

# **breakthru**

**NBIF START-UP COMPETITION**

## **Newcomers**

**Handbook**  
**May 2021**



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## 1.0 Introduction

### Are you ready to BREAKTHRU?

**Breakthru: Newcomers**, the New Brunswick Innovation Foundation's (NBIF) start-up competition in partnership with Planet Hatch, the University of New Brunswick (UNB) and the New Brunswick International Students' Association, encourages the creation and development of entrepreneurial, innovative business ventures in the province of New Brunswick (NB). This province-wide competition provides participants with a unique opportunity to access start-up capital, mentoring, and support.

Entrepreneurial New Brunswick based international students and newcomers who are interested in pursuing the development of a new and innovative venture in N.B. are encouraged to enter the competition. Participants will compete for the chance to win prizes from NBIF, Planet Hatch, and the University of New Brunswick.

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 ventures.

The competition will consist of 2 tracks: the International Student Track and the Newcomer Track. Both tracks will follow the same competition process; however, each track will compete separately. Full eligibility details for each track are outlined in this document.

### 1.1 OBJECTIVES

**Breakthru: Newcomer** is designed to accomplish the following primary objectives:

- Encourage and support the creation and development of new and innovative ventures;
- Prepare and mentor participants and their companies for **investment and growth**;



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- Create awareness of **entrepreneurship** and enhance the **entrepreneurial ecosystem**; and,
- Foster a **culture of innovation** in New Brunswick.

## 2.0 Eligibility Requirements

The competition is open to entrepreneurial New Brunswick-based international students and newcomers who are committed to launching and operating a new and innovative venture in the province.

To be eligible, submissions must demonstrate the following:

- A significant and growing global market;
- An identified target in the market with a clear gap, pain or need;
- Technological and commercial feasibility of the proposed business venture;
- Degree of innovation inherent to the proposed business venture;
- Ability to generate a sustained competitive advantage;
- Talented team with relevant background;
- The potential for economic impact on the province of New Brunswick; and,
- A maximum of 5 team members per submission.

### 2.1 Individual Requirements

Individuals are only permitted to participate in one submission. To be eligible, all individuals involved in the submission must be:

- At least the age of majority (i.e., 19 years of age and up);
- Eligible to establish a business and work within the Province of New Brunswick; and,
- Willing and able to commit to developing and operating a business venture in New Brunswick.



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Additionally, for the **International Student Track**, at least 51% ownership of the proposed venture and 51% of the team composition must be held by:

- One or more international students registered at one of the following New Brunswick post-secondary institutions: University of New Brunswick, St. Thomas University, Université de Moncton, New Brunswick Community College, Mount Allison University, or Collège communautaire du Nouveau-Brunswick.

Additionally, for the **Newcomer Track**, at least 51% ownership of the proposed venture and 51% of the team composition must be held by:

- One or more Permanent Resident(s) of Canada who have become Permanent Residents within the last 5 years.

## 2.2 Proposed Business Venture Requirements

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

- Be in the early pre-seed stage of development;
- Have no substantial prior operating history;
- Be, or propose to become, a corporation established under New Brunswick law or the federal laws of Canada;
- 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 relevant intellectual property, if applicable.

## 2.3 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



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- Financial modelling
- 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 pitch deck 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



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### 3.0 Prizes

The prizes provide the successful participant(s) with the critical start-up capital and/or support that they require to launch their new business venture. The prizes consist of:

#### Newcomer Track:

##### **1st Place**

- One \$25,000 SAFE investment by NBIF, subject to the proper due diligence
- Up to 5 seats in the Planet Hatch Newcomer Startup Accelerator

#### International Student Track:

##### **1st Place**

- One \$25,000 SAFE investment by NBIF, subject to the proper due diligence
- Up to 5 seats in the Planet Hatch Newcomer Startup Accelerator
- Support to apply for Permanent Residency for up to 5 co-founders and their immediate family, subject to the requirements of the Start-up Visa program

#### **University of New Brunswick Entrepreneurship Internship Awards (Prize exclusively available to students registered at the University of New Brunswick)**

- Up to 10 UNB Entrepreneurship Internship Awards (including seats in the Planet Hatch Newcomer Startup Accelerator)

### 3.1 Simple Agreement for Future Equity (SAFE) Investment

The investment component of the prize money will be provided to the successful participant by NBIF. The investment is subject to the satisfactory completion of final due diligence by the NBIF. The investment will be completed as a SAFE investment into an appropriately incorporated entity. Incorporation of any unincorporated



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business venture and the location of a head office in New Brunswick, or relocation of an existing head office to New Brunswick, will be conditions to any business venture receiving any investment. A business venture that is or becomes incorporated under the federal laws of Canada must satisfy all director residency requirements under applicable laws. Where required, NBIF will assist the prize recipient with the incorporation process. In exchange for its investment, NBIF and the winning company will enter into a Simple Agreement for Future Equity (SAFE). This SAFE will have no interest accruing, a \$2,500,000 valuation cap, a 24-month term and a 20% discount on the next round of financing. As an example: this SAFE investment will be similar to the SAFE investment that was popularized by the Y-Combinator. If the investment is not completed within 6 months after the Breakthru: Newcomer Virtual Finale on May 20<sup>th</sup>, 2021, all rights to the investment will be forfeited at NBIF's sole discretion and, in such event, NBIF will have no obligation to complete any investment after that date.

### **3.2 Up to 5 seats in the Planet Hatch Newcomer Startup Accelerator**

Members of the winning team in each track will win seats in the follow-on accelerator for winning companies hosted by Planet Hatch. The winners will enter a post-competition accelerator with a total of over \$30,000 value of in-kind services. Acceptance and participation in the Planet Hatch Newcomer Startup Accelerator is at the sole discretion of Planet Hatch. All programming from Planet Hatch will be delivered in English only.

### **3.3 Support to apply for Permanent Residency for up to 5 co-founders and their immediate family, subject to the requirements of the Start-up Visa program**

Planet Hatch will assist the winning teams in applying for the [Start-up Visa Program](#). The Start-up Visa Program is for talented immigrant entrepreneurs wanting to launch their innovative business in Canada while gaining permanent residency for up to five co-founders and their families. Planet Hatch's Start-up Visa gets you to Fredericton (Canada's



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Startup Capital City) and working on building your business faster than any other entrepreneur-visa program, combining an expedited visa process with three months of intense business acceleration inside our incubation centre. Applicants' eligibility will be subject to the requirements of the Start-up Visa.

### **3.4 Up to 10 UNB Entrepreneurship Internship Awards (*Exclusively available to students registered at the University of New Brunswick*)**

Maximum 10 paid internship placements at Planet Hatch will be offered to the top placing UNB teams who intend to dedicate efforts full-time to their business venture throughout the duration of the Start Up Accelerator program taking place during Summer 2021. Internship placements will be approved at the discretion of the Office of Experiential Education at UNB. All programming from UNB will be delivered in English only. Participating students must meet certain eligibility criteria:

- Be a registered undergraduate or graduate student at the University of New Brunswick;
- Not be a current, active participant in another wage subsidy program;
- Commitment to attend Planet Hatch Newcomer Startup Accelerator and meet required weekly performance milestones set forth by Planet Hatch & UNB;
- Ability to dedicate 40hrs per week to advancing business venture during the program;
- Be legally entitled to work in Canada for the duration of the internship placement; and,
- Where possible, students are encouraged to leverage this opportunity to engage in curricular opportunities within their respective academic programs.

## **4.0 Competition Process**



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The competition replicates the process that an entrepreneur would undertake to solicit funds from outside investors. Therefore, judges (TBD) will act as investors, choosing the worthiest business venture for investment from a group of finalists.

In determining the prize recipient, the judges will evaluate the entire submission and assess the overall merits of the business model, the quality of the idea, the pitch, the virtual Q&A, and the capacity of management to execute on the proposed plan. Ultimately, the prize recipient will be the participant(s) who is best able to convey the merits of their business venture and their ability to execute on their plan to the judges.

The winner will be announced at the Breakthru: Newcomer Virtual Finale on May 20<sup>th</sup>, 2021.

To become a finalist who will have their pitch shown to the judges on May 20<sup>th</sup>, 2021 applicants will need to:

- 1) Submit an application with all the required information by May 2<sup>nd</sup>, 2021 (see Section 4.1)
- 2) Attend and learn from experts at the Bootcamp on May 14<sup>th</sup>, 2021 (see Section 4.2)
- 3) Submit a 12-slide pitch deck and 3-year financial projections by May 16<sup>th</sup>, 2021 (see Section 4.3)

Finalists will be selected by an internal review panel and notified by May 18<sup>th</sup>, 2021.

Selected finalists will present a 3-minute pitch and respond to a question-and-answer period of 10 minutes during the live Breakthru: Newcomer Virtual Finale event on May 20<sup>th</sup>, 2021.

#### **4.1 Application**



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Submissions must be received by NBIF no later than May 2<sup>nd</sup>, 2021 at 11:59 p.m., using [the online form](#) only. Paper or email submissions will not be accepted.

Each application must include a draft of your 12–slide pitch deck. As well, participants will be encouraged to submit headshots of all team members. The headshot will **NOT** be used for judging purposes. It will only be used to help judges identify participants, as it can be difficult to identify participants via video call.

An application will not be complete without the signature of each team member. If each team member is not able to sign electronically, missing signatures must be collected prior to attending the Bootcamp on May 14<sup>th</sup>, 2021. If NBIF has not received all signatures by that date, the team’s submission will be disqualified.

#### **4.2 Bootcamp**

Participants that have met the application criteria will be notified on or before May 5<sup>th</sup>, 2021. All selected participants are required to participate in a Bootcamp to be held virtually on May 14<sup>th</sup>, 2021. 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 finalist. Participants will learn business fundamentals from a number of experts and mentors in the business community.

#### **4.3 12–Slide Pitch Deck and 3–Year Financial Projections**

Following the Bootcamp, participants are given time to develop their 12–slide pitch deck and 3–year financial projections before submitting them for evaluation. The deadline to submit the 12–slide pitch deck and 3–year financial projections is May 16<sup>th</sup>, 2021.

Written submissions are comprised of the 12–slide pitch deck and the 3–year financial projections. It is required to be:



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- 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.
- A maximum of 12 slides. The title slide is excluded from the slide count.
- A maximum of 10 pages for the 3-year financial projections.
- In PDF format, not protected by password and without “Non-Disclosure” statements.

Note: Any slides or pages over the limit will not be posted or otherwise provided to the judges.

All pitch decks and financial projections will be reviewed to determine that the essential elements of the Pitch Deck Guidelines (Appendix 1) and Financial Projection Guidelines (Appendix 2) are included, respectively.

#### **4.4 Live Pitch and Q&A**

On May 20<sup>th</sup>, 2021 at the Breakthru: Newcomer Virtual Finale, the selected finalist teams will present a 3-minute pitch live to the judges and audience, which will be followed by a 10-minute live question and answer session led by the judges.

During the Finale, the judges will evaluate the degree to which the finalists have followed the suggestions in Presentation Guidelines (Appendix 3), as well as make their decisions based on:

- The clarity, persuasiveness and organization of the pitch;
- The degree to which the pitch concisely and accurately describes the proposed business venture as outlined in the slide deck and financial projection, and;
- The finalists' abilities to provide direct answers to the questions posed by the judges.



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Pitches are expected to be prepared by considering the following:

- Time limits will be enforced.
- Participants are responsible for ensuring that they have access to a computer with stable internet access that can run the video call software, as well as a camera and a microphone.
- May use presentation aids such as a PowerPoint, Keynote, demonstrations, or other suitable forms. However, participants are responsible for ensuring that all presentation aides can be seen and work with the video delivery method of the pitch.
- If the pitch contains significant graphics, sound effects and/or other extravagant content, finalists must advise the NBIF two days in advance to ensure that the presentation works properly during the Breakthru: Newcomer Virtual Finale. However, based on past experience, it cannot be guaranteed that significant graphics, sound effects 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 pitches containing extravagant or abnormal content.

## 5.0 TERMS AND CONDITIONS

**5.1** – By submitting an application and pitch deck 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 a SAFE investment 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



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In addition, prize awards are subject to the completion of satisfactory due diligence by NBIF. NBIF at its sole discretion reserves the right to purchase a convertible debenture instead of a SAFE on terms satisfactory to NBIF in its discretion.

**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. 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, including all materials, must be in English or French. Note: Certain prize programming is only offered in English. See Section 3 for full details.

**5.5** – 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, therefor forfeiting any rights under this competition, including the right to claim prizes awarded.

**5.6** – 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.

**5.7** – All pitch decks, videos, financial projections 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 requested by NBIF at any time.



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**5.8** - Participants have proprietary rights to their respective submissions, provided that each participant hereby agrees to NBIF making such number of copies of the pitch deck, video, financial projections, 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.

**5.9** - 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.

**5.10** - Due to the nature of the competition, NBIF will not ask judges, reviewers, staff, affiliated partners, 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 pitch decks, financial information, videos and other material submitted to its competition judges and organizers.

**5.11** - 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.



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**5.12** – Only successful participants will be notified of their eligibility to move on to the Breakthru: Newcomer Bootcamp and final pitch to the judges. NBIF has no obligation to return submissions.

**5.13** – Participant(s) from each submission selected to proceed to the Breakthru: Newcomer Bootcamp must participate in the event on May 14<sup>th</sup>, 2021, as detailed in Appendix 4 of this Participant Handbook. Failure to attend the preparation bootcamp 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).

**5.14** – NBIF and its affiliated partner judges 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.**

**5.15** – By entering this competition, each participant will be deemed to have waived any right of recourse against NBIF, its judges, volunteers, staff, and affiliated partners for any claims which may arise out of the participant’s involvement in this competition.

**5.16** – NBIF, judges, volunteers, staff, and affiliated partners 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.

**5.17** – 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



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development initiatives independent of this competition but will not otherwise disclose such personal information.

**5.18** – The rights of all video submissions are waived by the applicant and all participants. Videos may be edited, copied, exhibited, published or distributed and all rights are waived to inspect or approve the finished product wherein should the likeness appear. Additionally, any and all right to royalties or other compensation arising or related to the use of all videos submitted are exempt by the applicant. This material may be used in diverse educational settings within an unrestricted geographic area.



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## APPENDICIES

### Appendix 1 – Pitch Deck Guidelines

The pitch deck should provide a description of the proposed business venture and should serve to excite the reviewers and judges about the opportunity. For the purposes of this competition, it should not exceed a maximum of 12-slides. It is therefore essential that the deck is created concisely, purposefully, and accurately as well as in a manner that will pique the reviewer's interest, garnering support for the proposed business venture. While some text will be required to explain the proposed business venture, the pitch deck should also make use of photos, graphs and other visuals that add to reviewers' understanding. Participants must have the rights to use any content not created by the participant, and the content must be correctly sourced. Typically, the pitch deck 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 have a need for the product/service)
- Product or service description and regulatory environment
- The current state of development (e.g., beta, customer trials, etc.)
- Intellectual property status (e.g., Patent filings; trademarks, 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 – Financial Projection Guidelines

The financial projections should provide a high-level overview of the proposed business venture's potential revenue, expenses, and profitability. For the purposes of this competition, it should not exceed



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a maximum of 10 pages. Typically, the financial projections contain information on the following topics:

- Projected income statement, balance sheet and cash flow statements
- Projected cost of goods sold
- Potential revenue and expenses
- Projected breakeven point
- Opportunities for grants and other non-dilutive funding
- Information about any previous investors, non-dilutive funding, shareholder loans, etc.

### **Appendix 3 – Live Pitch**

The pitch is a 3-minute description of your business proposition. One member of your team will be required to present this pitch to the judges at the Breakthru: Newcomer Virtual Finale on May 20<sup>th</sup>, 2021.

The 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 the 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 investor pitch should contain the following essential elements:

- Concise: You only have three minutes, so conciseness is key in getting all the information listed above into your pitch.



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- Clear: Use language that everyone understands. Do not add fancy jargon or industry-specific terms. Your listener will not 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.