

breakthru 2019

PARTICIPANT HANDBOOK





1.0 INTRODUCTION

ARE YOU READY TO BREAKTHRU?

Breakthru, New Brunswick's Business Plan Competition, encourages the creation and development of entrepreneurial, innovative business ventures in the province. Hosted by the New Brunswick Innovation Foundation (NBIF), Cox & Palmer and Deloitte, this province-wide start-up competition provides participants with a unique opportunity to access start-up capital, mentoring, and support.

Entrepreneurial New Brunswickers who are interested in pursuing the development of a new and innovative business venture in the province are encouraged to enter the competition for a chance to win substantial prizes that will help launch their businesses. Participants will compete for over **\$500,000+** in prizes, which consist of a combination of start-up equity and in-kind services and support.

The competition unites members from all areas of the community, including business, academic and government sectors, with the common goal of enhancing entrepreneurship and seeding new and innovative business ventures.

1.1 OBJECTIVES

Breakthru, New Brunswick's Business Plan Competition has been developed to accomplish the following primary objectives:

- ▶ To encourage and support the creation and development of new and innovative business ventures;
- ▶ To help prepare and mentor participants and their companies for investment and growth;
- ▶ To create awareness of entrepreneurship and enhance the entrepreneurial ecosystem; and,
- ▶ To foster a culture of innovation in New Brunswick.

2.0 ELIGIBILITY REQUIREMENTS

The competition is open to entrepreneurial New Brunswickers who are committed to launching and operating a new and innovative business venture in the province.

To be eligible, submissions must demonstrate the following:

- ▶ A solid business case;
- ▶ Strong market demand with growth potential;
- ▶ Commercial and financial feasibility of the proposed business venture;
- ▶ Degree of innovation inherent to the proposed business venture;
- ▶ Ability to generate a sustained competitive advantage;
- ▶ Talented management with relevant experience; and,
- ▶ The potential for economic impact on the province of New Brunswick.

2.1 INDIVIDUAL REQUIREMENTS

An individual or team may enter the competition by proposing a new and innovative business venture. Individuals are only permitted to participate in one submission. To be eligible, each individual involved in the submission must be:

- ▶ At least the age of majority (i.e., 19 years of age and up);
- ▶ A resident of the province of New Brunswick or be part of a team of which at least one actively participating member is a resident of New Brunswick and who holds or will hold at least 51% of share ownership of the proposed business venture;
- ▶ Entitled to establish a business and work within the province of New Brunswick; and,
- ▶ Willing and able to make a commitment to developing and operating a new business venture in New Brunswick.

2.2 PROPOSED BUSINESS VENTURE REQUIREMENTS

Proposed business ventures must, at a minimum, meet the following criteria:

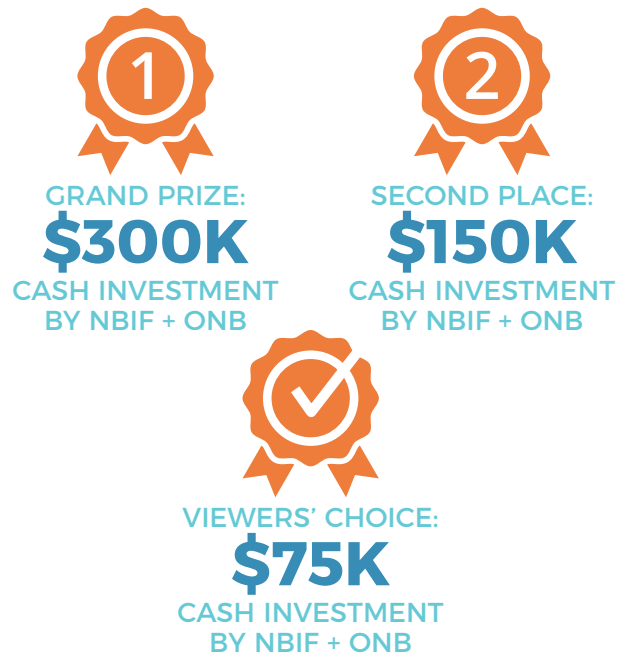
- ▶ Be in the early seed stage of development;
- ▶ Have no substantial prior operating history;
- ▶ Propose to maintain a head office and an operational base in New Brunswick;
- ▶ Be engaged in the development of innovative products or services; and,
- ▶ Be prepared to protect any and all intellectual property, if applicable.

Please see section 6.3 for further information on types of companies that are generally ineligible and acceptable use of funds.

3.0 PRIMARY PRIZES

The prizes provide successful participants with the critical start-up capital and support that they require to launch their new business ventures. Each prize package consists of an equity investment by NBIF and in-kind professional services. The prizes are intended to provide the strongest participants with the support to successfully launch their business venture(s).

The prizes will consist of:



Watch the Breakthru page on our website to learn about prizes from our corporate partners. All prizes, with the exception of matching investments from other funding agencies, provided by our corporate partners are in-kind and available for a period of one year only, unless otherwise agreed to by the partner offering the services.

3.1 EQUITY INVESTMENTS

The equity investment component of the prizes will be provided to the successful participants by NBIF. The investments are subject to the satisfactory completion of final due diligence by the NBIF. Investments will be completed as direct equity investments into an appropriately incorporated entity. Where required, NBIF will assist the prize recipients with the incorporation process. In exchange for its investment, NBIF and the winning companies will enter into an Unsecured Convertible Debenture. At a high level, this debenture will have no interest, no cap on valuation, and a 20% discount on the next round of financing. The agreement will be very similar to a SAFE (Simple Agreement for Future Equity) agreement that was popularized by the Y-Combinator.

3.2 IN-KIND PROFESSIONAL SERVICES

In-kind contributions consist of legal services, accounting services, marketing and communication services, design and consulting, multimedia production services, technical services, leadership consulting, sales training, and more. All of the in-kind contributions have been kindly provided by leading firms operating in New Brunswick as prizes for the competition. Prizes will be announced throughout the competition so stay tuned!

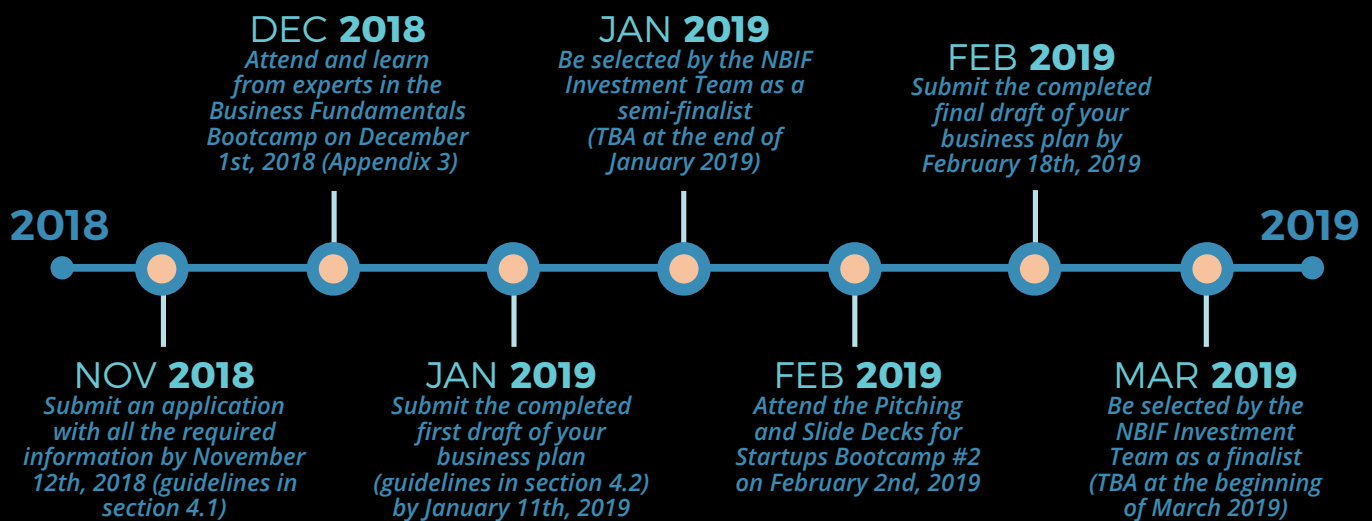


4.0 COMPETITION PROCESS

The competition replicates the process that an entrepreneur would normally undertake to solicit funds from outside investors. Therefore, a selection committee (TBD) will act as investors, choosing the worthiest business ventures (2) for investment from a group of 5 finalists – the Viewers' Choice will be determined by a public vote.

In determining the prize recipients, the selection committee will evaluate the entire submission and assess the overall merits of the business model, the quality of the idea, the written business plan, the oral presentations and the capacity of management to execute on the proposed plan. Ultimately, prize recipients will be those who are best able to convey the merits of their business venture and their ability to execute on the business plan to the selection committee. The winners will be announced at the Breakthru LIVE Awards Dinner on March 21st, 2019.

To become a finalist who pitches to the selection committee on March 14th, 2019, applicants will need to:



4.1 APPLICATION AND THE EXECUTIVE SUMMARY

The executive summary assesses the general fit of the submission with both the eligibility requirements and the overall objectives of the competition. Participants must submit their application form, individually signed by each team member, a 60-second video elevator pitch, an executive summary, and an \$85 entry fee (details of which can be found in section “Terms and Conditions” of this Participant Handbook).

Executive summaries are limited to a maximum of two typed pages. The submissions are assessed to determine eligibility and admission into the competition. Submissions that meet the eligibility requirements of the competition will advance provided their executive summary and video pitch includes all the applicable aspects as outlined in Appendix 1 and 2. A solid executive summary is clear, exciting and effective as a stand-alone overview of the plan. Participants that have satisfied the requirements of this round will proceed to the Breakthru Boot Camp.

4.2 BUSINESS PLAN

Participants that have met the application criteria will be notified on or before November 23rd, 2018. These participants will attend the mandatory Breakthru Bootcamp on December 1st, 2018, and then submit their written business plan for evaluation. The Breakthru Bootcamp is designed to assist participants in refining the underlying business strategy for their proposed business ventures and to assist them in further developing their written business plan. More details are available within Appendix 3 – BreakthruBoot Camp. Following the Breakthru boot camp, participants are given 5 weeks to refine their businessplan before submitting it for evaluation. The deadline is January 11th, 2019.

All business plans will be reviewed to determine that the essential elements of the Business Plan Guidelines (Appendix 4) are included. Broadly they will also be examining the business plan to ensure it positively conveys the following:

- ▶ The viability of the business venture and model;
- ▶ The innovative nature and commercial viability of the product, service or technology;
- ▶ Strong market potential;
- ▶ Sustainable competitive advantage;
- ▶ The capacity of management; and
- ▶ The potential for economic impact in New Brunswick.

4.3 INVESTOR PITCH

The finalists will be notified on or before March 1st, 2019. On March 14, 2019, the finalist teams will pitch to the Breakthru Selection Committee. This time interval is designed to allow finalists to prepare their final presentation to the highest level of professionalism. Coaching sessions will be available to each team at Bootcamp #2, but should the teams wish to obtain further guidance with their pitch, the NBIF Investment Team will be available. Prize recipients are chosen and then announced at the Breakthru LIVE Awards Dinner to be held on March 21st, 2019.

The finalists should prepare their presentation in accordance with Appendix 5 - which outlines the NBIF’s presentation guidelines. A maximum of 30 minutes is allocated for each presentation. Finalists have 15 minutes to formally present their business venture followed by 15 minutes of questions by the selection committee. The presentations will take place in the morning and early afternoon of March 14, 2019, with the order decided by random selection.

During the 30 minute presentation the selection committee evaluates the degree to which the finalists have followed the suggestions in Appendix 5 – Presentation Guidelines, as well as make their decisions based on:

- ▶ The clarity, persuasiveness and organization of the presentation;
- ▶ The degree to which the presentation concisely and accurately describes the proposed business venture as outlined in the business plan, and;
- ▶ The finalist’s abilities to provide direct answers to the questions posed by the selection committee.

5.0 TERMS AND CONDITIONS

- 5.1 By submitting a business plan to the competition, each participant is deemed to have read, understood and agreed to the following terms and conditions. NBIF reserves the right to interpret these rules in a manner that is consistent with their spirit and intent:
- 5.2 All prize recipients must agree to formally launch and operate their business ventures in the province of New Brunswick and the award is subject to successful recipients entering into standard legal agreements customary of an equity transaction by NBIF. A term sheet will be presented to the finalists for review and NBIF reserves the right to contact other parties involved, particularly those relating to intellectual property. In addition, prize awards are subject to the completion of satisfactory due diligence by NBIF. NBIF at its sole discretion reserves the right to issue a convertible debenture.
- 5.3 All participants and submissions must meet the requirements outlined under Eligibility Requirements set forth in this Participant Handbook in order to participate in the competition. To enter the competition, participants must electronically submit the Application Form, together with the executive summary, a 60-second video pitch, and an entry fee in the amount of \$85.00 (HST included) made payable via PayPal on the electronic application form. The Application Form will incorporate by reference these Terms and Conditions, and require a signed consent from each participant taking part in the submission to abide by these Terms and Conditions.
- 5.4 Submissions may be in either French or English.
- 5.5 Submissions received without payment will not be evaluated. The \$85 entry fee (HST included) is charged per submission and not by participant, and therefore, a group submission is only charged once.
- 5.6 NBIF at its sole discretion reserves the right at any time to disqualify any participants who are found to have misrepresented their data, submitted false information or committed plagiarism, therefore forfeiting any rights under this competition, including the right to claim prizes awarded.
- 5.7 NBIF reserves the right to reject any submission which relates to a product that is or would be unlawful or otherwise reflect poorly on the reputation of NBIF or the competition, as determined in NBIF's sole discretion.
- 5.8 All business plans, presentations and other submission materials must be authored or created by the participant. Any use of third party copyrighted materials, including images and video, may only be used with the expressed consent of the copyright holder, and participants must be prepared to submit evidence of such permission if so requested by NBIF at any time.
- 5.9 Participants have proprietary rights to their respective submissions, provided that each participant hereby agrees to NBIF making such number of copies of the business plan, presentation, and other materials as required for the purposes of this competition and using such materials in the manner NBIF sees fit for the purposes of the competition. NBIF has the non-exclusive world-wide rights in all languages, and in all media, to use or to publish all competition materials, or any portion thereof, in any medium for purposes associated with this competition or future competitions of this nature.
- 5.10 Participants must be available and consent to participate in NBIF's media plan for this competition, which may include participating in interviews and being photographed, and to the publication/broadcast of the same.
- 5.11 Due to the nature of the competition, NBIF will not ask selection committee members, reviewers, staff or the audience to agree to or sign non-disclosure statements for any participant and neither NBIF nor any of its selection committee members engaged in the competition, will have any responsibility of any nature or kind, to any participant for misappropriation or misuse of information within materials submitted or presented. Each participant agrees to permit NBIF to disclose business plans and other material submitted to its competition selection committee members and organizers.
- 5.12 Participation in the competition does not constitute an endorsement or determination of future success by NBIF, nor a guarantee of future funding or other support by NBIF. Successful participants may be eligible for further financing post-competition, under other NBIF-sponsored funds, but such financings are made independent of this competition and at the sole discretion of NBIF under its standard terms and conditions.
- 5.13 Only successful participants will be notified of their eligibility to move on to the Breakthru Bootcamp and final pitch to the selection committee. NBIF has no obligation to return submissions.



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- 5.14** Participant(s) from each submission selected to proceed to the Breakthru Boot Camp must participate in the event offered by NBIF on December 1st, 2018, as detailed in Appendix 3 of this Participant Handbook. Failure to attend the Breakthru boot camp will result in disqualification of the submission, unless a participant cannot attend due to health or other personal situation precluding their attendance (i.e.: death in the family).
- 5.15** NBIF and its selection committee members reserve the right to judge and evaluate the submissions and Application Forms, in its sole discretion. NBIF reserves the right to make all final decisions regarding all aspects of this competition.
- 5.16** By entering this competition, each participant will be deemed to have waived any right of recourse against NBIF, its selection committee members, volunteers and staff, for any claims which may arise out of the participant's involvement in this competition.
- 5.17** NBIF, selection committee members, volunteers and staff, are not responsible for typographical, technical, or other errors in the offer or administration of this competition, including but not limited to errors in advertising, rules, computer failure, selection and announcement of winners or the issuance of any prize.
- 5.18** By entering this competition, each participant consents to the use of his or her personal information for the purposes of this competition as contemplated in these rules and the Participant Handbook. Personal information may be used by NBIF for the purpose of promoting future competitions of this nature. NBIF may retain personal information for the purpose of following up with participants for potential future business development initiatives independent of this competition but will not otherwise disclose such personal information.

KEY DATES FOR APPLICANTS

Application Launch	<i>September 12th, 2018</i>
Application Deadline	<i>November 12th, 2018</i>
Bootcamp #1 for Selected Applicants	<i>December 1st, 2018 (Fredericton, NB)</i>
Business Plan Deadline	<i>January 11th, 2019</i>
Semi-finalist announcement	<i>January 25th, 2019 (or prior)</i>
Bootcamp #2 for Semi-finalists	<i>February 2nd, 2019 (Fredericton, NB)</i>
Business Plan Deadline for Semi-finalists	<i>February 19th, 2019</i>
Finalist announcement	<i>March 1st, 2019 (or prior)</i>
Finalist Pitch to Judges	<i>March 14th, 2019</i>
Breakthru LIVE Awards Dinner	<i>March 21st, 2019 (Fredericton, NB)</i>

6.0 GUIDELINES

6.1 WRITTEN SUBMISSIONS

Written submissions are comprised of the executive summary and business plan. It is required that they are: Typed and may include whatever graphs, photos or tables that are necessary to properly convey the proposed business venture.

- ▶ Complete. Partial, incomplete or late submissions will not be evaluated.
- ▶ Be limited to a maximum of 25 pages including the executive summary. The title page and table of contents are excluded from the page count. Pro forma financial statements, supporting documentation and other appropriate appendices are limited to a maximum of 10 pages. Any pages over the combined 35 page limit will not be posted or otherwise provided to the selection committee; and,
- ▶ Plans with fewer than 10 pages of appendices and detailed spreadsheets may not use the remaining pages to increase the size of their business plan beyond 25 pages.

6.2 PRESENTATIONS

If selected as a finalist, you must be prepared to deliver a 15-minute presentation to the selection committee, which is then followed by a 15 minute Q&A session.

Presentations are expected to be prepared by considering the following:

- ▶ Time limits will be enforced.
- ▶ May use presentation aides such as a PowerPoint, Keynote, Internet-enabled presentation platforms, handouts, demonstrations, or other suitable forms. However, finalists are responsible for bringing their own presentation aids as no photocopying or printing service will be made available to them.
- ▶ The presentation room is equipped with a large-screen projector or monitor and a laptop to run the presentation.
- ▶ Finalists must provide a copy of their electronic presentations on a USB flash device – no other mediums will be accepted.
- ▶ Finalists will have the opportunity to verify that their presentation functions as expected in advance of the formal presentation.
- ▶ If the presentation contains video, graphics, sound and/or other extravagant content, finalists must advise the NBIF two days in advance to ensure that the presentation works properly during the

presentation. However, based on past experience, it cannot be guaranteed that video, graphics, sound and/or other extravagant content will work 100% of the time. Thus, finalists should prepare accordingly.

- ▶ Additional set up time will not be provided for presentations containing extravagant or abnormal content or props.

6.3 USE OF FUNDS

Typical uses for the net proceeds of the prize include among others:

- ▶ Company creation and incorporation
- ▶ General business development including enhancement of a company's business model
- ▶ Financial modeling
- ▶ In-depth market research
- ▶ Technology and product development including: prototype development, product testing and customer trials
- ▶ Intellectual Property protection
- ▶ Other uses as described in the business plan submitted and as approved by NBIF

Submissions that propose the following uses of capital for the net proceeds of the prize are ineligible:

- ▶ Retirement of existing investments
- ▶ General debt consolidation or repayment
- ▶ Refinancing of a business operation
- ▶ Purchasing fixed assets including, but not limited to, land, buildings, and vehicles
- ▶ Undertaking construction, renovations or leasehold improvements
- ▶ Replenishing or offsetting operating losses and past business expenditures.

APPENDICIES

APPENDIX 1 – EXECUTIVE SUMMARY GUIDELINES

The executive summary should provide a high-level description of the proposed business venture and should serve to excite the reviewers - leaving them wanting to know more. For the purposes of this competition it should not exceed a maximum of 2 pages. It is therefore essential that the summary is written concisely, purposefully and accurately as well as in a manner that will pique the reviewer's interest; garnering support for the proposed business venture. Typically the executive summary contains information on the following topics:

- ▶ Company introduction
- ▶ The problem or need the company solves
- ▶ Customer/market analysis (market size, potential market share & evidence that customers will buy the product/service)
- ▶ Product or service description
- ▶ The current state of development (e.g., beta, customer trials, etc.)
- ▶ Intellectual property status (e.g., Patent filings; trade-marks, etc)
- ▶ Competitive differentiation
- ▶ Management team and/or advisors, including relevant experience
- ▶ Time frames to achieve significant revenue and/or cash flow positive
- ▶ Financial highlights

APPENDIX 2 – VIDEO PITCH

The video elevator pitch is a 60-second description of your business proposition. It's called an "elevator pitch" because it describes this challenge: explaining your business and making a sale when you are in an elevator with your dream prospect and only have the time it takes to get from the bottom of the building to the top. If your team is selected as a finalist, one member will be required to deliver this pitch to the audience at the Breakthru LIVE Awards Dinner on **March 21st, 2019**.

To deliver your video pitch, please upload your video to YouTube and include the link in your application. If you make the video private, please include the password in the allotted space on the application. Your video pitch will be used for internal purposes only and will not be publicly displayed by us without your prior consent. Of course, we are looking for your best pitch: what you have to say. The quality of your video will have no bearing whatsoever on our assessment of your business opportunity. Finally, know that submitting a video pitch does not alone

enter you into the competition. Only a fully complete application according to that specified in this handbook is acceptable.

Your video pitch should answer the following basic questions:

- ▶ What is your product or service? Briefly describe what it is you sell, do not go into detail.
- ▶ Who is your market? Describe who your customer is, the industry and size of the market.
- ▶ What is your revenue model? Tell them how you will make money.
- ▶ Who is behind the company? Briefly outline who your team is and any achievements.
- ▶ Who is your competition? Everyone has competitors, outline who are they and what have they accomplished.
- ▶ What is your competitive advantage? Explain how and why your company is different.

Every elevator pitch should contain the following essential elements:

- ▶ **Concise:** The average attention span does not exceed 45 seconds.
- ▶ **Clear:** Use language that everyone understands. Don't add fancy jargon or industry specific terms. Your listener won't understand, and you will have lost your opportunity.
- ▶ **Visual:** Use words that create a visual image in your listener's mind, it will make your message more memorable.

Production values will not be judged. Please, just you in front of the camera selling us your innovative business idea.

APPENDIX 3 – BREAKTHRU BOOTCAMP(S)

All selected participants are required to participate in a one day Breakthru bootcamp to be held on **December 1st, 2018** in Fredericton. It is designed to assist participants with the development and enhancement of the business strategy for their proposed business venture; therefore, improving their chances of being selected as a semi-finalist. Participants will learn business fundamentals from a number of experts and mentors in the business community.

Chosen semi-finalists will be required to participate in a secondary bootcamp on **February 2nd, 2019** in Fredericton, NB. The second bootcamp will be an opportunity for semi-finalists to sit one-on-one with the NBIF Investment Team to learn more about how to improve their business plans from an investor perspective. We will also bring in an expert to teach the semi-finalists how to pitch properly to investors (in this competition, the selection committee).



CONTACT

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