

***Victoria-Israel Science and
Technology Research and
Development Fund***

(VISTECH R&D Fund)



Explanatory Notes
(For Cooperation Form)

**Guidelines for Victorian Applicants on
completing the Cooperation Form**

**Israeli companies please refer to
<http://www2.matimop.org.il/1/foreign/vistech.asp>
for application forms**



State of Victoria



State of Israel

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Part 1: General Information

Part 1 provides a summary of the application and the applicants involved.

1.1 Project Title

Do not exceed 10 words

Note: If the application is successful, this title will be used by VISTECH in published material.

1.2 Acronym

Do not exceed 20 characters

1.3 Summary

Do not exceed 40 words - Provide a concise description of the product, process or service that you aim to develop, identifying how it will be innovative, and outline the key state benefits that will arise.

Note: If the application is successful, this description will be used by VISTECH in published material.

1.4 Main Technological Area

Outline the major technological innovation.

1.5 Budget amount being requested from VISTECH in Victoria?

What is the exact amount, in US\$, of grant being applied for by the Victorian company from VISTECH in Victoria?

1.6 Partners

The people involved in the project and their roles.

1.7 Start Date

Anticipated start date for the project

End Date

Anticipated end date for the project

Part 2: Project Outline

Part 2 provides more details about the project itself.

2.1 Description (1 Page)

Provide a concise description of the project including an overview of:

Expected achievements by the end of the current research period.

In particular address:

- The aim of the project,
- The end product, process or service that will arise from the project: its uniqueness its innovation, how will it satisfy market needs that are not met today, technological gaps,
- The technical and commercial reasons for undertaking the project,
- A brief outline of existing competition and the key innovations and technical features in your project that will differentiate it from other comparable products, processes or services.

2.2 Technological Development Envisaged (2-5 pages)

Note: This question relates to Evaluation Criteria 1. More information regarding Eligibility and Evaluation Criteria can be found in the handbook.

The Innovation

How things are done in this area today? What is the current state-of-the-art for the target markets? Include the following:

- The product concept? Sketches, diagrams and tables should be included where appropriate to help describe the innovation.
- The innovation and technical risk (or technical uncertainty) in your project. (If your project is predominantly early-stage commercialisation activities, you will need to describe the innovation and technical risk in the preceding R&D.)
- The limitations of current technologies in the market. Clearly identify how the innovation overcomes these limitations. (e.g. high cost, non-optimal performance, lack of attention to specific segments, size, non-conformance to standards)
- Is this a unique product? How will it differ from those on the market today? Who is the target market? Will it satisfy market needs that are not currently being met? Why will it be a success? What is the competitive advantage going to be?
- Which regulatory and technical standards are relevant to the developed product? Will the proposed product meet current and/or emerging standards?
- Are there any obligations to other government agencies, such as the OCS, or DIIRD, which have supported any part of the innovation development thus far?

Analysis of Problem

The purpose of this section is to establish a credible basis for the proposed program, with the intent of identifying specific problem areas which need to be overcome in order to achieve the program objectives. At the start of the VISTECH project, the companies are considered to be at Position A. By the end of the project, at the point of commercial readiness, the companies expect to be at Position B.

- What is position A? Indicate what prior work you have undertaken on the project to give an understanding of the stage the project is currently at.
- What is position B? (desired outcome) and what specific problems (e.g. technological breakthroughs, product integration, management of complex interdisciplinary project) must be overcome to reach Position B in line with the project budget and timetable?
- Provide details about required properties and functions of the end product as it will be used in the market environment. This is often referred to as the "spec. sheet". What market research has contributed to formulating the desired end product characteristics?
- Identify and describe challenges associated with realizing the required properties and functions. This should be an in-depth discussion of technological issues that must be addressed to achieve the program's objectives including resources required.

Proposed Approach

Milestone Table

Include a table which identifies the project milestones. Please attach a project work plan (e.g. Gantt chart) that sets out the project tasks and activities that will be completed in order to reach these milestones.

	<i>Milestone</i>	<i>Commencement date (dd/mm/yyyy)</i>	<i>Completion date (dd/mm/yyyy)</i>	<i>Eligible milestone expenditure (\$US)</i>	<i>Predominant activities</i>
1					
2					

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3					
4					
5					
6					
	<i>Total eligible project expenditure</i>				

Include an overview of the proposed effort:

- Describe techniques and methodology to be used for developing the product including relevant experience in developing similar products.
- Identify the main investigator undertaking the project. (A 2-page CV should be attached).
- Identify the equipment and facilities available to undertake the project.
- Discuss any technical or economic constraints.

Major Activities Table

For **each** of the milestones listed above, please provide a description of the major activities/key tasks, the principal technical challenges and difficulties involved in achieving each milestone, and the strategy for overcoming the technical challenges.

Identify and describe the key tasks necessary to the achievement of the project milestones. This is the heart of the technical part of the proposal, state the objective and contents of each task, the resources required and the company (or consultant or subcontractor) with primary responsibility for the task.

Note: There must be consistency in the numbers, names and assignment of the tasks listed here and those listed in the program plan and project budget.

- Define key measurable tasks to be carried out during the **development** phase of the project. Number and name of each of the tasks.
- Describe the specific approach that will be employed, i.e., how to get from Position A to Position B. Detail the specific techniques to be used to solve previously identified problems. For each task, provide supporting information which justifies the specific approach, where appropriate.
- Since the final objective is a product or process, tasks addressed should include compliance to standards (or why the product will not comply with relevant standards), prototyping, regulatory approvals, beta testing, exhibitions, marketing activities, documentation, etc. For those tasks relating to "testing", for example, details should be given as to what is to be tested, how many tests are needed, test objectives, test methodology, expected results, etc., rather than writing "tests will be performed".
- Discuss alternate approaches to resolving problems and the basis for selecting the preferred solution. If a preferred solution has not yet been identified, the various alternatives should be reviewed, along with their pros and cons.

Milestone 1:	
Description of activities	
Technical challenges	
Method of overcoming technical challenges	
Milestone 2:	
Description of activities	
Technical challenges	
Method of overcoming technical challenges	

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Milestone 3:	
Description of activities	
Technical challenges	
Method of overcoming technical challenges	
Milestone 4:	
Description of activities	
Technical challenges	
Method of overcoming technical challenges	
Milestone 5:	
Description of activities	
Technical challenges	
Method of overcoming technical challenges	
Milestone 6:	
Description of activities	
Technical challenges	
Method of overcoming technical challenges	

2.3 Market Potential and Commercialization Plan (2-5 pages)

Note: This question relates to Evaluation Criteria 2a. More information regarding Eligibility and Evaluation Criteria can be found in the handbook.

Market Potential

Although we are aware of the uncertainties implicit in predictions of future markets and possible competition for any new product or process, we need to be convinced that the companies have made a thorough analysis of the market and its current trends. Describe the market potential for your new product, process or service. Include an analysis of the market opportunity and the factors driving customer demand. In your discussion, provide details of market research, letters of support and contact with potential end-users.

- What is the global market size and growth rate for the developed product?
- What is the anticipated market share after 1-3 years of commercialisation?
- Include a sales forecast for the developed product. (Please indicate the sources employed in deriving forecasts.)
- What is the volume and total \$ value of direct sales revenue expected from the developed products over each of the first 3 years of commercialisation?
- Explain the target price for customer (unit), production cost (unit), competing product prices, and the business model.
- Which market needs are served? What is the basis for those market needs? Are either/both companies currently active in developing, manufacturing and selling similar types of products in this market?
- What performance features and selling price, and hence manufacturing cost, must be achieved to penetrate this market? Provide the basis for the manufacturing cost and enough information to enable the reviewers to determine the likelihood of achieving the target cost. How does this cost compare with other, similar products developed and sold by the companies? Identify key aspects of the technical development which could

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adversely affect realization of the target manufacturing cost and describe the fall-back options. If the product is part of a system not to be developed within the VISTECH project, indicate the leverage afforded for sales of the overall system by the proposed product and include a comparison of the manufacturing cost of the proposed innovation to that of the entire commercial system.

- How will the unit selling price change from the year of the product launch to subsequent years? A well-constructed series of tables is recommended, providing a full breakdown and explanation for Line S (Product Sales) of the Cash Flow Analysis. Additional pertinent market information, such as product brochures, expressions of interest from potential customers in the products or processes to be developed, marketing agreements, etc., should be included.
- What barriers, i.e., regulatory, might be encountered and how will they be overcome?

This is not a complete list. The companies should present whatever additional market information they consider relevant. The quantitative estimate of the above market size and share of the above revenue forecast should be summarized in the table below.

Calendar year:	20xx	20xx	20xx
Target market size for developed product (M\$):			
Estimated market share (%):	-	-	-
Estimated sales quantity (units):	-	-	-
Estimated representative unit price (\$/unit):			
Estimated sales revenue (K\$):			
Estimated cumulative sales revenue (K\$):	0	0	0

Mandatory input:

Optional (but recommended) input:

Competitive Advantage

Competition must be addressed.

- Provide a comparison of competitor companies and their products with your project outcome, demonstrating your strategic competitive advantage.
 - Who are they?
 - What are their products, performance and prices?
 - What are their weaknesses?
 - What are the applicant's advantages?
 - What does the competition do better?
- Provide an evaluation of the impact of competition on the commercialization of the proposed product.

Commercialization – Plans and Prospects - Product Manufacturing, Marketing and Sales Activities

In addition to a promising market potential, a solid commercialization program needs to be planned and implemented. Some of the questions to be discussed are:

- Outline your strategy to commercialise the outcome of the project including:
 - the estimated share of your target market you expect to achieve over time
 - your proposed manufacturing, selling and distribution arrangements
 - your pricing strategy.
- Explain the barriers to market entry and how you intend to overcome them. Will both companies be engaged in production? What are the existing manufacturing facilities and how can the proposed product manufacturing be incorporated into the existing infrastructure? If product manufacturing is planned to be outsourced to subcontractors, which of the two companies will have the major responsibility for the product manufacturing function? List a few potential manufacturing subcontractors that could be considered.

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- Which of the companies will be responsible for marketing, sales and sales support of the developed product and in which market regions? What are the current sales activities of the companies in the primary target regions for the proposed product?
- Do either or both companies currently have a suitable sales and service network? If there is such a network, it should be described. Alternatively, does such a network need to be created from scratch? If so, describe the process by which the companies plan to establish such a network and the resources required.
- Describe the minimum level of success required for the project to break even; and a sensitivity analysis showing how the profitability of a successful project varies with sales volume.
- Considering the maximum cash requirements based on the cash flow analysis, to what extent are the necessary resources – financial or other wise – available within the companies? If any additional resources will be required, how will they be mobilized? Describe all relevant potential sources.

2.4 Cooperation between Partners (synergies, particular advantages, etc.) (1-2 pages)

Please summarize here the projected mode and extent of cooperative activity.

The clear expectation of risk-sharing by both companies during the product development stage and during commercialization is central to VISTECH participation. An important factor in evaluating the proposal, therefore, is the extent to which the companies will share in the financial exposure of product development and introduction to the marketplace.

Equally important is the expected benefit to be derived by each company during product commercialization. The general nature of the planned revenue and profit-sharing arrangement between the two companies from sales of the developed product should be presented.

Please elaborate on the agreed-upon roles and risk/profit-sharing business relationship issues in the context of the agreement between the two companies.

Also address: Collaboration with other entities (besides the Israeli Partner)

Will there be any other organisations involved e.g. Research Institutes, Government bodies. Collaboration is a formal link between entities where key personnel from businesses and/or research organisations have a substantive involvement in the development and performance of the project, which surpasses the level of involvement that would normally be expected under a traditional fee-for-service relationship (i.e. collaboration goes beyond the normal arrangements that would exist with contractors).

Does the project involve establishing and/or maintaining some form of collaborative arrangement?

2.5 Expected Outcome of Project (1 page)

Outline the outcome of the project.

Note: Include your response to evaluation criteria 3 in this section. More information regarding eligibility and evaluation criteria can be found in the handbook.

Also of importance is the benefit to Israel and Victoria in the form of new export markets, new employment opportunities, new capital formation, productivity improvements, etc. Outline your project's benefits to Victoria – i.e. the benefits beyond those that will be captured by your company. Examples may include:

- increased international competitiveness
- enhancement of Victoria's productivity or economic growth (eg sales and employment)
- collaboration
- industry benefits

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- flow-on benefits through supply chains
- diffusion of knowledge
- environmental, health, safety, security and other community benefits

Complete a benefits table as shown in the example below:

<i>National benefit indicator</i>	<i>Measure</i>	<i>Success criteria (how and when the benefit will be achieved)</i>
<i>Example only</i> <i>Improve national productivity or lead to economic growth</i>	<i>Generate new employment opportunities</i>	<i>The company expects to create employment for 10 engineers within 12 months of project completion.</i>
Improve national productivity or lead to economic growth		
Diffusion of knowledge, skills and know-how		
Societal, community or ecological benefits		
Flow-on economic benefits to the applicant industry, local community or supply chain		

2.6 IP Ownership Arrangements (1 page) (please include a separate signed "letter of intent")

Please provide information about your intellectual property strategy.

- Does your project depend on access to patented or otherwise protected intellectual property? (Trade secrets, Copyrights, Licences). If so, please indicate whether you developed and own this intellectual property or, if developed elsewhere, the arrangements you have in place to access it? How will you protect any project intellectual property necessary for successful commercialisation?
- How will IP be shared between the parties involved in the project?
- If available provide documents to substantiate your IP position.

Part 3+(b): Work plan for Each Partner

(This part must be completed by both partners – effectively detailing the information from both Victorian and Israeli partners in a project to detail their respective roles and activities.)

3.1 Partner Contact Details

3.1.1 Organisation Name

3.1.2 Organisation Address

3.1.3 Contact Person Data

3.1.4 Website

3.1.5 Organization Background

Note: This question relates to Evaluation Criteria 2b. More information regarding eligibility and evaluation criteria can be found in the handbook.

3.2 Description of the Partner's Work and Outcomes

For each of the Companies:

- Describe the company history and future direction, and how the project fits with your overall business strategy.
- Outline your track record in commercialising and marketing innovative products, processes or services.

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- Outline how your company has performed in recent years (discuss in terms of growth, turnover and profitability). Explain reasons for significant changes in any of these indicators. If your company has little or no trading history, include the individual achievements of your management team.
- Provide examples of innovation undertaken by your company (or key personnel), and describe the technical and commercial results achieved. Discuss commercial results in terms of annual sales figures and their growth over time, and the project's contribution to the company's profitability.
- Please comment on the outcomes of any previous innovation projects funded by government grants.

3.3 Contributions to the Project

Note: This question relates to Evaluation Criteria 2b. More information regarding eligibility and evaluation criteria can be found in the handbook.

Please provide information about each of the companies, including the following:

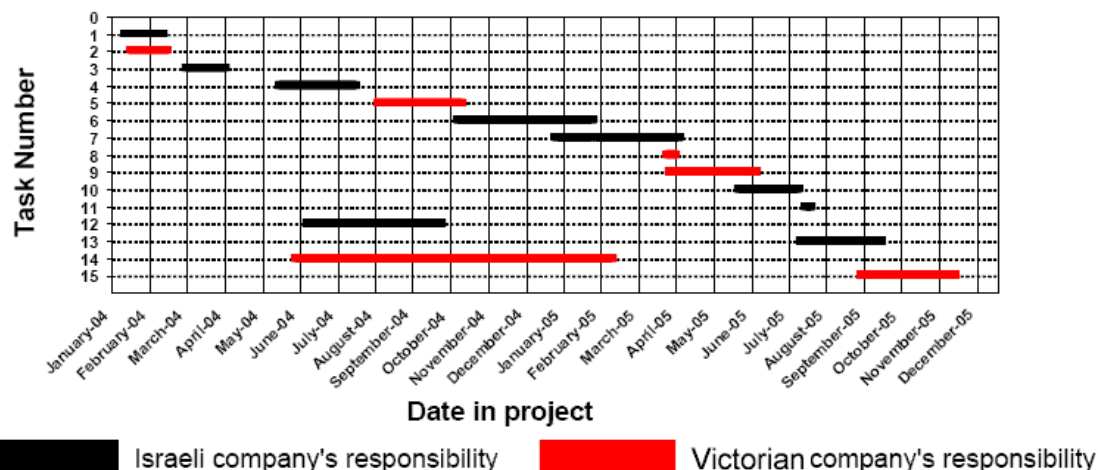
- Main contribution of the partner to the project.
- The degree to which the proposed project can be absorbed into the existing structure of each company. To what extent are the staff, equipment, facilities, etc., available for the project? Identify the need to hire staff, obtain (purchase, lease or rent) capital equipment, or expand manufacturing operations.

3.4 Partner's Work Plan

The Program Plan should consist of a chronological schedule of program activities, defined as tasks and presented in graphical form (as a Gantt chart).

- The chart should indicate clearly the estimated time required for the completion of each task, as well as timelines for achievement of milestones.
- The tasks listed here should coincide with those described above, both in assigned number and name.
- The plan should encompass the entire duration of the development program and should include all activities that must be performed until the commercial readiness stage.
- The plan must show which company will be responsible for each task. If responsibility will be shared, include the % of the overall responsibility assigned to each company, including estimates of the number of full time worker hours to complete each task.
- If the Program Plan comprises several pages, a one page summary Gantt chart must also be submitted. The employment of a Gantt chart generated using Microsoft Project® is strongly encouraged, although not compulsory. An example of a simple, yet satisfactory Gantt chart with respect to the required level of detail is illustrated below:

Program Plan (GANTT)



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Note: Should the project be approved, the Program Plan will be incorporated into the Project Funding Agreement and will be used by VISTECH in monitoring project progress.

3.5 Partner's Budget and Resources

Please show the sources and amounts of funding for the project
Explain how each applicant will fund its share of the project costs, taking account of both eligible and ineligible expenditure (See Handbook Section 2.4 for more details) involved in undertaking the project. (The applicant will need to provide satisfactory evidence of all funding sources.)

Note: The applicant can only source a small part of its share of project costs from in-kind (non-financial) contributions. In addition, non-Victorian government funding sources can be used as matching funding (subject to their restrictions). Eligible Government funding sources include Commonwealth, non-Victorian states, local or international government agencies or programs, the Australian Research Council, universities, or Cooperative Research Centres.

Please include budget and cash flow statements as attachments (see format on VISTECH website).

3.6 Other Sources of Financial Support Related to Proposed Research

Part 4: Signature of each Partner
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