

## Reference Document

# Competitive Start Fund (CSF 68) Women Entrepreneurship

### 1.0 Background

A key focus of Enterprise Ireland's Strategy is the commitment to increase the number and quality of High Potential Start-Up companies (HPSUs) that have the potential to employ more than 10 persons and achieve €1 million in export sales within 3 years.

The Competitive Start Fund is open to:

- Companies that are active in the relevant industrial sector(s)

OR

- You are eligible to apply as an 'Individual' if an establishment/company is not yet registered for the proposed eligible company activity. If application is successful in the CSF call the investee company must be registered in Ireland and the individual/founder must be based in Ireland.

You are eligible to apply if you are an existing or potential client of Enterprise Ireland's High Potential Start-Up Department.

Applicants to the fund should ideally be able to demonstrate the following:

- Be able to clearly demonstrate that product or service has reached Minimal Viable Product (MVP) stage, and that the product is, at a minimum, live in beta.
- That the product or service has demonstrable customer validation with (trial and/or paying) customers.
- A fully articulated proposition addressing a clear gap in the market with market research conducted with customers / potential customers.
- Evidence of innovation, internationalisation potential and employment capacity. Clear market opportunity for the proposed product or service. Clear knowledge of the competitive landscape.
- Clear execution plan outlined, identifying suitable channels to international markets.

Assessments are undertaken on the applications submitted, it is important to note that the greater the progress the applicant has undertaken towards generating sustainable revenues the stronger the application. Applications from projects that are at idea, concept or design stage may be considered to require further development before applying for the competitive start fund.

If successful in progressing to pitch the applicant may be required to supply contact details of (trial and/or paying) customers prior to any Enterprise Ireland investment completing as part of our due diligence process.

## **2.0 Objectives of the Fund**

The purpose of the Competitive Start Fund is to accelerate the growth of start-up companies that have the capacity to succeed in global markets. The fund is designed to enable those companies to reach key technical and commercial milestones. Applications are considered on a competitive basis. Funding is provided to companies who rank highest in a two-phase evaluation process. The maximum level of support per successful application is €50,000, for 10% in ordinary shares in the start-up company, to be released in 2 equal tranches of €25k (5% in ordinary shares for each tranche).

## **3.0 Funding**

This is a competitive fund. Funding will be provided to companies who rank highest in the scoring process. The maximum level of support per successful application will be €50,000 for the purchase of 10% ordinary share capital in the start-up company, released in two equal tranches. The first tranche will be released to successful applicants subject to the company providing confirmation that an additional new cash investment of €5,000 has been made for the purchase of fully paid up ordinary shares only. This new investment must be in the form of new cash for issued ordinary shares in the capital of the Company. The new investment must be made post the relevant call close date. Any investment made before the call close date will not be considered "new cash". The investment can be from any source, except any other publicly-funded entity/programme. Loans will not be sufficient. Also, capitalisation of existing director/shareholder/related party loans will also not qualify. In addition each successful company will be appointed a mentor who will work with the company for up to 10 mentoring sessions. Enterprise Ireland will pay the Mentor directly €1,750 per company.

## **4.0 Legal Basis**

The legal basis is Section 31 of the Industrial Development Act 1986.

## **5.0 State Aid Basis**

The State aid basis is De Minimis Aid EC No 1407/2013.

## **6.0 Eligible Applicants**

If successful, the applicant / applicant company must have at least 1 woman promoter that has a place on the lead management team of the applicant company and who owns or will own at least 25% of the voting share capital of the company at the point prior to EI CSF Tranche 1 investment of €25k for 5% of the company. Details of how this condition will be met must be provided in the application form.

In addition, applicants must fulfil all of the following criteria:

- Must be a manufacturing or an eligible internationally traded services business (the eligible services as listed in the Service Industries Order 2010);

- Prior to the competition closing date must not have received equity funding of more than €150K. Equity includes Ordinary shares, Convertible Preference Shares, Convertible Loan Notes and Directors Loans. Sweat equity does not apply;
- Prior to the competition closing date must be pre-trading or recently commenced trading and does not have revenues in excess of €100k in the current financial year to date or in any previous financial year;
- If the enterprise is an existing company, the company must be less than 3 years old (from date of incorporation in Ireland) at call close date;
- Must be capable of creating 10 jobs in Ireland and realising sales of €1m within 3 years;
- Must not be engaged in activities that are excluded under Enterprise Ireland policy including gambling, adult entertainment, tobacco or military sectors.

The following criteria will be applied as part of the additional due diligence process for those applicants / companies progressing to the pitch stage of the competition:

- Have sufficient de minimis funding available in line with EU rules governing 'single undertakings' and company group structures;
- The applicant/applicant company must not have previously performed the proposed business activity or a similar business activity in a separate business which was majority owned by the applicant/applicant company/the applicant company's majority shareholder(s); Unless the applicant/applicant company can clearly demonstrate that the business activity previously performed was limited to innovative research and/or was merely preparatory/pre revenue in nature;
- The undertakings must be a small enterprise as defined at <https://www.enterprise-ireland.com/en/about-us/our-clients/sme-definition.html>
- Applicants must be eligible to live and work in Ireland. If their current visa status does not allow them to run a business in Ireland they must regularise their visa situation before receiving an investment. (Enterprise Ireland has a help-desk to advise non EU applicants on the relevant rules).

Please note:

- If an application is successful and is currently in receipt of an Enterprise Ireland Feasibility Grant, the full amount of the Feasibility grant must be drawn down before the Competitive Start Fund investment or, alternatively, the company/individual must forego the balance of the Feasibility Grant prior to receipt of the CSF investment.
- If the applicant is successful and currently in receipt of a New Frontiers scholarship, or a Priming Grant from the Local Enterprise Office, the application/applicant entity will not receive Competitive Start investment until they have completed drawdown of the New Frontiers scholarship/priming grant or declined further payments.
- The Company must be registered and based in Ireland with the majority of the management team based in Ireland.

- Any company who previously received CSF investment is not eligible for additional funding.

Note: Any intellectual property and assets that are required to execute the business plan that are currently owned by the promoters must be assigned to the investee Irish company prior to the CSF investment completing.

### 7.0 Ineligible Applicants

The Fund is not open to the following:

- Companies that do not meet the above criteria.

### 8.0 Eligible Activities:

The investment will be towards the execution of a business plan. The following expenditures are expected to form the basis of any application submitted to Enterprise Ireland – salaries, consultancy fees and travel costs. Other costs such as subcontracting and prototyping may also be considered.

### 9.0 Assessment Criteria

This is a competitive fund with a two-phase assessment process:

**Assessment 1** – An evaluation panel, comprising external consultants in conjunction with representatives of Enterprise Ireland, will evaluate each application and will score them under the following assessment criteria:

Evaluation Criteria	Weighting
Company and Promoter Profile	20%
Product/Service & Market Opportunity	20%
Business Proposition - delivered by Video Pitch	20%
Product/Service Innovation	10%
Ability to deliver key Commercial and Technical Milestones over the coming 12 months	10%
Likelihood of developing into a HPSU (company with at least 10 employees and €1 million revenue within 3 years)	20%

### Assessment 2

Assessment 2 is carried out by an evaluation panel comprising external industry experts and representatives of Enterprise Ireland. The top applications arising from Assessment 1 will be invited to deliver a short investment pitch remotely to this Evaluation Panel.

The evaluation panel will be asked to score the applicant's performance based on the following equally weighted criteria:

- Business Model - explain how this company will generate revenue and scale internationally.
- Management Team - describe how the proposed management team have the necessary skills to scale this business and clearly identify gaps and proposed actions to address them.
- Roadmap - clearly outline the steps necessary and the resources required over the next 12 months.

The evaluation panel will select the start-ups to go forward to Enterprise Ireland's Investment Committee for approval. The presentations will be scored out of 30 with each question marked out of 10.

From the final applicants, the highest scoring applicants will be selected to go forward to Enterprise Ireland's Investment Committee for approval.

#### **10.0 Funding Available and Form of Aid**

- Successful applicants will receive funding of €50,000 in equity from Enterprise Ireland for 10% in ordinary shares in the start-up company. The equity investment will be made in two equal tranches of €25,000, The first tranche will be released to successful applicants only when it provides confirmation of additional new cash investment for equity of €5,000. This new investment must be in the form of new cash for issued ordinary shares in the capital of the Company. The new investment must be made post the relevant call close date. Any investment made before the call close date will not be considered "new cash". The €5,000 should come from the promoter sourced funds and must not be matched from State funds. These monies, must not be provided by the Capitalisation of existing director/related party loans which, will not qualify. The company must also meet the general terms and conditions of the scheme.
- In addition each successful applicant will receive up to 10 sessions of Mentor support valued at €1,750 per company plus expenses which will be paid directly to the Mentor.

#### **11.0 Application Process**

The fund will be open for applications on 7th September 2021. Applications are invited through a public call.

- Completed application forms must be submitted through the Enterprise Ireland Online Application System by 3pm on 28<sup>th</sup> September 2021.
- A Video Pitch must be submitted on the Sonru.com platform by 3pm on 28<sup>th</sup> September 2021 (when you commence the application form an email regarding the video pitch will be sent to you separately).

A valid application must contain both a video pitch and completed application form.

Applicants will receive an acknowledgement email on receipt of their application. For assistance call (01) 7272202. We are currently operating remotely, ideally send an email to [csf@enterprise-ireland.com](mailto:csf@enterprise-ireland.com) or alternatively leave a voice message at 01 7272202 and the team will return your call.

## **12.0 Assessment Process**

The Assessment Process is in two phases.

**Assessment 1** - Eligible applications will be reviewed and scored against set criteria by a number of external consultants in conjunction with Enterprise Ireland advisors. An independent scorer will ensure consistency of scoring between applications. The purpose of this assessment process is to identify the highest ranking applications. As part of the initial assessment, feedback on the application submitted will be available.

**Assessment 2** - The highest ranking applications will then be invited to meet an Evaluation Panel remotely comprising external industry experts and representatives of Enterprise Ireland for review. Applicants falling outside the top applicants will be informed that they have not been short-listed for the competition at this time. The short-listed applicants will be invited to present a short investment pitch remotely to this Evaluation Panel. The highest scoring applicants from this stage will be selected and recommended to Enterprise Ireland's Investment Committee for approval.

## **13.0 Post Approval**

All applicants will be notified by email on the outcome of their application following the Investment Committee Decision.

Unsuccessful applicants will receive an email informing them of the Committee's decision. Feedback will be available to companies if requested.

Successful applicants will receive a copy of the draft shareholders agreement. This document must be printed, signed and returned within 8 weeks by registered post to:  
Competitive Start Fund, Enterprise Ireland, East Point Business Park, Dublin 3.

In order to receive payment the client must provide;

- Executed Agreement
- Amended Articles of Association (where necessary)
- Valid Tax Clearance Certificate
- Third Party Confirmation that €5,000 has been invested as new cash for shares.

If the signed shareholders agreement is not returned within 12 weeks of the date of approval then the offer is rescinded.

## **14.0 Release of second tranche**

The release of the second tranche equity investment will be contingent on the submission of a report, satisfactory to Enterprise Ireland, outlining progress on agreed commercial and technical milestones from the company's original application and detailing how the first tranche monies were spent in the business. The report will be reviewed by Enterprise Ireland and the release of second tranche will be linked to the achievability of agreed objectives. In the case where Enterprise Ireland is not recommending the release of the second tranche, a note will be prepared for the Investment Committee to approve the decision. A final report satisfactory to Enterprise Ireland, outlining how

the second tranche monies were spent in the business will be required on completion of the business plan.

**15.0 Date of eligibility of costs**

The start date for eligible expenditure is the call close date. No expenditure prior to this date is allowed.

**Start & End Date-** Projects should commence within three months of approval and be completed within 24 months.

**16.0 Review of Fund**

Enterprise Ireland HPSU Division will conduct an annual impact review of the Fund and the successful companies within twelve months of approval. This could include the number of companies that will seek iHPSU funding, level of commercial traction, employment levels etc.