

The South Dakota Proof of Concept Program

The Proof of Concept program assists companies that are conducting research to demonstrate the technical and economic feasibility of an innovation significantly enhancing the likelihood of commercialization of the innovation.

The program is open to South Dakota-based entities who are committed to commercializing the results of their innovation in South Dakota. Examples of eligible applicants include entrepreneurs, universities, or existing South Dakota companies.

Programs

The Proof of Concept Program encompasses three different programs which are highlighted below.

Proof of Concept Program

The Proof of Concept component help support research to prove the feasibility of the innovation. The maximum award is \$25,000. The project requires a 10% match by the applicant.

Phase 0

Phase 0 applications are to support preliminary research and other activities related to the development and submission of a Phase 1 SBIR/STTR proposal to a federal agency. The goal is to increase the competitiveness of the SBIR/STTR proposal. The maximum award is \$5000. No match is required.

Supplement

The Supplement program is to support SBIR/STTR awardees to enhance their Phase II application, bridge work between Phase I and Phase II and commercialize the result of the SBIR/STTR project. The maximum award is \$25,000. The project requires a 10% match by the applicant.

Application Process

Applications for any Proof of Concept programs are accepted at any time. However, any application must be submitted before any work begins and in the case of the Phase 0 or Supplement programs, must be submitted before the application deadline for the Phase I or Phase II funding.

Applications must contain the following (see the specific program application for more details):

- Application form
- An abstract of the project not exceeding 150 words

- A narrative as described in the application, not to exceed 5 pages
- Itemized budget
- Any attachments that add to the application such as biographical sketches or letters of support (these do not count against the 5-page limit)

Upon receipt of the application, it will be reviewed for completeness and any questions or missing elements can be addressed. The application will then be reviewed based on the technical/scientific viability, the business viability, and the economic impact to South Dakota.

If an application is approved, a letter of agreement will be issued. If the research is successful or an SBIR award is achieved, the award will be converted to a promissory note. The terms of the note will be up to five years in length at 0% interest with annual reviews.

Eligible Expenses

The program will help with the expenses related to the research being conducted. The budget form for the applicable program must be submitted as part of the application and must clearly itemize the expenses under each budget category.

The following items are not eligible expenses for use of program dollars.

- Salaries or benefits of principals of the company
- Legal fees for company incorporation
- Legal fees related to patent expenses for companies
- Sales expenses
- General business operating expenses (e.g. accounting expenses, office rent)
- Indirect costs

Reporting

All approved projects will be responsible for submitting a final report summarizing the work that was done, the findings of the research and the ongoing commercial viability of the project. All expenses will need to be documented. For Phase 0 and Supplement awards, the recipient will need to document submission of the Phase I or Phase II SBIR/STTR application.

Funding

Successful applicants can access the funding as follows:

Phase 0 – These projects receive funding on a reimbursement basis upon submission of the final report, proof of Phase I SBIR/STTR submission and documentation of actual expenses.

POC/Supplement Projects – A successful project will be advanced \$5000 to help cover expenses as the project begins. The awardee may then submit documentation of actual expenses as needed to draw additional funds. A final payment of 20% of the award will be made after the final report has been submitted.