

INTRODUCTION

The Micro-Voucher Program, Voucher Program and Product Demonstration Program (collectively, the “**Programs**”) have been designed to support innovation and creative problem solving in the Alberta Small and Medium Enterprise (SME) sector. For the purposes of the Programs, an “**SME**” is defined as being a private company either incorporated in Alberta or extra provincially registered in Alberta, with fewer than 500 full time employees and less than \$50,000,000 annual gross revenue in Alberta. The Programs are funded by the Government of Alberta, Ministry of Innovation and Advanced Education, and are administered by Alberta Innovates – Technology Futures (“**AITF**”).

The purpose of the Programs is to stimulate the development and commercialization of novel technological solutions, while generating material risk-weighted returns on investment to the Province of Alberta based on economic, social and/or environmental metrics.

This Guide was written to provide the general framework of the Programs, including an overview of the program structures, eligibility criteria, use of funds and administrative matters. **This Guide also sets out the material terms and conditions of the Programs which govern approved Projects and provides the rights and obligations of all parties involved. Accordingly, potential Applicants, Service or Product Providers and Project Partner(s) should thoroughly review and understand this Guide prior to submitting an Application.**

Key definitions are set out in Appendix 1 at the back of this Guide.

1.0 OBJECTIVE

1.1 Primary Objective

The Programs aim to provide Alberta-based SMEs with the financial support necessary to develop, refine and successfully transition their innovative technology solutions into marketable products.

1.2 Desired Outcomes

The desired outcomes are:

- (a) Promote the entry of competitive Alberta technology-oriented SMEs into the global market;
- (b) Provide feasible technological solutions to defined industry challenges in Alberta;
- (c) Generate measurable, timely and material economic, social and/or environmental benefits for Alberta; and
- (d) Serve as a catalyst for the development and implementation of innovative technology products that generate increased revenues for Alberta SMEs.

2.0 DESCRIPTION

There are three funding options available to qualifying Alberta SMEs, targeted for each developmental stage of an Applicant's technology (referred to as "**Technology Readiness Levels**" or "**TRL**"). The Technology Readiness Levels are summarized in Appendix 2.

2.1 Micro-Voucher Program

The Micro-Voucher is designed to support technologies in the early developmental stages, from TRL 2 to TRL 4 inclusive (see Appendix 2). The Micro-Voucher is intended to fund the SME to retain a Service or Product Provider to assist with early start up development. AITF's Investment to a successful Applicant is up to \$10,000, which is paid directly to the Service or Product Provider named in the Application. The funds are provided to cover Eligible Expenditures charged by that Service or Product Provider during the course of providing any one (1) or more of the following items for the benefit of the Applicant:

- (a) Market assessments;
- (b) Business plan development;
- (c) Intellectual property assessments; and/or
- (d) Acquisition of materials and/or equipment critical to the Applicant's operations.

The items listed above form the basis of the Application and are referred to as the Project. For guidance regarding Eligible Expenditures, please see Section 4 and the definition of "Eligible Expenditure" in Appendix 1.

The Micro-Voucher is intended to provide a relatively quick and flexible financial solution. The Program has a user-friendly on-line application process. The "Micro-Voucher Investment Application" is submitted online. Basic eligibility criteria are set out in Section 3. A signed Letter of Interest from the Service or Product Provider, incorporating a quote, must also be included in the Application.

Before AITF advances funding, the Applicant and the Service or Product Provider must (1) enter an Agreement governing the Investment; and (2) the Applicant must pay a minimum cash contribution of 25% of the Project Costs directly to the Service or Product Provider as a deposit (the "**Deposit**"), to be applied against Project Costs as incurred.

2.2 Voucher Program

The Voucher is designed to support technologies in the mid-to-late developmental stages but may include some early developmental stages from TRL 3 to TRL 6 (see Appendix 2). The Voucher is intended to fund the SME to work in collaboration with one (1) or two (2) Project Partners to advance the technology closer to commercialization. AITF's Investment to a successful Applicant is within the range of \$10,001 to \$100,000, which is paid directly to the Project Partner(s) named in the Application. The funds are provided to cover Eligible Expenditures incurred by the Applicant and Project Partner(s) during the course of any one (1) or more of the following activities:

- (a) New product research and development;
- (b) Leading-edge design, engineering and prototype development;
- (c) Advanced product testing and refinement;
- (d) Patent development;
- (e) Advanced market assessments; and/or
- (f) Other technology development activities may be considered on a case by case basis.

The items listed above form the basis of the Application and are referred to as the Project.

Applications are submitted online using the AITF form entitled “Voucher Investment Application”. Basic eligibility criteria are set out in Section 3. A signed Letter of Interest from each Project Partner confirming its intent to participate in the Project must also be included in the Application.

Before AITF advances funding, the Applicant and the Project Partner(s) must (1) enter an Agreement governing the Investment; and (2) the Applicant must pay a minimum cash contribution of 25% of the Project Costs directly to the Project Partner(s) as a deposit (the “**Deposit**”), to be applied against Project Costs as incurred.

2.3 Product Demonstration Program (“PDP”)

The PDP is designed to support technologies in the more advanced stages of development, focusing on TRL 7 and 8 (see Appendix 2). The PDP is intended to fund the SME to work in collaboration with one (1) or two (2) Project Partners for the purpose of showcasing the performance, method and features of a prototype in the general marketplace or alternately, showcasing the complete technology product to a strategic customer in an operational environment and validating its economic and technical feasibility. AITF’s Investment to a successful Applicant is in the range of \$100,001 to \$300,000. The funding is paid to either the Applicant or the Project Partner(s) named in the Application, depending on the structure of the Project. The funds are provided to cover Eligible Expenditures incurred by the Applicant or Project Partner(s) for any one (1) or more of the following activities:

- (a) Technology optimization critical for market acceptance;
- (b) Manufacturing of a prototype for demonstration project;
- (c) Applications for regulatory approval and certifications critical for market acceptance;
- (d) Testing of a prototype in an operational environment; and/or
- (e) Results assessment/verification of technical data.

The items listed above which form the basis of the Application and are referred to as the Project.

PDP Applications are submitted online using the AITF form entitled “Product Demonstration Program (PDP) Investment Application”. Basic eligibility criteria are set out in Section 3. A signed Letter of Interest from each Project Partner confirming its intent to participate in the Project must also be included in the Application.

Before AITF advances funding, the Applicant and Project Partner(s) must enter an Agreement governing the Investment and contribute a combined minimum of 50% of the Project Costs to the Project, which can include cash and/or in-kind resources to be applied against Project Costs as incurred. The cash component of the contribution (if any) is a deposit (“**the Deposit**”). Particulars of the contribution must be provided with the Application.

In-kind resources will only be recognized as an eligible contribution where the costs incurred by the Applicant or Project Partner(s) are incremental to its ordinary course of business, directly attributable to the Project and easily auditable. Costs incurred prior to entering the Agreement and providing the Deposit or costs that would be incurred regardless of the Project, such as pre-existing salaries, are not eligible contributions.

Applicants with significant cash contributions to the Project are strongly preferred.

3.0 ELIGIBILITY

The following criteria must be met for any Project to be eligible for funding.

3.1 The Applicant

The Applicant must meet the following criteria:

- (a) Must be a SME (as defined on page 1 of this Guide);
- (b) Exist as a provincially, extra-provincially or federally registered corporation which has legal status to operate in Alberta, and which retains a significant physical presence in Alberta;
- (c) Must be an advanced technology-oriented business developing innovative new products or services for growing markets.
- (d) Does not have an outstanding balance or otherwise owe money to any Alberta Innovates organization, subsidiary, or partner; and
- (e) Has not previously received the specific Program funding applied for, regardless of whether in support of the same or a different innovation or technology. This includes any Program Investment that has been received by the Applicant, any previous Investment made to the Applicant regardless of whether the funds were advanced or used, and any Investment approved or made under the legacy voucher programs (namely, the \$15,000 Voucher Program and the \$50,000 Voucher Program). For clarification, a recipient of an Investment made under the historic \$15,000 Voucher Program is ineligible for funding under the Micro-Voucher Program, and a recipient of an Investment made under the historic \$50,000 Voucher Program is ineligible for funding under the Voucher Program.

3.2 The Service or Product Provider (*Applicable for the Micro-Voucher Program only*)

The “**Service or Product Provider**” is defined as the Person or entity named in the Application who is providing services and/or products to the Applicant during the course of the Project. The Service or Product Provider must meet the following criteria:

- (a) Must have demonstrated qualification, capabilities and capacity to successfully perform the work required or deliver the applicable product in or for the Project in a timely manner;
- (b) Must be Arm’s Length from the Applicant (cannot have any legal relationship with the Applicant); and
- (c) Must provide the service(s) and/or product(s) at reasonable market rates.

3.3 The Project Partners (*Applicable for the Voucher Program and PDP only*)

The “**Project Partner(s)**” is defined as the entity or entities named in the Application that will provide services and/or products to the Applicant during the course of the Project. Each Project Partner must meet the following criteria:

- (a) Exist as an incorporated organization, government institution or agency, or academic institution. Note: Project Partners do not need to be located in Alberta, however the Project must be relevant to Alberta;
- (b) Must have demonstrated qualification, capabilities and capacity to successfully perform the work required in the Project in a timely manner;
- (c) Must be Arm’s Length from the Applicant (cannot have any legal relationship with the Applicant);
- (d) Must provide the service(s) and/or product(s) at reasonable market rates;
- (e) Does not have an outstanding balance or otherwise owe money to an Alberta Innovates organization, subsidiary, or partner;
- (f) Maximum of two (2) Project Partners per Project, unless specifically approved by AITF; and
- (g) For the PDP, must have a strong influence on a relevant target market.

3.4 Mandatory Disclosure in the Application

The Applicant must meet the following disclosure obligations:

- (a) All information contained in the Application, including all particulars of the Project and Project Costs, together with any other documentation provided to AITF in relation to a

Program, whether submitted by the Applicant, Service or Product Provider or Project Partner(s), is accurate;

- (b) For purposes of monitoring the Stacking Limit (see Section 4.2), Applicants have an obligation to disclose in the Application all sources of government financial assistance (whether from federal, provincial/territorial, and/or municipal departments, Crown agencies or Crown corporations) which has been received or requested for the Project;
- (c) For purposes of continued monitoring of the Stacking Limit, Applicants have a continuing obligation (for the duration of the term under the Agreement) to disclose any other government assistance received subsequent to making its disclosure in the Application; and
- (d) If the Applicant has received assistance with assessing potential funding by an authorized AITF representative (for example, such as a Technology Development Advisor), then the Applicant must attach a true copy of an email or letter from that representative confirming her or his involvement.

3.5 The Project

The Project must meet the following criteria:

- (a) The Application must clearly identify why Program support is necessary for the Project's success;
- (b) For Projects under the Voucher Program or PDP, the Project activities must be stepped where possible with critical "go/no go" milestones;
- (c) The Project must be a logical fit within the Applicant's business strategy;
- (d) The Project should have a Project Start Date, as further described in Section 3.6, and the Project cannot commence prior to fully executed Agreement as outlined in Section 3.7.
- (e) AITF will not grant an extension to commence a Project after that one hundred eighty (180) day period, and AITF has the right, as determined in its sole and absolute discretion, to rescind its Investment on the grounds of Undue Delay (See Section 4.3); and
- (f) The Project must be completed within one (1) year of the Project Start Date for the Micro-Voucher Program and within two (2) years of the Project Start Date for the Voucher Program and PDP.

3.6 Project Start Date

The “Project Start Date” shall indicate the date the Project shall commence and must be confirmed by the Applicant in the applicable Agreement.

As part of the application process, the Applicant will also have to identify a proposed Project Start Date. Ideally the Project Start Date in the agreement and the proposed Project Start Date in the application will be the same. However, if the Applicant fails to provide sufficient time to process the application and execute the agreement, then the Project Start Date may differ from the proposed Project Start Date in the application. To avoid this, in all instances, the Project should start no earlier than sixty days (60) from the date of the submission of application and no later than one hundred eighty (180) days after formal notification of approval from AITF.

In the case of the Voucher Program and PDP if the proposed Project Start Date needs to be changed the Applicant will need to amend the Milestone and Payment Schedule, with the dates revised to reflect the Project Start Date set out in the applicable agreement. To indicate the Milestone and Payment Schedule submitted with the fully executed Agreement has been amended to reflect the current Project Start Date, insert the word "Amended" clearly in the first Milestone Period in Table 1, Column B of the Milestone and Payment Schedule before attaching the Milestone and Payment Schedule to this Agreement. Such amended Milestone and Payment Schedule will replace the original Milestone and Payment Schedule submitted with the Application and forms part of this Agreement.

3.7 Agreement

The fully executed Agreement must be delivered within the following time period:

- (a) Under the Micro-Voucher Program and the Voucher Program, AITF must receive the fully executed Agreement within one (1) month of the Applicant receiving notice from AITF of its successful Application; and
- (b) Under the PDP, AITF must receive the fully executed Agreement within ninety days (90) days of the Applicant receiving notice from AITF of its successful Application and before the Project Start Date.

4.0 FUNDING

Funding rules help to ensure that AITF’s Investment has a maximum effect on advancing the technology or innovation.

4.1 Eligible Expenditures and Contributions

Guidance regarding what constitutes an “**Eligible Expenditure**” as well as an “**Ineligible Expenditure**” is provided in Appendix 1. Potential Applicants should review those terms carefully and understand the scope of Eligible Expenditures before preparing an Application to ensure that only acceptable Eligible Expenditures are provided as Project Costs.

Eligible Expenditures collectively form the Project Costs. AITF’s Investment must only be used to pay Eligible Expenditures of the approved Project. The funds must be used efficiently and only for costs

essential to the success of the Project. Any expenditure which is not listed as an Eligible Expenditure constitutes an Ineligible Expenditure and must be pre-approved in writing by AITF prior to including the expense as a Project Cost. Likewise, costs incurred after the Project has been formally approved for funding by AITF, but before the Agreement has been signed by all required parties, are Eligible Expenditures only with written approval from AITF. AITF's Application form permits the Applicant to identify any Ineligible Expenditure the Applicant seeks to have pre-approved as an Eligible Expenditure. AITF will approve or deny such requests during its evaluation process.

Under the PDP, Eligible Expenditures may be included as part of the Applicant's contribution paid in cash or in-kind.

It is a condition of the Investment that AITF has the right, in addition to any other rights under this Guide or the Agreement, to require the Applicant to repay all amounts of the Investment which were used to cover Ineligible Expenditures, and such amount is an immediate debt owed and repayable by the Applicant to AITF.

4.2 Stacking Limit

AITF encourages co-funding of Projects with other funding agencies. The maximum level of total government assistance (whether from federal, provincial/territorial, and/or municipal departments, Crown agencies or Crown corporations) in respect of the same Eligible Expenditures cannot exceed 75% of the Project Costs (the "**Stacking Limit**"). For example, a Project having \$100,000 in Project Costs would have a Stacking Limit of \$75,000. If, in this example, the SME received \$50,000 financial support from AITF under a Program, the SME could seek additional funding from other government sources up to a maximum amount of \$25,000.

At time where the total government assistance to the Applicant exceeds the Stacking Limit, AITF reserves the right to unilaterally and without notice reduce its Investment so that the applicable Stacking Limit is not exceeded.

4.3 Rescission of Investment caused by Delay

Applicants are cautioned that AITF has the right to unilaterally terminate and rescind its Investment for any Project that fails to start within one hundred eighty (180) days after the date of notification of approval from AITF without approval from AITF for extension ("**Delay**").

4.4 Rescission of Investment caused by Default

Applicants are cautioned that AITF has the right to unilaterally terminate and rescind its Investment for any Project that incurs a Default. All potential Applicants, Service or Product Providers, and Project Partners are strongly encouraged to review and understand the definition of "Default" in Appendix 1.

4.5 Effect of Rescission

Where the Investment is rescinded by AITF due to the Applicant's Delay or a Default has occurred in the Project, any amount of the Investment advanced by AITF to the Service or Product Provider, the Project Partner(s) or the Applicant (as the case may be) constitutes a debt owed by the Applicant to AITF. The debt owed is on a dollar for dollar basis together with interest, which accrues from and after the date of

notice of rescission from AITF at the prime rate for commercial loans fixed by the Alberta Treasury Branches as at such date, plus 3%. Such debt plus accrued interest is due and re-payable upon notice of rescission delivered by AITF to the Applicant. The Applicant has forty-five (45) days from the date of the notice of rescission to repay the debt and accrued interest.

5.0 APPLICATION PROCESS

5.1 Program Schedule

AITF uses an open call process. Applications may be submitted at any time and must be submitted online through the AITF web portal at <https://proposals.aif.ca/>. The review process will begin only after the complete Application and all required supplemental information is received by AITF. Incomplete Applications will not be considered or reviewed by AITF.

5.2 Application Evaluation Criteria

Applications will be evaluated using the scorecard provided below:

Criteria	Max Score
SME (History, Capacity, Management, etc.)	6
Project (Work plan, Value, Risk Management, Project Partner(s), etc.)	4.5
Technology (Novelty, feasibility, opportunity, IP, etc.)	6
Market (Porter’s Five Forces, Size, Regulations, etc.)	4.5
Alberta Impact (Economic, Social and Environmental Benefits)	6
Proposal (Clarity, Structure, Adherence to Guidelines, etc.)	3
Total Score	30

Please note that an aggregate score failure (<50%) in any category will disqualify the Application. Conversely, a positive aggregate score is not determinative of an Applicant’s success as Investments are made in the sole discretion of AITF. Applicants are not entitled to access or review the scorecard evaluation or results.

5.3 Review Process

Applications made under the Micro-Voucher Program will be reviewed internally and an Investment determination will be made by AITF. Applications made under the Voucher Program or PDP will be reviewed by AITF and may be externally reviewed by members of an independent committee comprised of experts who are Arm’s Length from AITF. The independent committee will make a recommendation to AITF regarding the Investment determination. However, the recommendation of the independent committee is not binding on AITF and AITF is under no obligation to comply with the terms of such recommendation. Applicants are not entitled to access or review the independent committee’s recommendation but AITF may disclose evaluation information as determined at its sole and absolute discretion.

5.4 Due Diligence Searches

AITF may perform a credit check on any Applicant and/or Project Partner(s) at any time during the review process. In all instances, the review process will include due diligence searches of various public registries including bankruptcy and insolvency records.

5.5 Investment Determinations

In all instances, AITF retains complete discretion regarding Investment determinations, including whether to invest, the amount of the Investment (if any), and the terms and conditions of such Investment notwithstanding the results of any scorecard evaluation, external committee recommendation or the involvement of an agent of AITF (such as a Technology Development Advisor) at any time. Further AITF, in its sole discretion, has the right to decline Applications at any stage of the review process for any reason and does not owe a duty of reasonableness to any Applicant in making its Investment determination.

AITF will use its reasonable commercial efforts to inform the Applicant of the Investment determination made in respect of an Application within four (4) to six (6) weeks after the complete Application was received by AITF. Any failure to inform the Applicant of AITF's Investment determination regarding an Application will not result in any obligation or liability of AITF to the Applicant or any other interested party. All Investment determinations made by AITF (including declining an Investment) are final, non-appealable and binding on the Applicant.

5.6 Re-Applications

An Applicant whose Application was declined by AITF may, on a one-time basis, re-apply to AITF in respect of a Project, by submitting the original Application amended to address and correct any deficiencies or issues. The amended Application must identify the date on which the original Application was submitted and all changes made to the original Application. Resubmission of an amended Application does not guarantee approval of the proposed Project by AITF.

Applications for funding under a particular Program may be submitted to AITF a total of two (2) times after which the Applicant and the owners and managers of the Applicant (the "**Principals**") are ineligible for funding under that specific Program.

6.0 PAYMENT DETAILS

All references to monetary amounts in this Guide and all funds paid pursuant to a Program are in Canadian currency.

Due to the large variability in Project design and implementation, the payment structure of an Investment will be based on the particular needs of that Project as determined in the sole and absolute discretion of AITF.

Milestone funding will be structured in accordance with the critical Project milestones identified by the Applicant in the Application (if any), and may be released by AITF upon satisfactory reporting as set out in the Agreement.

AITF does not pay GST. For auditing purposes, any GST that is part of the Project Costs will be considered paid with the contribution made by the Applicant under the Micro-Voucher and Voucher Programs. Under the PDP any contribution in dollar or in-kind where GST is applicable and invoiced, the AITF contribution cannot be allotted to any payment of GST related to the Project Costs.

7.0 LEGAL DETAILS

7.1 Discretion of AITF

Any decision to be made at the discretion of AITF may be made by any AITF authorized representative for and on behalf of AITF.

7.2 Agreement

Each successful Applicant is required to enter an Agreement in the form provided by AITF prior to commencing the Project. If the Investment is under the Micro-Voucher Program, the Service or Product Provider is also required to enter an Agreement in the form provided by AITF prior to commencing the Project. Likewise, if the Investment is under the Voucher Program or PDP, the Project Partner(s) is also required to enter an Agreement in the form provided by AITF prior to commencing the Project. The Agreement will contain terms and conditions which govern the relationship of the parties involved in the Project and the operation of the relevant Program.

7.3 Deposit Held in Trust

The Deposit must be paid by the Applicant to the Service or Product Provider under the Micro-Voucher Program, or to the Project Partner(s) under the Voucher Program or PDP, at the time the Applicant signs the Agreement. By signing the Agreement, the Service or Product Provider or each Project Partner (if there are two (2) Project Partners, on a several and not joint basis):

- (a) acknowledges receipt of the Deposit from the Applicant;
- (b) agrees that it holds the Deposit in trust for the benefit of the Applicant and agrees to use the Deposit for the sole purpose to pay Project Costs incurred by the Service or Product Provider or Project Partner(s) and not for any other purpose; and
- (c) agrees to return any unused portion of the Deposit to the Applicant in the event the Project is terminated for any reason.

7.4 Terms and Conditions

The Investment is governed by this Guide, the approved Application and the terms and conditions in the Agreement. In the event of a conflict between a term of the Agreement, the approved Application and/or a term of this Guide, the term in the Agreement prevails to govern the parties and the term in this Guide or approved Application is not binding on the parties to the extent of such conflict.

For clarity, this Guide may be amended by AITF in its sole discretion from time to time, with notice of the amendment together with the amended Guide provided on AITF's web page at:

<http://www.albertatechfutures.ca/CapacityBuildingPrograms/IndustryFunding/IndustryFundingFormsGuide>

[lines.aspx](#). No additional notice is required to any party regarding any amendment to the Guide. The Applicant understands its obligation to review AITF's web page periodically and ensure the parties involved in the Project understand the current terms governing AITF's Investment. The Guide as amended governs the Investment from the date the amended Guide is published on AITF's website regardless of the stage of any particular Investment or Project. Notwithstanding the foregoing, AITF may determine in its sole discretion that the Guide in effect at the time the Applicant submits its Application to AITF will govern the Investment.

7.5 Milestone and Payment Schedule (for Voucher Program and PDP only)

The Applicant and Project Partner(s) must complete a Milestone and Payment Schedule (in AITF's standard form) as part of the Application. If the Application is approved by AITF, the Milestone and Payment Schedule becomes part of the Agreement governing the Investment. The Milestone and Payment Schedule sets out the scope of each Milestone, the time in which to complete each Milestone and the corresponding payment from AITF for each Milestone that has been completed and satisfactorily reported on. Applicants and Project Partner(s) are encouraged to carefully complete the Milestone and Payment Schedule during the Application process as it contains fundamental terms governing the Project and AITF's corresponding funding.

7.6 Representations and Warranties

Where an Application is approved and an Agreement entered into, the Applicant, Service or Product Provider, and each Project Partner (each referred to as "you" below) represents and warrants to AITF on a several and not joint basis that as set out in this section.

- (a) You have disclosed all information in the Application which is required under this Guide and that information remains true and accurate and you will promptly notify AITF of any change to the information provided in the Application;
- (b) You (or an authorized representative acting on your behalf) have read and understand this Guide and the Agreement prior to executing it;
- (c) You have the power to own, lease, use and operate your assets and carry out the Project and to enter the Agreement;
- (d) You are not insolvent and no proceedings have been taken or authorized by you or by any other Person with respect to your bankruptcy, insolvency, liquidation, dissolution or winding up. No creditor has taken possession of any of your assets and no execution or distress has become enforceable upon any of your assets; and
- (e) The Agreement including each of the Schedules, when signed by you, will be validly executed and delivered by you and will be legal, valid and binding legal obligations of you, enforceable against you in accordance with their respective terms, subject only to bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

You acknowledge that AITF is relying on the above representations and warranties in entering into the Agreement and completing the transactions contemplated by it.

7.7 Only the Service or Product Provider or Project Partner(s) Perform the Project

The Service or Product Provider or Project Partner(s) (as applicable) must perform the work required to complete the Project and charge the amounts for that work as set out in the quotations provided in the approved Application.

7.8 No Subcontractors or Assignment

Subcontracting is not allowed under the Programs. The Applicant, Service or Product Provider and/or Project Partner(s) must directly complete all work in the Project as set out in the approved Application without the right of assignment or delegation.

7.9 Project Completion

A Project is considered completed on the date that scope of service or the product to be provided, as outlined in the approved Application, is completed. The completion of the last Milestone under the Voucher Program or PDP constitutes completion of the Project.

7.10 Reporting Obligations

Before AITF will pay its Investment:

- (a) under the Micro-Voucher Program, the Applicant and Service or Product Provider must:
 - (i) complete the Project in accordance with the terms of this Guide, the approved Application and the Agreement; and
 - (ii) deliver to AITF a completed Final Report (using AITF's standard form) **within thirty (30) days of completing the Project** signed by both the Applicant and Service or Product Provider, together with all supporting documentation. An incomplete Final Report (including a Final Report which is not signed by both the Applicant and the Service or Product Provider) or a Final Report which does not use AITF's standard form will not be accepted by AITF;
- (b) under the Voucher Program or PDP, the Applicant and Project Partner(s) must:
 - (i) in respect of a payment for a Milestone in the Project (except for the last Milestone):
 - i. complete the particular Milestone as set out in the Milestone and Payment Schedule attached to the Agreement and in accordance with the terms of this Guide, the approved Application and the Agreement; and

- ii. deliver to AITF **within ten (10) days of completing the particular Milestone** a completed Milestone Progress Report (using AITF's standard form) signed by both the Applicant and Project Partner(s), together with all supporting documentation. An incomplete Milestone Progress Report (including a Milestone Progress Report which is not signed by both the Applicant and the Project Partner(s)) or a Milestone Progress Report which does not use AITF's standard form will not be accepted by AITF; and
- (ii) in respect of a payment for the last Milestone in the Project:
- i. complete the particular Milestone as set out in the Milestone and Payment Schedule and in accordance with the terms of this Guide, the approved Application and the Agreement; and
 - ii. deliver to AITF **within ten (10) days of completing the Project a completed Final Report** (using AITF's standard form) signed by both the Applicant and Project Partner(s), together with all supporting documentation. An incomplete Final Report (including a Final Report which is not signed by both the Applicant and the Project Partner(s)) or a Final Report which does not use AITF's standard form will not be accepted by AITF.

7.11 Payment

AITF will only pay the Investment (or portion of the Investment allocated to a Milestone, if applicable) after it has approved the applicable Milestone Progress Report or Final Report. Such approval is determined in AITF's sole discretion, and if approved, the Investment is paid directly to:

- (a) the Service or Product Provider under the Micro-Voucher Program;
- (b) the Project Partner(s) under the Voucher Program according to the Milestone and Payment Schedule attached to the Agreement; and
- (c) to the Applicant and/or Project Partner(s) under the PDP according to the Milestone and Payment Schedule attached to the Agreement.

7.12 Timing of Payment

AITF will pay the Investment within a reasonable period of time after the applicable Milestone Progress Report or Final Report is approved.

7.13 Forms

The Applicant, Service or Product Provider and Project Partner(s) agree to use AITF's standard form documents during the course of completing and reporting on the Project. All forms can be found on AITF's web page at:

<http://www.albertatechfutures.ca/CapacityBuildingPrograms/IndustryFunding/IndustryFundingFormsGuide/lines.aspx>

AITF may amend its standard forms from time to time without notice to the Applicant or the Project Partner(s). Accordingly, all parties are encouraged to access the particular form from AITF's website (at the web address set out above) at the time it is required in order to ensure the most current version of the form is used.

7.14 FOIP and Collection and Retention of Information

During the duration of the Project, and thereafter, Applicants must keep accurate and complete records of the activities related to the funded Project. Such records may be subject to the *Freedom of Information and Protection of Privacy Act* (Alberta) ("**FOIP**"), as outlined in greater detail in the Application. A copy of FOIP can be found on the AITF website.

During the duration of the Project, and thereafter, AITF must keep accurate and complete records of the Application, the Project and supporting documentation, in accordance with AITF's retention policies, as amended from time to time.

During the three (3) years following the completion of the Project, AITF may collect information on impacts and outcomes resulting from its Investment in the Project, such as new or enhanced products and processes, intellectual property generated, new customers, new employees or new hires, new or increased sales, market capture, any other economic growth of the Applicant and other significant outcomes arising directly or indirectly from the Project or AITF's Investment, and all such information is deemed to be non-confidential for all of AITF's purposes. The Government of Alberta may request, at any time following the Project Completion Date, additional information from the parties with respect to the Project. The parties agree to comply with such request of disclosure to the Government of Alberta.

If you have any questions about the collection of this information, you may contact AITF's Director of Investments & Transactions at 780-450-5563, located at 250 Karl Clark Road, Edmonton, Alberta, T6N 1E4.

7.15 Program Audit and Requirement to Maintain Auditable Records

As part of an ongoing effort to improve and enhance the Programs, AITF reserves the right to audit any account of the Applicant, the Service or Product Provider and/or any Project Partner(s) pertaining to a Program, from time to time and at any time during the Project and for a period of five (5) years thereafter. This right to audit includes due diligence searches of various public registries as outlined at Section 5.4.

The cost of any audit, examination or report is payable by AITF, unless the audit, examination or report reveals a material breach of any term governing the Investment or indicates that the records and books of account were inadequate to permit a determination of how the Investment was used by the Applicant, Service or Product Provider or a Project Partner or what results were achieved through the conduct of the

Project, in which case the cost will be borne by the Applicant, Service or Product Provider or the Project Partner, as the case may be.

During the Project and for a period of five (5) years thereafter, each of the Applicant, Service or Product Provider and/or the Project Partner(s) must maintain and have available for audit or review by AITF full, accurate and complete records of the Project activities, the results achieved, and financial accounting evidencing proper expenditure of the Investment together with all supporting receipts.

7.16 Site Inspection

AITF and/or its authorized agents are entitled, at reasonable times and upon reasonable notice to the Applicant and the Service or Product Provider or the Project Partner(s), to attend, or have its authorized agents attend at the premises of the Applicant or the Service or Product Provider or the Project Partner(s), or at the place where the Project is being carried out, for the purpose of examining premises and files, documents and records, and any other assets relevant to the Project in order to assess whether the Applicant and the Service or Product Provider or the Project Partner(s), are in compliance with the terms of the Investment. The Applicant and the Service or Product Provider or the Project Partner(s), must provide AITF and its authorized agents with such assistance as may be reasonably required during such an inspection. This right of inspection is limited to the purpose of ascertaining whether the terms of the Investment have been complied with, and AITF does not have any general right to obtain custody or copies of records in the custody of the Applicant or the Service or Product Provider or the Project Partner(s).

7.17 Program Evaluations

By signing the Agreement, the Applicant agrees to participate in Program evaluations that may be undertaken by AITF from time to time at the Applicant's cost, both during and after completion of the Project.

7.18 Contact Information of the Parties

AITF relies on the contact information for the Applicant, the Service or Product Provider, the Project Partner(s) and any representatives for the foregoing as set out in the Application. AITF must be notified immediately of any change to the contact information for any party.

7.19 Purchased Material

The Applicant and/or the Service or Product Provider and the Project Partner(s), retain ownership of all purchased material.

7.20 Intellectual Property

AITF makes no claim to Intellectual Property Rights arising from any Investment in a Project. Ownership of intellectual property developed during the course of the Project is not governed by this Guide or the Agreement. For Investments made under the Micro-Voucher Program, the Applicant shall be responsible for addressing any Intellectual Property Rights issues. For Investments made under the Voucher Program and PDP, a written Intellectual Property ownership agreement between the Applicant and the Project Partner(s) governing all Intellectual Property Rights pertaining to the Project must be in place prior

to execution of the Agreement. A copy of such agreement must be provided to AITF upon request as proof of compliance with this requirement.

7.21 Acknowledging the Funding Agencies

All publications, presentations and public messages arising from the Investment must acknowledge the support of AITF. Please use the full corporate name, Alberta Innovates – Technology Futures, rather than any acronym. AITF's financial support of a Project in no way constitutes an endorsement of the Project, Applicant, Service or Product Provider or Project Partner(s). Any suggestion or statement that AITF endorses a Project or any party involved in the Project is strictly prohibited as a term of the Investment and can result in the repayment of the Investment to AITF.

7.22 Public Information

The Applicant, Service or Product Provider and Project Partner(s) agree that AITF may publish and/or disseminate in the public domain certain information contained within the Application, Milestone Progress Report(s) and/or Final Report as a way to promote success stories about innovation in the Province of Alberta. On that basis, the parties acknowledge the information expressly set out as non-confidential information in Part 3 of the Application and the final results with respect to those components as described in any Milestone Progress Report or Final Report is non-confidential and subject to disclosure by AITF in its sole discretion at any time without notice to the Applicant, Service or Product Provider or Project Partner(s).

7.23 Changes, Termination and Failure to Complete the Project or the Program

In order to properly manage its operations, AITF has the right to amend the terms and conditions or any other aspect of a Program at any time as determined in the sole and absolute discretion of AITF.

Any changes to the Project proposed by the Applicant, Service or Product Provider or Project Partner(s) must be pre-approved in writing by AITF. Any proposed change to the project must be submitted for AITF's consideration using the Scope Change Request Form. If Scope Change Request Form includes an increase in funding, it cannot exceed the maximum dollar value of the program. An incomplete Scope Change Request Form (including a Scope Change Request Form that is not signed by both the Applicant and the Service or Product Provider or Project Partner(s)) or a Scope Change Request Form that is not in the current standard form provided on AITF's webpage) will not be accepted by AITF.

Applicants are expected to achieve the Milestones of the Project as set out in the Agreement. Any substantial changes to the Milestones must remain consistent with the overall intention of the Investment.

AITF must also be notified if the Project is terminated by the Applicant, the Service or Product Provider, or the Project Partner(s) (as may be applicable).

It is a condition of the Investment that AITF has the right to require the Applicant to repay to AITF all amounts of the Investment which were paid by AITF to the Applicant, Service or Product Provider or to the Project Partner(s) (as applicable) as an immediate debt owed and repayable where the Applicant fails to complete the Project for any reason, including failure to comply with all required reporting, and the Applicant will be deemed ineligible to apply for future funding from AITF.

7.24 Extent of Liability

AITF is not liable in any way whatsoever to the Applicant, the Service or Product Provider, or the Project Partner(s), or any of their respective directors, officers, employees, agents, personal legal representatives and/or heirs for any direct damages, consequential damages, loss of profits, or any other loss or injury suffered or arising in any way, whether arising before or after submitting an Application or entering the Agreement with AITF, other than to provide an Investment on the terms and conditions set out in the Agreement once entered by the parties on the terms contained therein.

7.25 Indemnity

Each of the Applicant, the Service or Product Provider, and the Project Partner(s) indemnify and hold harmless AITF, its directors, officers, employees and agents against and from any and all third party claims, demands, actions, and costs whatsoever (including legal costs on a solicitor-client basis) that may arise directly or indirectly out of any act or omission of the Applicant, the Service or Product Provider, and the Project Partner(s), or any of their respective directors, officers, employees, contractors, agents or legal representatives or the negligence or tortious act or willful misconduct of Applicant, the Service or Product Provider, and the Project Partner(s) or any of their respective directors, officers, employees, contractors, agents or legal representatives in relation to their obligations under a Program.

7.26 Dispute Settlement

In the case of a dispute between the Applicant, Service or Product Provider(s), and/or the Project Partner(s) or any other party involved in the Project, it is the responsibility of the disputing parties to reach a resolution. AITF will not act as a mediator or adjudicator. In the event of a dispute, in all instances AITF is not liable to pay any arbitration, court or any other dispute resolution related costs.

7.27 Negotiation and Arbitration

Before commencing any other dispute resolution proceeding with respect to a dispute among any of the Applicant, the Service or Product Provider or Project Partner(s) concerning the Project or any matter contemplated in the Agreement, the disputing parties must refer the matter to its respective senior officers for negotiation. Each disputing party must provide to the other disputing parties notice of the names and contact information for such senior officers who have been selected to negotiate the matter in dispute. The senior officers must, acting in good faith and understanding their mutual interests, attempt to reach a just and equitable solution satisfactory to all the disputing parties. At least one (1) meeting of the senior officers must take place within fourteen (14) days after delivery of the notice advising the dispute has been referred to senior officers.

If, for any reason, the senior officers are unable to resolve the dispute within fourteen (14) days of their first meeting (or such shorter or longer period as such senior officers agree), then the unresolved dispute must be submitted to arbitration by a single arbitrator in accordance with the *Arbitration Act* (Alberta), whose decision is final and binding on the disputing parties. The party desiring to initiate arbitration in connection with any unresolved dispute must deliver a notice to the other parties in the dispute. The notice must include a concise statement of the matters in dispute, the intention to commence arbitration and a statement of the relief or remedy sought. All arbitration hearings will be held in Edmonton, Alberta, and the arbitrator will be selected by the unanimous written approval of the parties involved in the dispute. Failing agreement by the parties, the arbitrator will be appointed by the Court of Queen's Bench of Alberta

and the cost of the court proceeding will be paid in equal amounts by the parties involved in the dispute. All other costs of the arbitration will be paid as determined by the arbitrator presiding over the dispute.

7.28 General Liability Insurance

Each of the Applicant and the Project Partner(s) shall, at their own expense and without limiting their liabilities herein, insure their operations under a contract of General Liability Insurance, in accordance with the *Insurance Act* (Alberta), in an amount not less than \$2,000,000 inclusive per occurrence, insuring against bodily injury, personal injury and property damage including loss of use thereof. Such insurance must be in place before the Project is commenced and continue through until the Project is completed. The Applicant and the Project Partner(s) acknowledge that no protection from AITF is available for any third party claims pursuant to the Programs. AITF can request a certificate of Insurance as evidence of insurance coverage from the Applicant or Project Partner(s) (if any) at any time as determined in the sole and absolute discretion of AITF.

7.29 Funding to AITF

Notwithstanding anything in this Guide or the Agreement, if the Government of Alberta suspends, revokes, reduces or terminates funding to AITF at any time, AITF may immediately and unilaterally alter or terminate its obligations under the Programs, including all obligations under an Agreement. In such an instance, AITF will notify the Applicant, the Service or Product Provider and the Project Partner(s) of such alteration or termination of AITF's obligations as soon as practicably possible, and such parties will be entitled to reimbursement for the direct costs of winding down the Project, including incurred Eligible Expenditures and non-cancellable legal commitments made by other parties seeking reimbursement, supported by applicable receipts or invoices and as confirmed and approved by AITF and up to a maximum amount of the approved Investment in each case.

7.30 Assignment or Encumbrance

The Applicant, Service or Product Provider, or Project Partner(s) may not use or pledge any part of AITF's Investment as security for any loan or debt of any kind, except where expressly authorized by AITF in writing.

7.31 No Partnership, Joint Venture, or Agency

The rights, duties, obligations and liabilities of AITF and any other party are individual and not joint or collective. There is no intention of AITF, the Applicant, the Service or Product Provider or the Project Partner(s) to create a partnership, an incorporated joint venture, unincorporated association or a trust in its dealings together under a Program. Nothing under this Guide, the approved Application or Agreement, or other document pertaining to a Program authorizes any party to act as an agent or an employee of the other party for any purpose whatsoever.

7.32 Governing Law

All matters contemplated in this Guide, the approved Application, the Agreement and/or any required reporting are governed by the laws of Alberta and the federal laws of Canada applicable therein.

7.33 Compliance with Applicable Laws

The parties must comply with all applicable laws, ordinances, codes and regulations of government agencies having jurisdiction over the matters contemplated in this Guide, the approved Application, the Agreement and/or any required reporting.

7.34 Time

Time is of the essence, and no extension or variation of this Guide, the approved Application, the Agreement, any required reporting or any other matter relating to the Project will operate as a waiver of this provision.

APPENDIX 1**Definitions**

For the purposes of this Guide, the following terms are defined to have the corresponding meaning:

- (a) **“Agreement”** means any one (1) of the following:
 - (i) a Micro-Voucher Investment Agreement between AITF, the Applicant and the Service or Product Provider in respect of an Investment made under the Micro-Voucher Program; and
 - (ii) a Voucher Investment Agreement between AITF, the Applicant and the Project Partner(s) in respect of an Investment made under the Voucher Program; and
 - (iii) a Product Demonstration Program (PDP) Investment Agreement between AITF, the Applicant and the Project Partner(s) in respect of an Investment made under the Product Demonstration Program;
- (b) **“Applicant”** means the SME who completes and submits the Application;
- (c) **“Application”** means:
 - (i) in respect of the Micro-Voucher Program, the Micro-Voucher Investment Application;
 - (ii) in respect of the Voucher Program, the Voucher Investment Application; and
 - (iii) in respect of the Product Demonstration Program, the Product Demonstration Program (PDP) Investment Application;
- (d) **“Arm’s Length”** means any present or former officer, director, shareholder or employee of a party or its subsidiary, or any Person with which the party does not deal at arm’s length within the meaning of the *Income Tax Act* (Canada);
- (e) **“Default”** means any one (1) or more of the following:
 - (i) the bankruptcy or insolvency of any one (1) of the Applicant, Service or Product Provider or Project Partner(s) (including becoming the subject matter of any proceeding relating to its bankruptcy, insolvency, receivership, liquidation, dissolution or winding up); or
 - (ii) any breach of an obligation or failure to perform or observe any provision on its part under the Agreement or this Guide, made by any one (1) or more of the Applicant, Service or Product Provider, or Project Partner(s) and any such breach or default continues for a period of five (5) days after receipt of written notice from AITF specifying such breach;

but provided that where AITF gives notice of the occurrence of a Default and the Default is cured within five (5) days, notice that the Default is no longer continuing will be given to AITF by the party who incurred the Default immediately after the party becomes aware that the Default has been cured, and AITF will not rescind its Investment on the basis of that Default;

- (f) **“Deposit”** has the meaning as set out in Section 2.1 with respect to the Micro-Voucher Program, Section 2.2 with respect to the Voucher Program and Section 2.3 with respect to the PDP;
- (g) **“Eligible Expenditure”** means:
 - (i) labour costs (gross wages or salaries incurred at reasonable market rates) for those individuals who are specifically identified as performing the service which is directly attributable to the Project and thereby quantifiable or measurable. Accordingly, general overhead is not considered an Eligible Expenditure;
 - (ii) costs of materials, made at the lower of cost or fair market value, which can be specifically identified and quantified as having been incurred in the performance of the Project activities, and which are so identified and quantified consistently by the Applicant’s cost accounting practices;
 - (iii) acquisitions of property including capital improvements to facility premises and capital equipment (but excluding land and buildings), made at the lower of cost or fair market value, that are critical to the performance of the Project will be considered on a case by case basis upon submission to AITF by the Applicant. For funding under the Voucher Program or PDP, the contribution will be pro-rated to the Project time frame based on asset’s expected economic life, if purchased, at industry standard depreciation rates with any residual undepreciated value attributed to the economic life of the asset remaining after Project completion being an Ineligible Expenditure;
 - (iv) acquisitions of software or information databases, made at the lower of cost or fair market value, that are critical to the performance of the Project will be considered. For funding under the Voucher Program and PDP, the cost of such technology will be pro-rated over the duration of the Project;
 - (v) additional direct operating costs (incurred at reasonable market rates), not falling within the categories of labour and materials, but which can be specifically identified and quantified as having been incurred, or to be incurred, in the performance of the Project activities and which are so identified and quantified consistently by the Applicant’s cost accounting practices; and
 - (vi) any other cost which AITF pre-approves in writing as an Eligible Expenditure;

- (h) **“Final Report”** means:
 - (i) AITF’s standard form entitled the “Final Report” under the Micro-Voucher Program; and
 - (ii) AITF’s standard form entitled “Final Report” under the Voucher and Product Demonstration Programs; and
- (i) **“Ineligible Expenditure”** means any one (1) of the following:
 - (i) any cost that does not qualify as an “Eligible Expenditure”;
 - (ii) any cost incurred prior to formal approval of an Investment by AITF, except where AITF has provided written approval to include the cost as an Eligible Expenditure;
 - (iii) transactions between related parties;
 - (iv) provisions for contingencies;
 - (v) allowance for interest on debt;
 - (vi) losses on investments, bad debts and expenses for collection charges;
 - (vii) losses on other projects or activities outside the approved Project;
 - (viii) fines and penalties;
 - (ix) unreasonable compensation for Project labour;
 - (x) costs for professional training & development;
 - (xi) costs related to land and buildings (for example, acquisitions, leases and/or leasehold improvements);
 - (xii) advertising costs, except reasonable advertising of an industrial or institutional character placed in trade, technical or professional journals for the dissemination of information for the industry or institution;
 - (xiii) costs associated with applying for government grants and programs;
 - (xiv) costs of internships or support for students of knowledge institutions;
 - (xv) basic professional services fees and disbursements, such as ongoing routine accounting, tax and legal business requirements and financing fees unless directly related to the Project;
 - (xvi) routine testing and maintenance; and

- (xvii) costs relating to travel (including mileage, airfare and accommodation), meals, entertainment, hospitality and gifts.
- (j) **"Milestone Progress Report"** means AITF's standard form entitled "Milestone Progress Report" required under the Voucher and Product Demonstration Programs;
- (k) **"Intellectual Property"** means tangible or intangible property in which Intellectual Property Rights subsist and/or that is subject to Intellectual Property Rights including, without limitation, ideas, formulae, algorithms, concepts, techniques, processes, procedures, approaches, methodologies, plans, systems, research, information, documentation, data, data compilations, specifications, requirements, designs, diagrams, inventions, technology, computer programs (including all related code), tools, products, knowledge, know-how and trade secrets;
- (l) **"Intellectual Property Rights"** means:
 - (i) any and all proprietary rights anywhere in the world provided under: patent law, copyright law, trademark law, design patent or industrial design law, semiconductor chip or mask work law, trade secret law, or any other statutory provision or common law principle that provides a right in either intellectual property or the expression or use of intellectual property; and
 - (ii) any and all applications, registrations, licenses, sub-licenses, franchises, agreements or any other evidence of a right in any of the foregoing;
- (m) **"Investment"** means the amount of funding granted by AITF to an Applicant under a particular Program and governed by the particular Agreement;
- (n) **"Person"** includes any individual, body corporate, partnership, sole proprietorship, joint venture, trust, unincorporated association, unincorporated organization, and any other entity or organization of any nature whatsoever. Unless the context otherwise requires, any reference to a Person includes its heirs, administrators, executors and other legal representatives, successors and permitted assigns;
- (o) **"Principals"** has the meaning as set out in Section 5.6 of this Guide;
- (p) **"Programs"** means collectively the Micro-Voucher Program, the Voucher Program and the Product Demonstration Program, and **"Program"** means any one (1) of the foregoing;
- (q) **"Project"** means:
 - (i) in the case of the Micro-Voucher Program, the service to be performed or the product to be acquired from the Service or Product Provider, and which is the basis of seeking funding under an Application; and
 - (ii) in the case of the Voucher Program or the Product Demonstration Program, the work product arising from the collaboration between the Applicant and the Project Partner(s), which forms the basis of seeking funding under an Application;

- (r) **“Project Costs”** means all Eligible Expenditures incurred during the course of the Project as expressly set out in the Application;
- (s) **“Project Partner(s)”** has the meaning set out in Section 3.3;
- (t) **“Project Start Date”** has the meaning set out in Section 3.6;
- (u) **“Service or Product Provider”** has the meaning set out in Section 3.2;
- (v) **“Stacking Limit”** has the meaning set out in Section 4.2; and
- (w) **“SME”** has the meaning as set out in page 1 of this Guide.

APPENDIX 2

Technology Readiness Levels (TRL)

Not Eligible	Level 1	Basic principles of concept are observed and reported. At this level scientific research begins to translated into applied research and development. Activities might include paper studies of a technology's basic properties.
Micro-Voucher	Level 2	Technology concept and/or application formulated. At this level invention begins. Once the basic principles are observed, practical applications can be invented. Activities are limited to analytical studies.
Micro-Voucher/ Voucher	Level 3	Analytical and experimental critical function and/or proof of concept. At this level active research and development is initiated. Activities might include components that are not yet integrated or representative.
Micro-Voucher/ Voucher	Level 4	Component and/or validation in a laboratory environment. At this level basic technological components are integrated to establish that they will work together. Activities include integration of "ad hoc" hardware in the laboratory.
Voucher	Level 5	Component and/or validation in a simulated environment. At this level the basic technological components are integrated for testing in a simulated environment. Activities include laboratory integration of components.
Voucher	Level 6	System/subsystem model or prototype demonstration in a simulated environment. At this level a model or prototype is developed that represents a near desired configuration. Activities include testing in a simulated operational environment or laboratory.
PDP	Level 7	Prototype ready for demonstration in an appropriate operational environment. At this level the prototype should be at planned operational level and is ready for demonstration of an actual prototype in an operational environment. Activities include prototype field testing.
PDP	Level 8	Actual technology completed and qualified through tests and demonstrations. At this level the technology has been proven to work in its final form and under expected conditions. Activities include developmental testing and evaluation of whether it will meet operational requirements.
Not Eligible	Level 9	Actual technology proven through successful deployment in an operational setting. At this level there is actual application of the technology in its final form and under real-life conditions, such as those encountered in operational test and evaluations. Activities include using the innovation under operational conditions.