



**HIGH IMPACT PROGRAMME 2 (HIP2)**  
**GUIDELINES TO APPLICANTS**

**ISLAMIC INNOVATION CHALLENGE 2019**

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# **HIP2 CONCEPT TO COMMERCIALISATION GAP FUND (CCGF) GUIDELINES TO APPLICANTS**

## **1. INTRODUCTION**

HIP2 Concept to Commercialisation Gap Fund (CCGF) is intended for assisting local Small & Medium Enterprises (SMEs) to fill in the early stage innovation development finance gaps in the funding landscape and accelerate the development and commercialisation of innovative, market driven products/solutions/services as well as increasing the creation of Intellectual Property Rights for commercialisation.

## **2. OBJECTIVE**

The objectives of CCGF are as below:

- a. To support the development of new technologies or further develop existing technologies through 'filling in the gaps' when specific market barriers stop good innovations from reaching the market;
- b. To support the development of new technologies or further develop existing technologies for the creation of new businesses and generation of economic wealth for Malaysia;
- c. To undertake market driven R&D towards commercialisation of R&D outputs;
- d. To encourage institutions, local companies and inventors to capitalise their intellectual works through Intellectual Property (IP) commercialisation;
- e. To stimulate the growth and increase capability and capacity of Malaysian technology-based enterprises.

## **3. ELIGIBLE APPLICANTS**

The eligible applicants are:

- a. Small and Medium Enterprises (SMEs) - including Start-ups and micro enterprises.
- b. Specific projects (as identified from time to time by PlaTCOM) from universities and research institutes where the project can be readily

licensed to an SME for the completion of the next phase of commercial development.

#### **4. ELIGIBILITY CRITERIA**

- a. All companies must have a minimum of 51% equity held by Malaysian citizens;
- b. The applicant must be an SME as per the SME definition formulated by SME Corporation Malaysia (<http://www.smecorp.gov.my/index.php/en/policies/2015-12-21-09-09-49/sme-definition>);
- c. Applicant or collaborator under the small and medium company category must have minimum paid up capital in cash of RM10,000;
- d. None of the company directors or project team members have been convicted of any fraudulent activities or the company been declared bankrupt, under liquidation or placed under receivership;
- e. The proposed project must contain elements of technological innovation leading to commercialisation of innovative products, processes and services;
- f. There is no restriction as to where the proposed project is in the commercialisation process; however, it must be demonstrated that the innovation has stalled due to lack of funding to cross a specific market barrier;
- g. The project leader and team members must be competent to undertake the proposed project. The resume and supporting documents of the project leader and each project team member must also be submitted;
- h. The company must be able to demonstrate the availability of the full matching funds in cash to support the project upon successful admission into the High Impact Programme 2 (HIP2).

## 5. SCOPE OF FUNDING

The Concept to Commercialisation Gap Fund (CCGF) will cover:

Component of funding	
I	Proof-of-concept (POC) and prototype development
II	Productisation (industrial prototype development or redesigning)
III	Licensing support
IV	Testing & validation
V	Regulatory
VI	Technical assistance (Consultancy)
VII	Sector-specific market intelligence
VIII	Incubation services

The total maximum limit funding per company is **subject to the discretion of the HIP2 Steering Committee and for project timelines of up to 18 months. This grant will not fund 100% of project costs, and the company must bear a minimum of 30% of the project cost eligible under the following funding components.**

Further descriptions of the component of funding are as follows:

i. **Proof-of-Concept and Prototype Development**

Proof-of-concept refers to the body of evidence (mostly a working prototype) that needs to be produced in order to prove that the invention actually works. For many inventions, proof-of-concept can take place at two occasions along the commercialisation value chain. The first occurs at very early stages from idea to proof-of-concept where a 'research-grade' prototype is produced (mostly within the university or the research institute). The second occasion is when the 'research prototype' needs to be redesigned to an 'industry prototype' that can be

actually scaled up and sold in the market. The fund will address both stages but under different categories. The 'research prototype' will be funded under the 'Proof-of-Concept and Prototype Development' category and the 'industry prototype' under the 'Productisation' category as described below.

**ii. Productisation**

Productisation refers to the process of taking the 'research prototype' and designing in all the details to ease manufacturability and lower costs, and can also include any changes to make the product more sellable or appealing to the market. Thus the 'research prototype' is transformed into an 'industry prototype' that may or may not be further refined further down the commercialisation value chain through testing and validation, regulatory certification and customer feedback once the product hits the market.

**iii. Licensing Support (in-licensing)**

In-licensing is the mechanism by which SMEs acquire Intellectual Property Rights (IPRs) from external research organisations such as universities and public research institutes as well as other entities (such as other SMEs, large companies and MNCs). The acquired rights for the IPRs are used for developing new products or improving existing products that confer the licensee SME to gain a competitive advantage.

**iv. Testing and Validation**

Testing and validation is the process of ensuring that a design meets requirements. Testing (also called 'verification') confirms that products properly reflect the requirements specified for the ensuring that 'you built it right'. Validation confirms that the product, as provided, will fulfil its intended use ensuring that 'you built the right thing'. The risk of unexpected bottlenecks can be reduced if testing and validation services can be identified and accessed early on during the product development process.

v. **Regulatory**

Compliance with state, local and federal regulations is critical in obtaining certification for marketing and distribution of new products and services. Most products fail in the Malaysian market due to the lack of awareness in regulatory certification bodies and the process by which certification can be obtained.

vi. **Technical Assistance (Consultancy)**

SMEs in-licensing IPRs may need technical assistance from elsewhere to integrate the in-licensed IPRs into their new or existing products under development. This can be sourced from universities, external consultants (local or overseas) and other experts. The usual route by which technical assistance is obtained is via consultancy.

vii. **Sector-Specific Market Intelligence**

Provision of access to specialised sector-specific market data and market information services including market intelligence reports, business models, specialised training in order to help the SME to strategise their business model and thereby maximise the chances of commercial success through thorough planning. Such intelligence would enable the companies to make informed decisions as well as to identify any unexpected market challenges.

viii. **Incubation Services**

Business incubation provides SMEs and start-ups with the ideal location to develop and grow their businesses, offering everything from virtual support, rent-a-desk through to state of the art laboratories and everything in between. This fund can be used to pay the fee and expenses required under incubation services throughout the project duration.

## 6. Application Process

The process is divided in two phases. Phase 1 will screen, assess and discard those applications that do not meet the eligibility criteria and will return any incomplete applications to be re-submitted within 10 business days. During Phase 2, applications duly completed as per PlaTCOM's requirements will be processed on a **first-come-first-served basis**. The duration of application process will be dependent on the existing pipeline of companies that are being assessed as well as the time taken for the applicant to submit complete details and information to PlaTCOM with supporting documents in the form of a complete application ready for PlaTCOM's internal assessment. The support of external 'subject matter experts' will be sought when the technical aspects of the innovations span beyond PlaTCOM team expertise.

### Project Screening Process

#### I. Phase 1 – Pre-Screening and Assessment:

PlaTCOM will conduct an initial assessment of each application. Based on the outcomes of the above analysis, the applications will be accepted for Phase 2 analysis or rejected due to lack of technological/business innovation or commercial potential.

#### II. Phase 2 – In-Depth Screening and Assessment:

The companies to be funded by CCGF will be selected on the strength of the following aspects during Phase 2 of the screening process:

##### i. Company background

- a. Background search
- b. Management team and track record
- c. Financials
- d. Previous/existing innovations

##### ii. Innovation

- a. Technology - Technical aspects in terms of the strength of science, know-how and other business aspects
- b. Intellectual Property (IP) Landscape - Strength of IP in terms of novelty, inventive step and industry application

- c. Market Landscape - Market intelligence, market research, competitor analysis, competing technologies, regulatory hurdles, market dynamics
- d. Quantum of funding – An assessment of the total quantum of funding required to move the innovation to the market
- iii. Business summary
  - a. Commercialisation strategy
  - b. Marketing strategy
  - c. Existing sales and distribution channels/lined up buyers/customers

### **Recommendation and Approval Process**

- I. PlaTCOM Project Manager will make a specific recommendation (accepted/rejected), which will be assessed internally by the PlaTCOM team. This is followed by a presentation to the internal due diligence and assessment team of PlaTCOM of the approved projects. The Steering Committee consisting of members from the Senior Management of Agensi Inovasi Malaysia (AIM) and SME (when necessary) will make the final decision on the successful companies to be admitted to the programme.
- II. Upon approval, each successful company admitted to the programme will be notified and will be obliged to sign an agreement that outlines the commitment expected from the companies in commercialising the innovation undertaken.

### **Execution**

A PlaTCOM Project Manager will be allocated for each company that is funded by CCGF/admitted to the HIP2 programme. The Project Manager is responsible for providing end-to-end facilitation services to the company in moving its innovation seamlessly from one stage to the next in the commercialisation value chain.

## **7. FOCUS AREAS**

This fund focuses on the following areas:

- a. Life sciences
- b. Computer sciences and information and Communication Technology (ICT)
- c. Agriculture Sciences / Agricultural Engineering
- d. Environmental Sciences
- e. Advanced Material Science
- f. Chemical Sciences
- g. Physical and Mathematical Sciences
- h. Engineering
- i. Medical and Health Sciences, and
- j. Social Sciences and Humanities
- k. Any other areas where technological/business innovation is demonstrated

## **8. FUND AGREEMENT**

- a. CCGF Agreement of approved project will be signed between PlaTCOM and the Applicant/Company detailing the terms and conditions of funding. The agreement is to be signed by the Applicant within 60 days upon receipt of Letter of Acceptance from PlaTCOM, failing which PlaTCOM has the right to revoke or terminate the Agreement.
- b. The Applicant must submit to PlaTCOM the following documents prior to the execution of the CCGF Agreement:
  - i. Collaboration Agreement between the Applicant and collaborator(s) defining among others, the scope of work and contribution of the collaborator(s) (if applicable).
  - ii. Technology Transfer Agreement between the Applicant and the technology provider (if applicable); and
  - iii. Consultancy Agreement between the Applicant and consultants defining among others the scope of work and contribution of the consultant(s) (if applicable).

- c. The CCGF Agreement shall preclude any other arrangements by the Applicant which are not declared in the Agreement. During the project, amendments may be made to the Agreement with the written consent of PlaTCOM and the Applicant.
- d. **The company undertakes the payment of mandatory stamp duty fees upon signing the CCGF Agreement.**

## 9. FUND DISBURSEMENT

- a. Payment will be made in stages according to the terms of the Award of the CCGF.
- b. Disbursement of the fund will be made based on the work completed in the project according to the predetermined milestones and completion of due diligence by PlaTCOM.
- c. An **upfront payment** will be disbursed upon execution of the CCGF Agreement, and the subsequent payments will be disbursed on milestones achieved upon completion of due diligence exercised by PlaTCOM on **reimbursement basis**.
- d. The upfront payment should strictly be used to cover activities to achieve the first milestone.
- e. PlaTCOM has the absolute discretion for the review of the grant approval or the aggregate amount to be paid to the company for the project.

## 10. PROJECT MONITORING AND EVALUATION

- a. Project awarded the CCGF will be monitored and evaluated by the PlaTCOM Project Management Team to ensure that the criteria is adhered to accordingly.
- b. PlaTCOM Project Manager will conduct a mandatory quarterly meeting with the company to assess project progress and identify any delays/barriers or further assistance needed by PlaTCOM.

- c. PlaTCOM reserves the right to suspend or withdraw the support if there is noncompliance with the criteria. The recipient is required to submit all supporting documents as specified in the CCGF Agreement.

## **11. INTELLECTUAL PROPERTY (IP) RIGHTS**

- a. The IP generated under this grant is encouraged to be protected by the suitable IPR protection.
- b. The IPR of the project shall be wholly owned by the Applicant.

## **12. APPLICATIONS AND SUBMISSION**

- a. Applications are open throughout the year and will be processed on a first-come-first-served basis. Information on the CCGF is available in PlaTCOM Website ([www.platcomventures.com](http://www.platcomventures.com)). Applicants can obtain the application forms via a request email to [info@platcomventures.com](mailto:info@platcomventures.com)
- b. All applications/enquiries pertaining to CCGF should be directed to;

**PlaTCOM Ventures Sdn Bhd**  
3501, Level 3, Quill Building 3,  
Jalan Teknokrat 5,  
63000 Cyberjaya,  
Selangor, Malaysia  
T: 03-8319 3116  
E: [info@platcomventures.com](mailto:info@platcomventures.com)