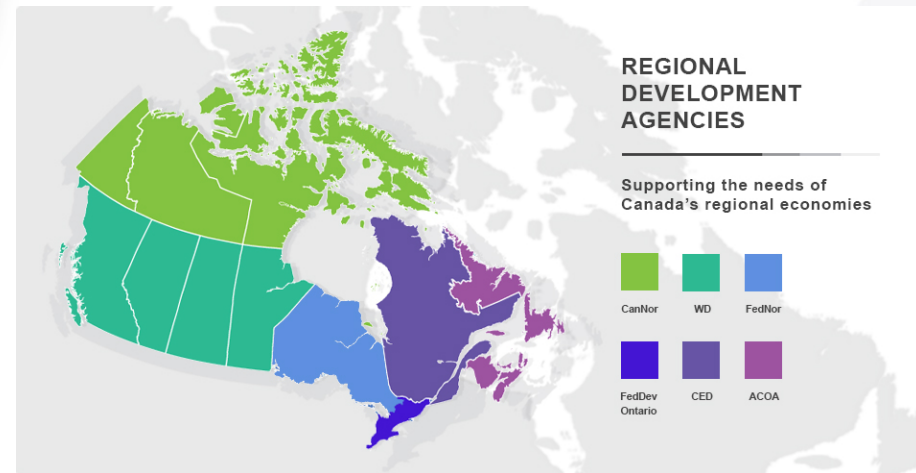
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- Overview of the Government of Canada Innovation Program Changes
- Regional Development Agencies – WD's role
- Business Scale-up and Productivity Program Stream
  - *Eligibility*
  - *Expression of Interest, Application and Review Process*
  - *Elements of a Strong Application*
- Contact WD

# Federal Flagship Innovation Platforms



- Building on regional innovation capacity
- Business-centric
- Streamlined programming
- 22 programs → 2 programs



# Western Economic Diversification Canada (WD)



- Delivers a continuum of programs and services supporting western small and medium-sized enterprises (SMEs) to innovate, compete, and engage in international business
- Promotes and coordinates federal economic development policies and programs in the West

# Business Scale-up and Productivity (BSP)

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The [Business Scale-up and Productivity \(BSP\)](#) stream is part of the [Regional Economic Growth through Innovation \(REGI\)](#) program, a national program delivered by regional development agencies (RDAs) across the country.



The BSP supports high-growth businesses that are scaling up and producing innovative goods, services, or technologies. It offers interest free repayable funding to incorporated businesses.

WD opened its first call for proposals for the BSP program in December 2018.

# BSP Objectives

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- Help high-growth businesses to **scale up and expand**
- Support **technology demonstration** and the **commercialization of new technologies**
- Encourage the early adoption or adaptation of **leading-edge technologies** and processes to improve productivity
- Increase businesses' capacity to grow through **market diversification** and entry into global markets

# BSP Assistance

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- Up to 50% of eligible project costs
  - Minimum \$200K; Maximum \$5M/project
  - Maximum \$10M to any one organization
  - Minimum 50% of total project funding required from confirmed non-government sources
  - All non-WD sources must be confirmed - at time of application and after project approval
- Maximum project duration of 3 years
- After project completion - 1 year grace followed by 5 years repayment
- Interest free; No security/collateral taken
- Businesses will be limited to one successful application per calendar year

# Eligible Recipients

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Businesses must meet the following eligibility criteria:

- high growth business (e.g. any for-profit company that has notable and/or consistent revenue increases year over year. Typically, this means an increase of at least 20% year over year) that is scaling up and producing innovative goods, services, or technologies. Businesses that are negatively impacted by the current pandemic would be eligible if they demonstrate meeting this definition prior to March 31, 2020.
- incorporated to do business in Canada.
- have been in business for at least 2 years in Canada.
- have staffed operating facilities in Western Canada (defined as British Columbia, Alberta, Saskatchewan or Manitoba).
- have confirmed, at the time of application, funding from all other sources, including government and non-government (non-government funding must represent at least 50% of the proposed project costs).



# Priority Areas

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WD will consider projects in the following areas:

- Advanced Manufacturing
- Clean Resources
- Clean Technology
- Digital Industries
- Health and Bio-sciences
- Natural Resources Value-adding Processing
- Value-added Agriculture

# Areas of Focus

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Preference will be given to proposals with a demonstrated focus on:

- Clean Technology
- Food and Ingredients Processing
- Health Analytics and Diagnostics
- Zero Emission Heavy Equipment Vehicles

# Eligible Activities

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- Productivity Improvement
  - acquiring, adapting, adopting new technology processes
  - process re-engineering
  - improving manufacturing capacity
  - productivity improvement
- Business Scale-up
  - market analysis, research, planning, development, and/or expansion
  - adopting best management practices, processes, and systems
  - business opportunity development
- Technology Commercialization ([TRL 7-9](#))\*
  - late stage product development geared toward market diversification and growth, such as technology showcasing and technology demonstration.

[\\*Technology Readiness Levels 7-9](#) as defined by Innovation, Science and Economic Development Canada

# Eligible Costs

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*Incremental costs essential to the project*

## ***Examples***

- Capital costs (equipment, machinery)
- Labour (wages, benefits)
- Marketing
- Costs related to intellectual property
- Technology development and commercial demonstrations
- Professional, advisory, technical services

# Ineligible Costs

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*Costs deemed unreasonable, non-incremental, and/or not directly related to project activities*

## **Examples**

- Basic and applied R&D (TRL 1-6)
- Land and buildings
- Salary bonuses and dividend payments
- Entertainment expenses
- Refinancing of existing debts
- Amortization or depreciation of assets
- Lobbying activities
- Donations, dues and membership fees

# Expected Results

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- WD is looking to support projects that have a viable plan to **produce strong economic outcomes**.
- Applicants must quantify, substantiate, and later report on the following expected results:
  - Number of HQP jobs created in Canada
  - Number of non-HQP jobs created in Canada
  - Revenue growth (\$)
  - Export sales growth (\$)
  - Business sales growth resulting from commercialization (\$) – where applicable

# Expected Results - Inclusiveness

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- WD is working to improve the economic participation of **Indigenous peoples, women, and youth**.
- Applicants are encouraged to report on efforts to support inclusiveness.
- For information on the Government of Canada's Inclusive Innovation Agenda, visit:  
[https://www.ic.gc.ca/eic/site/062.nsf/eng/h\\_00009.html](https://www.ic.gc.ca/eic/site/062.nsf/eng/h_00009.html)

# Expression of Interest (EOI) Process

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Businesses that are interested in BSP are **strongly** encouraged to contact us prior to completing an EOI

When submitting your EOI by email use **subject line: “BSP Expression of Interest”** and attach the following documents:

- A completed EOI form (Tip: download the form to your computer & open/edit/save with Adobe Acrobat Reader)
- Financial statements for the past two years, as well as interim financial statements for at least the last 6 month period
- Confirmation of other funding sources (e.g. bank statements, unused portion of lines of credit, official letters of intent, funding agreements, signed term sheets)
- Other supporting information (e.g. business plan, pitch deck) detailing your organization, how it meets the high-growth definition, and details about the proposed project



# EOI Process cont'd

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- Expression of Interests are only accepted during intake periods. The next intake period will take place between **January 15 and February 16, 2021**
- WD reserves the right to change intake dates at any time; consult our website for the most current dates
- Within 30 calendar days of the close of the intake, WD will invite select companies to submit a full application for funding consideration. If you have not been contacted, your project will not be considered for funding

# Confirmation of Funding

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## *Evidence of Confirmed Funding*

- Funding provided by applicant
  - Current bank statements detailing existing cash balances or the unused portion of lines of credit
- Funding provided by third-party sources
  - Official letters of confirmed/conditional funding
  - Funding agreements
  - Signed term sheets

## *Not Accepted as Confirmed Funding*

- Forecasted revenues from future activities
- Accounts receivables
- Commitments to raise equity or to obtain future bank financing
- Scientific Research & Experimental Development (SR&ED) credit receivables

# Assessment Process

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- EOs demonstrating the highest merit and fit with BSP objectives will be invited to complete a full application and undergo a detailed assessment
- Assessment Process
  - Applications will be evaluated on their ability to achieve the BSP objectives and on their relative strengths in the following areas:
    - Market potential
    - Management capability
    - Financial capacity
    - Economic benefits
    - Technology readiness (Technology Commercialization projects only)
    - Departmental/Regional priorities

# Assessment Process cont'd

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- If undergoing a detailed assessment, WD will request:
  - Business plan (if not already submitted)
  - Forecasted income statements and cashflow for the duration of the project
  - Detailed breakdown of project costs
  - Disclosure of pre-existing disbursements to 3<sup>rd</sup> parties or senior executives
- Although WD may engage companies directly on outstanding questions or issues, applicants are advised to submit a complete and thorough application.

***Not all applications undergoing a detailed assessment will receive an offer of funding***

# Assessment Process (continued)

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- A technical assessment may be conducted by National Research Council's - Industrial Research Assistance Program (NRC-IRAP) for projects utilizing novel technology.
- Sustainable Development Technologies Canada and Clean Growth Hub will be consulted on projects related to clean technology and clean resources.

# Funding Disbursement / Repayment

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## Funding Disbursement

- If approved for BSP funding,
  - WD provides funding based on submitted claims
  - WD will reimburse based on approved portion (i.e. 50%) of eligible project costs that have been incurred and paid

## Repayment

- After project completion, there is a one year grace period followed by equal monthly payments over 5 years
- No penalty for early repayment

# Elements of a Strong Project

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- Comprehensive and well written business plan
- Independent market assessment and/or evidence of unmet market demand
- Clearly defined market size and opportunity
- Direct competitors are identified and assessed
- Detailed description of both the applicant organization and project management team
- Credible financial statements accompanied by logical and reasonable financial projections

# Elements of a Strong Project cont'd

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- Demonstrated financial capacity to execute the project and the ability to repay
- Clear alignment with at least one priority area
- Significant economic benefits/outcomes supported by reasonable assumptions and rationale
- Well defined IP Strategy (if applicable)
- Clear explanation as to how the productivity or efficiency savings will enable the company to grow and expand (if applicable)



# Timelines

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- EOI Intake Period – 4 weeks
  - A completed EOI and all mandatory attachments are required at time of email submission
- Invitation to Apply
  - Only businesses that are invited to apply will be contacted within 30 calendar days of the close of the EOI intake
- Funding Decisions
  - Within approximately 90 business days of receiving a complete funding proposal. The completeness of Applications will impact funding decision timelines
  - One successful BSP project per organization per calendar year

***EOI/Application volumes may impact all timelines***

# Other Funding Considerations

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- Consult your accountant and/or CRA to determine the full implications of receiving BSP funding.
  - Taxable Income
  - SR&ED Credits
- SR&ED credits or other similar federal or provincial tax credits expected to be received within the project scope/timeline for project activities, will be considered other government assistance. This may require WD to reduce its funding to maintain the level of government assistance at 50%.
- Where possible, exclude SR&ED eligible costs from your application.

# Contact WD

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## For more information

Visit us at our website [www.wd-deo.gc.ca](http://www.wd-deo.gc.ca)

Follow us on Twitter [@WD\\_Canada](https://twitter.com/WD_Canada)

Toll Free: 1-888-338-9378

Teletypewriter (TTY): 1-877-303-3388

<b>Vancouver, British Columbia</b>	<i>Telephone:</i> 604-666-6256	Email: <a href="mailto:wd.bc-cb.deo@canada.ca">wd.bc-cb.deo@canada.ca</a>
<b>Calgary, Alberta</b>	<i>Toll Free:</i> 1-888-338-9378	Email: <a href="mailto:wd.ab-ab.deo@canada.ca">wd.ab-ab.deo@canada.ca</a>
<b>Edmonton, Alberta</b>	<i>Telephone:</i> 780-495-4164	Email: <a href="mailto:wd.ab-ab.deo@canada.ca">wd.ab-ab.deo@canada.ca</a>
<b>Saskatoon, Saskatchewan</b>	<i>Telephone:</i> 306-975-4373	Email: <a href="mailto:wd.sk-sk.deo@canada.ca">wd.sk-sk.deo@canada.ca</a>
<b>Winnipeg, Manitoba</b>	<i>Telephone:</i> 204-983-4472	Email: <a href="mailto:wd.mb-mb.deo@canada.ca">wd.mb-mb.deo@canada.ca</a>