

Market Discovery Fund Reference Document

Company Guidelines

Overview

The aim of the Market Discovery Fund is to incentivise companies to undertake **market research** and develop viable and sustainable market entry strategies in new geographic markets. **Sales and Marketing activities cannot be supported.** The Market Discovery Fund provides support towards internal and external costs incurred when researching new markets for products and services. Support can be provided over an 18 month period from project start date to project end date.

Support for Market Discovery Fund applies when eligible companies are either looking at a new geographic market for an existing product/service or an existing geographic market for a new product/service.

A company can apply for support for Market Discovery Fund more than once provided each application considers a new market for an existing product or existing market for a new product.

The Market Discovery Fund is available across three levels:

- Level 1: Grant up to €35K
- Level 2: Grant greater than €35K but less than €75K
- Level 3: Grant greater than €75K but less than €150K.

The Market Discovery Fund is open to applications from:

- HPSUs (Level 1 and 2 only) – please note HPSU eligibility criteria in the following sections
- SMEs (Levels 1 - 3)
- Large Companies (Levels 2 and 3)

Support may be approved against eligible expenditure across a range of categories including: Salaries, Overheads, Travel & Subsistence (Overseas), Consultancy, Business Accelerator, Trade Fairs, Reports, Collateral and Rent of Office Space associated with the Market Discovery project.

Funding is by way of grant. The maximum level of grant support per project is up to €150,000 up to a maximum grant rate of 50%.

Interim and final reports will be required before grant payments commence setting out:

- the activities (timesheets for all employees working on the project required),
- the outputs achieved and
- planned activities for completion of project.

Enterprise Ireland must be satisfied with the content and quality of these reports before payments are made.

Eligible Companies

The grant is open to existing clients of Enterprise Ireland and Údarás na Gaeltachta that meet the following criteria:

1. Manufacturing or eligible internationally traded services companies
2. Have demonstrated the capacity to internationalise
3. Small and Medium Established sized companies engaged in eligible activities
4. Large companies engaged in eligible activities can access Level 2 and 3 support only.
5. With the exception of HPSUs, all companies must be trading for more than 5 years, minimum of 10 global employees of which a minimum of 5 employees must be based in Ireland, and with sustainable annual revenues of at least €500K.
6. HPSU's engaged in eligible activities (note that companies should speak to their Development Adviser for clarification on HPSU eligibility)
7. Companies should be EBITDA positive when applying for MDF funding. However, where companies (HPSUs, SMEs and Large) are EBITDA negative, applications can be considered for support up to €75K maximum. Support in excess of €75K will require that companies must be EBITDA positive in the previous accounting period; or for at least the previous 9 months prior to application and can demonstrate sustainable future EBITDA.
8. Companies will not have drawn down finance in the form of equity **from EI** in the previous six months – see section 12 on equity investment for further details (pg 9).
9. SME's approved a De Minimis package against a business plan can apply for the Market Discovery Fund no earlier than 6 months from the date of the equity draw down.

Food and Drinks companies may be eligible for the Market Discovery Fund and should contact your assigned Enterprise Ireland Adviser to discuss.

Eligibility Criteria

Projects are eligible based on the following matrix

Product Market	Existing Products	New Products
New Geographic Market	A Yes	B Yes
Existing Geographic Market	C No	D Yes

- If a company is planning research for a new product or service in a new or existing market(s), it will be eligible for the Market Discovery Fund. (Boxes B and D above)
- If a company is planning research for an existing product or service in a new market(s), it will be eligible for the Market Discovery Fund. (Box A above)
- If a company is planning research for an existing product or service in an existing market, it will not be eligible for the Market Discovery Fund. (Box C above)

Launch of Product/Service and Sales Thresholds

There are thresholds in relation to existing Sales / Turnover. The company must not have secured more than:

- €200K total sales in a market where overall company/group turnover ≤ €10M
- €400K total sales in a market where overall company/group turnover ≥ €10M

Evidence of Company / Group turnover will be based on the last set of audited accounts

Examples

- If a company (with turnover of <€10M) is planning research for a new product into an existing market and has sales >€200K for this product in the chosen market, it will not qualify for support.
- If a company (with turnover of >€10M) is planning research for an existing product into a new market and has sales >€400K for this product in the chosen market, it will not qualify for support.
- If a company is planning research for a new product into an existing market and **has launched the product/service**, it will not qualify for support, even if sales of the new product are less than €200K.

Launched means that the company cannot have undertaken specific promotional/direct marketing or advertising campaigns or produced brochures/sales literature for its product/service in its chosen market.

Note that the following activities **do not count** as a product/service launch for the purposes of Market Discovery Fund assistance:

1. Participation on EI Trade Missions
2. Reference/Mention in an EI press release
3. Participation in a single trade show in the market
4. Development of technical documentation

Confirmation from the company has been included in the Declaration section of the Application Form that “it has not, over any of the previous five calendar years, conducted a sales promotion campaign for the relevant product or service in the market whether through advertising, direct marketing or public relations in that market”.

Definition of a new Product and a new Market

Applications for the Market Discovery Fund are assessed on the basis of a company entering a new market or bringing a new product to an existing market. The following section provides summary guidelines on what constitutes a “new market” and a “new product”. Companies should speak to their Development Adviser if they have any questions or need any clarifications on the following information.

New Market

The company needs to provide details as to how the “new market” differs from the company’s existing market(s). In order to comply with the definition of a new market, the Market Discovery Grant must be focused on researching:

1. a new geographic market (generally a new internationally recognized country) **and/or**
2. internal divisions within large countries **and/or**
 - Any of the four parts of the USA where the company does not have a market would be considered a new geographic market. For this purpose, the USA is divided into four parts:
 - The North East Coast¹
 - The Midwest²
 - The South³
 - The West⁴
 - Note that a revised definition of the UK market was agreed in May 2019.
 - For the purposes of the Market Discovery Fund, **Northern Ireland** can be treated as a **distinct and separate geographic market** to the Republic of Ireland, England, Scotland and Wales.

¹ Maine, Vermont, New Hampshire, Massachusetts, New York, Pennsylvania, Rhode Island, Connecticut, New Jersey

² North Dakota, Minnesota, Wisconsin, Michigan, Ohio, Indiana, Illinois, Missouri, Kansas, Nebraska, Iowa, South Dakota.

³ Oklahoma, Texas, Arkansas, Louisiana, Tennessee, Kentucky, Alabama, Mississippi, Georgia, Florida, South Carolina, North Carolina, Virginia, West Virginia, Maryland and Delaware.

⁴ Washington, Oregon, California, Nevada, Idaho, Montana, Wyoming, Colorado, New Mexico, Utah, Arizona, Alaska and Hawaii

3. a new sector **and/or**
 - New Sectors and where the product/service intended to be sold into the new sector is significantly different from the product being sold into existing sector.
 - **Example:** A company is currently selling a software solution into the Financial Services Sector in Germany and has identified an opportunity in the Medical Device sector in Germany.
 - Here, researching new sectors within existing geographic markets is eligible for support where the company can demonstrate that the software solution for the medical device sector is significantly different (i.e. new product) from that sold into the Financial Services sector.
4. new distribution channels
 - In **exceptional cases** new distribution channels in a market may be deemed to justify the existence of a new market. Please contact your Development Adviser to discuss eligibility further.

Research into multiple geographic markets can be considered providing that they are new markets for the company. The company should consider if it has a sufficient level of finances and people resources to explore multiple markets.

New Product

A new product is deemed to exist where:

- (a) the new product cannot be substituted for the existing product; or
- (b) the need for the new product and the sector it is targeted at is different from existing products.

Please note the following:

- Reconfigured/customized products/services are not considered new products
- Compliance with new legislation that requires changes to an existing product/service does not constitute a new product
- Replacing or competing with an existing product is not considered new
- The new product/service must be substantially different to products currently being sold in the market. The difference should be reflected in either the functionality or method of delivery.

Eligible Activities

The eligible activities supported under the Market Discovery Fund include;

- Primary and secondary market research
- Establish the market potential and barriers to entry
- Identify, profile and contact potential customers in the context of primary research to determine their needs, requirements and validate pain points that are assumed to be addressed by the company's product/service
 - Carry out research interviews/meetings with relevant companies
- Review of competitor landscape
 - Identify strengths and weaknesses of existing competitors
 - Competitor product or service and competitor route to market (direct/distribution/partner/digital) analysis
- Assess route to market options
 - Identify, profile and contact potential Partners
- Identify other relevant stakeholders in the market e.g. trade associations, industry groups/networks
- Comparative pricing, research and modelling Review of market regulations / legislation to inform potential product/service customisation
- Lead generation activities i.e. building a target list based on research findings
- Advice on the legal requirements of the market being researched
- Time spent on developing a market strategy and plan for the future.
- Participation at recognised Trade Fairs outside of Ireland (this includes entry fees, rental of exhibition stand/space, transport costs and travel and subsistence relating to the Trade Fair for up to a maximum of 5 employees). **Employee time spent preparing for and attending Trade Fairs is ineligible.**

Eligible Costs

- **Wages and Salary Support:**

The salary of personnel in the company to carry out any of the eligible activities listed above. This resource can be:

- a new employee based in Ireland and/or in the overseas market (please note that the wages and salaries of an overseas based employee must be paid from the Irish operation)
- a current employee assigned for a specific period of time to undertake the project

Note: If any financial support has been provided by way of Employment Grant, Key Manager or domestic/international Graduate support to staff within the company, the staff member's costs will not qualify for additional support under the Wages & Salaries category of the Market Discovery Fund.

Wages and salary costs of personnel assigned to the project can be supported.

- The maximum eligible salary is €80,000 per annum per employee exclusive of employer's PRSI and bonuses.
- Maximum support of €1,538 per week
- Total salaries and overheads are capped at 80% of total project costs
- Only time spent on the proposed project by the applicant/employees of the applicant can be applied for.
- Salary support is available to all companies including HPSUs, SMEs and Large companies.
- Support for external consultants must be applied for in the Consultancy Fees section.
- Employee time spent preparing for and attending Trade Fairs is ineligible.
- The CEO/MD's salary costs are not eligible if the CEO relocates to the market
- If the CEO is involved in the project from Ireland, their costs can be supported at a maximum of 30% of salary which is capped at €80K, or **30%** of the actual salary, whichever is lesser. The maximum grant is **€460/week** (i.e. $€80,000 \div 52.18 \times 30\% = €460$) by the number of weeks; **The CEO is asked to apply their full salary at application stage – the 30% calculation will be applied by Enterprise Ireland.**

Completed time sheets will be required for all employees on the project.

Note: New Permanent Full Time salaried employees or existing employees will be eligible for wages and salary support. It should be noted that part-time/contract staff are eligible for support and will be treated as staff and not consultants i.e. paid at their daily wage rate.

The company has the option to;

- Place an existing or new employee(s) in market for the purposes of undertaking the project assignment and/or
- Appoint new employee(s) /re-assign an existing employee(s) who would be based in Ireland to undertake market research

Please note the following in relation to expenditure towards Salaries and Overheads:

The application form seeks information on the employee name, Title, Role on this project, cost per week, etc. as highlighted below

Salaries and Overheads:					
Employee Name	Title	Role on This Project	Cost per wk.	No. of Weeks	Sub-Total

Title: it is acceptable that an individual's title is sales and marketing e.g. Sales Director, Marketing Manager, or is the CEO with responsibility for sales and marketing

Role on this project. It is critical that the role outlines **market research activities only**. This section should not contain sales & marketing activities. The following are some examples of ineligible costs as the role on the project is clearly Sales & Marketing.

Employee Name	Title	Role on This Project
Joe Bloggs	Logistics Manager	Sales & Marketing
A N Other	Chief Marketing Officer	Marketing, Branding and Positioning
A B Other	Marketing Executive	Marketing Support

Companies can apply for funding following discussions with their Enterprise Ireland Development Adviser.

- **Overheads**

Overheads are eligible up to a maximum of 30% of wages and salaries.

- **Foreign Travel**

Travel and Subsistence costs for overseas trips related to the proposed project by employees of the company are supported. The purpose of the trip **must not be for sales and/or marketing meetings**. Examples of eligible activities: attending industry events, in-market sector networking and knowledge-building opportunities identified through market research being proposed.

- Only Travel and Subsistence costs for overseas trips related to the proposed project are allowed.
- Travel and Subsistence costs are not supportable for time spent in the Republic of Ireland.
- Foreign Travel and Subsistence costs must be for company employees
- Subsistence rate to cover all out of pocket expenses including hotels, meals, taxis local fares, incidentals
- If Foreign Travel and Subsistence is for Trade Fairs, it is limited to 5 employees.

Eligible Travel Costs:

- Economy Air/Ferry or Rail Fares.
- Mileage (60c per kilometre) or
- Economy Car Hire (note mileage cannot be claimed on Hire Cars)

Eligible Subsistence Rates:

- Overnight Rate - 24 hour period, €200 per Day overseas
- Day rate, < 24 hours €60 overseas

- **Consultancy**

The funding of third party expertise to develop and validate the company's market plan is eligible. Support for consultants is only available **in advance of launching** the product(s)/service(s). A consultant is permitted to undertake any of the eligible activities supported under the Market Discovery Fund.

Note: The Market Discovery Fund allows for expenditure for consultancy to assist in the research to identify costs for the market entry plan e.g. costs of localising the company's online presence, **but precludes** any grant support for either the development or implementation work (as that could be considered post launch).

- Costs of hiring a consultant(s)/consultancy firm to input or undertake the proposed project are set at a Maximum of €900 per day.
- Consultancy costs (excluding Business Accelerator costs) are capped at 80% of total project costs.
- Where more than one consultant is being used from the same firm the daily rates will apply to the firm.
- The daily rate is to be inclusive of consultant's time and all associated travel, subsistence and out of pocket expenses.
- Shareholders of the company cannot act as consultants to the project
- If the consultant is not identified at the time of application, the company must provide EI with details of the consultant and the daily rate to be paid before the project commences.
- Appointment of a consultant(s) is subject to Enterprise Ireland being satisfied that the consultant is suitably qualified.

- **Business Accelerator**

A Business Accelerator is an Enterprise Ireland appointed in-market industry expert within a specific sector and market, with the experience, knowledge and contacts to support a company's expansion and development into an export market.

- Is available for HPSUs
- Only Enterprise Ireland appointed or approved Business Accelerators are eligible under this category of expenditure.
- Only one Business Accelerator per geographic market
- Maximum Daily Rate of €1,500 per day for a maximum of 25 days, inclusive of consultant's time and all associated travel, subsistence and out of pocket expenses.

- **Trade Fair Costs**

The cost of a company's first and second time participation in any recognised Trade Fair outside Ireland may be eligible for assistance. This includes the costs incurred for **renting, setting up and running the stand** at a trade show.

Attendance and exhibition at virtual trade fairs are eligible for support.

Attendance at conferences, summits, forums, symposiums, stand-alone company events, demonstrations or meetings are not eligible for support.

Large companies are not eligible for Trade Fair support.

- The maximum financial assistance available for Trade Fair participation is €75K (expenditure).
 - A company can participate at the same Trade Fair on two occasions (maximum) irrespective of location.
 - A maximum of two Trade Fairs taking place within a 12 month period can be applied for in one single application. The company cannot have launched their product/service at the time of application.
 - Costs associated with a virtual fair must be itemized in the application form.
- Wages and Salary costs of company employees attending a Trade Fair are not eligible for support.
- Entrance/attendance fees to the Trade Fair for the company employees are eligible (max of 5 employees)

- **Rental of Temporary Office Space**

Where a presence in the market is required to carry out market or target customer research, the cost of renting office accommodation will also be covered.

Up to a maximum of €25,000 expenditure for office rent in the new market for a maximum

duration of 18 months. The office is to be used for the purposes of the new market assessment only **and not for sales or distribution activities**.

There must be a commercial lease in the name of either the employee or the company. A lease for an apartment/domestic residence will not be eligible for support.

- **Market Research Materials / Collateral**

Materials: The cost of purchasing reports and databases relating to a new market/sector are eligible for support. The name, nature and cost of the report/database to be provided at application stage.

Cost of the materials necessary to validate the market plan to include;

- Purchase of information from specialist market research companies
- Translation / interpreting costs

NOTE: In advance of purchasing reports, companies are advised to contact Enterprise Ireland's Market Research Centre to establish if the report is already available.

Collateral

The cost of marketing collateral is not eligible for support under the Market Discovery Fund. This includes activities such as marketing presentation design, e-mail marketing design/implementation, marketing/branding materials and marketing campaign design/tools/implementation.

Support for collateral development is **only** eligible for financial assistance when it is for the purposes of **market testing** as part of an eligible market research project.

**Ineligible
Companies**

Local Enterprise Office (LEO) clients are not eligible for the Market Discovery Fund. Companies whose products are listed in Annexe 1 to the EU Treaty (TFEU) which include:

- Horticulture companies
- Fish processors
- Other primary producers

**Ineligible
Activities**

The following activities will not be considered for support.

- Research into expanding market activities in the Republic of Ireland
- Research into existing markets for existing products
- Activities relating to export aid, for example any support towards the setting up of a permanent overseas office, the setting up of a distribution network or any costs which could subsidise the unit costs of the final product or service.
- In line with other grant supports, the following sales and marketing activities **cannot be supported** (this list is not exhaustive)
 - Preparing for sales meetings
 - Closing the deal or order processing
 - Follow up on leads generated e.g. arrange/conduct sales meetings, provide quotations etc.
 - Inside sales activities beyond Lead Generation i.e. Lead qualification, outbound contact with qualified leads
 - Appointment of Partners/Agents
 - Promotional activities either online or in traditional media
 - Product advertisement
 - Update/improvement/redesign of company website
 - SEO (search engine optimisation) activities

- Creating a company profile on LinkedIn, Facebook etc.
- Implement social media campaigns and email marketing
- Implement CRM (customer relationship management) tool
- Branding activities

Other Activities that cannot be supported as part of the Market Discovery Fund

- R&D / Product Development activities
- Localisation of the product for the market
- Prototyping activities
- Certification / Qualification activities related to the product/service for the geographic market (with the exception of seeking consultancy advice on the requirements for the market)
- Raw material / supplier research

Ineligible Costs

- Relocation costs
- Legal costs (with the exception of seeking consultancy advice on the legal requirements of the market being researched)
- Recruitment/HR costs
- Visa and other documentation costs
- Renting an office in an existing market
- Any costs related to the establishment of a distribution or sales network

HPSUs

Qualifying Market Discovery Fund criteria for HPSUs:

- Companies have a minimum of 5 employees in the State
- There must be at least 6 months since initial EI equity investment draw-down
- EBITDA negative cases will be considered
- No minimum company turnover
- HPSU's who have been approved (and drawn down) an initial equity investment by Enterprise Ireland are eligible to apply for Level 1 and 2 support (no earlier than 6 months from the date of the equity draw down).

All other companies will be treated as an SME when applying for a Market Discovery Fund grant i.e. must be trading for 5 years, have a minimum of 10 global employees of which a minimum of 5 employees must be based in Ireland, and with revenues of at least €500K p.a.

Equity Investment

Qualifying companies will not have drawn down finance in the form of equity **from EI** in the previous six months.

The following sets out the equity investment circumstances in which a company can apply for MDF:

- If a company is approved an initial equity investment from EI and that investment is tranced, the company must have drawn down the first tranche of investment at least 6 months prior to applying for a Market Discovery Fund.
- If the investment is not tranced, it must have drawn down the full equity investment.
- **Example:** If a HPSU is approved an initial equity investment in January 2019 and does not draw down the investment till December 2019, the company cannot apply for MDF funding during the period Jan-Dec or till July 2020 (i.e. at least 6 months after the draw down).
- **The above applies to EI equity only, it does not apply to external fund raising.**
- The above also applies to initial equity investment only.
- If EI invests in a follow on round, the 6 month clock does **not** begin again.

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Financial Data Sheet (FDS)

- If cumulative EI funding to a company exceeds **€150K** in a **12 month** period, an FDS will be required for all companies.
- If a company has submitted an FDS as part of a larger funding package within the last 12 months, an updated FDS will be required for a new application of **>€35K**.

Please talk to your Development Advisor for advice on the above.

Application Process

Market Discovery Fund proposals are managed/administered using the Online Application System (OAP System). The Start date of the project is the date of receipt of a completed online application by Enterprise Ireland. Any costs incurred by the company prior to this date will be deemed ineligible.

- For grant approvals in excess of €5,000 the P&L and Balance Sheet from the Annual audited accounts (less than 2 years old) and Management accounts (less than 6 months old) must be submitted to the company's DA. Draft accounts are not acceptable. Management accounts are not required where the audited accounts are less than 6 months old.
- The proposal will be suspended if the required financial information is missing.
- If the company is currently availing of Audit exemption, the abridged Balance Sheet (as submitted to the CRO) must be appended to the proposal.
- A copy of the Group structure should be appended to the proposal if applicable

Grant Claim Process

Following approval:

- Companies must return their acceptance of the letter of offer within 60 days or the offer will lapse.
- Claims based on vouched expenditure will be paid on submission of valid claims
- Completed time sheets are required for all employees on the project.
- Details of the claims process can be found on the Corporate Site
- Projects should commence within 6 months of approval and be completed within 18 months of project commencement.
- Projects must be completed and the final claim submitted within 6 months of project end date.
- Interim and final reports will be required before grant payments commence, setting out:
 - the activities (timesheets for all employees on project required),
 - the outputs achieved and
 - planned activities for completion of project.

The DA must be satisfied with the content and quality of these reports before payments are made.