

Startup SG Tech FAQ

A. Eligibility

1. What are the eligibility criteria under Startup SG Tech?

The Startup SG Tech is primarily aimed at startups that are registered or incorporated in Singapore and physically present in Singapore. Principal Investigators (PI), as well as Research Scientists and Engineers (RSEs) from public sector research organisations are also considered for funding under POC Phase of the Startup SG Tech.

Apart from PIs and RSEs, other applicants under the Startup SG Tech must meet the following eligibility criteria:

- I. The Applicant-company must be an SME. An SME is defined as a company with:
 - a) At least 30% local shareholdings; AND
 - b) Company Group annual sales turnover of not more than S\$100 million; OR
 - c) Company Group Employment size of not more than 200 workers.
- II. The Applicant-company should have been established for 5 years or less at the time of grant application.

2. Can sole-proprietors or LLPs/partnerships apply?

The Startup SG Tech applicant should be a company that is incorporated as a Private Limited entity.

3. My company has been incorporated for more than five years. Is it still eligible for Startup SG Tech?

Startup SG Tech is aimed at catalysing new or early stage technology startups in technology development and commercialisation. For other areas of grant support, including technology adoption, local SMEs could consider ESG's Capability Development Grant.

4. Can subsidiaries of established SMEs be supported?

No. This scheme provides early-stage funding support for companies not more than five years old from incorporation date, has minimum 30% local equity and group sales turnover not exceeding \$100mil OR group employment size not exceeding 200.

5. Can I apply for the Startup SG Tech grant for more than one project?

Applicants are advised to submit one project proposal at a time, as resources and the ability to undertake multiple projects are important considerations for companies embarking on commercialisation projects.

6. Can I apply for Startup SG Tech if I have already received a grant from another government agency?

You may do so if the previous funding received was for a different project scope and development activities, i.e. the entrepreneur / startup may receive a government grant for project A; while the Startup SG Tech grant is for project B.

7. Can I apply for both Startup SG Tech and CDG to support my project progression?

Companies can choose to apply for both at the same time, but the same project scope can only be supported by one programme. Entrepreneurs / startups are recommended to discuss their project scope and commercialisation plans with a ESG officer prior to submitting an application.

8. Can I seek investments while applying for Startup SG Tech? Will it affect the assessment?

As the objectives for exploring investment and grants are different, the company can seek investments while applying for Startup SG Tech. It will not affect the assessment.

9. My earlier proposal was rejected; can I re-apply with the same proposal this year?

Applicants who wish to re-apply for Startup SG Tech based on a previous proposal can do so only after they have adequately addressed the issues or concerns highlighted for the rejection.

10. My patent is registered overseas and I want to set up the business in Singapore, making use of the overseas patent. Can I apply for Startup SG Tech?

Foreign registered patents can be considered as long as the application meets the eligibility criteria.

11. My company is registered overseas, I intend to bring my technology from overseas and commercialise it here, with Singapore as the headquarters. Can I apply for Startup SG Tech?

You can apply for the Startup SG Tech grant if you are able to show economic value for the entity in Singapore (e.g. hiring, R&D activities, core management team in Singapore, manufacturing operations). The future IP(s) generated through the project would also need to be owned/ assigned to the Singapore entity. You will also need to meet the standard eligibility criteria.

12. What are the differences between POC (Proof-of-concept) and POV (Proof-of-value)?

A Proof-of-Concept (POC) project involves the development of viable technological ideas/concepts. A successful POC should demonstrate technical viability and a high degree of commercial readiness. POC is typically further away from the market and the entrepreneur needs to undertake significant development to prove that the technology or idea would work.

POC should not cover development areas which are deemed too early-stage, for example: basic research, generation of pure scientific and technological knowledge, and the development of research ideas, hypotheses and experimental designs without application.

A Proof-of-Value (POV) project, on the other hand, builds on a technology or idea that has been proven to work (i.e. the technical feasibility is established). It could have resulted from a POC project, allowing the startup to undertake further development, including a working prototype. This will allow the startup to validate the commercial merit of the product/solution by seeking reference customers or external funding from 3rd party investors.

13. Do I need to undertake a POC first for my project before applying for POV?

No, this is not necessary. Interested applicants may apply directly for the POV grant, as long as your proposal submission meets the development and commercial scope of POV.

14. Can I apply for both POC and POV if I'm not sure which stage is most applicable? Will the panel help me to change the application if I submitted for POC while my project is more suitable for POV?

Prior to your official application, you're strongly advised to discuss the intended project with a ESG officer to find out if your project is suitable for POC or POV application. After the preliminary discussion and assessment, the officer-in-charge would be better able to advise you on the appropriate stage of development. The Final Evaluation Panel will make the final decision if your project should receive a POC or POV support.

15. Can I apply for Startup SG Tech if the project has already started?

The project must not have commenced at the time of application (i.e. the date of the proposal submission to ESG).

For applicants/startups that want to start their project prior to the confirmation of the Startup SG Tech grant award, you can do so upon the submission of the project proposal/application. However, applicants are advised to have other means or resources to follow-through, should their application for the Startup SG Tech grant be unsuccessful.

B. Evaluation

1. How long do I have to wait to know the results of my submission?

Applicants will be informed of the outcome of their proposal submission at the end of each stage of evaluation for both POC and POV.

For both POC and POV projects which have passed/cleared all three stages, it takes approximately three months from the date of submission to the issuance of the letter of offer for the Startup SG Tech grant.

2. I am applying for a POC, and not a POV grant. Do I need to address the commercial merits of my project at POC stage?

Yes. The intent of the Startup SG Tech is to help entrepreneurs bring good technology and ideas to the market. It is important for the entrepreneur / startup to highlight the commercial potential and commercialisation plans for the project even at the POC stage.

3. Who will evaluate my proposal in stages 2 and 3? How do I know that they are qualified to assess my project?

Stage 2 is evaluated by external technology and commercial consultants. Our partners include the Infocomm Media Development Authority of Singapore (IMDA), PUB - Singapore's national water agency, and the Agency for Science, Technology and Research (A*STAR).

The final panel in Stage 3 comprises of representatives who are closely involved in the tech startup ecosystem, such as industry/MNCs executives, venture capitalists, professors and researchers from institutes of higher learning or research institutes, and government agency representatives.

4. Not all projects are able to provide quantifiable and measurable outcomes. Can qualitative measures be accepted?

Specific qualitative measures are considered as part of the evaluation process. However, to minimise ambiguity when qualitative measures are used, applicants are advised to provide a measurable outcome or a deliverable indicator. This is necessary to facilitate the verification of project milestones/deliverables when disbursing the grant.

5. My product/solution's advantages are difficult to quantify. Can I provide qualitative comparisons to competitors?

Qualitative comparisons can be accepted. However, they should be as specific as possible to allow our assessors make the assessment.

6. Will the panel disclose my project? Can applicants sign NDAs with 3rd party/external evaluators or ask evaluators to sign an NDA?

Forms of non-disclosure protection have been established with the Stage 2 and 3 Evaluators. They will not sign separate NDAs with applicants/companies.

Ultimately, the onus is on the companies to exercise discretion, and to provide sufficient information about proprietary know-how/IPs/technology development to allow the panel to perform the evaluation.

7. What preparation will I need for the stage 3 panel evaluation?

Should a company successfully clear the first two stages of evaluation, a ESG officer will work with the company to prepare for the final panel presentation.

C. Focus Areas

1. Is there a specific focus or area(s) of technology preferred for Startup SG Tech applications?

Startup SG Tech is geared towards supporting potentially disruptive technologies in emerging scientific fields. Please refer to the Startup SG Tech website to get a sense of the focus areas.

2. My project does not fall into any of the technology areas listed, can it still be supported?

The technology areas listed are for reference and serve as a general guide. Applicants are encouraged to discuss the proposal with a ESG officer, to determine if the project would qualify for Startup SG Tech.

D. Intellectual Property, Patent and Freedom-to-operate

1. I have a technology that is licenced from another research firm. Can I use this technology to apply for Startup SG Tech to do further research?

Yes. The application will be subject to the same eligibility criteria and project suitability.

2. I am planning to file a patent. Must it be completed before I apply for Startup SG Tech?

Applicants can apply before the patent is filed. However, ESG strongly encourages Startup SG Tech applicants to pay attention to building a sound IP strategy/plan. A good IP/patent strategy enhances the defensibility of the product/solution to be commercialised and reduces the risks of potential infringement.

3. Can the project be supported if no patents are expected?

An FTO study is not a requirement. It would, however, help to strengthen the proposal especially for the development of a product/solution in an IP-crowded space. For some cases, where the IP situation is unclear, or is extremely competitive, ESG may request for such a study to be conducted. The FTO study should come as part of the IP landscape studies done on similar IPs to identify potential IP infringements that require cross-licensing and how the company can address these issues.

4. I can't share details of my innovation as the patent application has not been filed. Can I still apply?

While the company might have confidentiality concerns over sharing proprietary technology innovation, the company should disclose sufficient information for a comprehensive evaluation of the technological and commercial merits for Startup SG Tech. The onus is on the companies to exercise discretion when providing the necessary information about proprietary know-how/IPs/tech development to allow the Startup SG Tech assessors to perform the evaluation.

E. Project Phase

1. Do I get money upfront to support my project?

For projects approved by ESG, a portion of the grant awarded could be disbursed from the onset to help kick-start the development.

However, companies are expected to have adequate financing resources to ensure that they have the ability to see through the entire commercialisation process.

2. How does the award model work?

From the Pre-Requisite milestone, 20% of the grant will be disbursed. This will allow successful awardee companies to kick-start the project and ease the initial cash-flow situation. Subsequent disbursements of funds are tied closely to completion of project milestones.

3. What is the disbursement process?

The disbursement will be made in tranches. Grants will only be given when the pre-agreed milestone has been met. To verify the completion of milestones, site visits and progress reports may be conducted or required.

The company is expected to have proper book-keeping of accounts, receipts/invoices, and documents to prove that the milestones have been reached

4. Can project milestones be changed after the grant has been awarded?

Given that the milestones would have been endorsed by the Startup SG Tech panel of evaluators, changes to project milestones are discouraged.

However, we do understand that project milestones may need to be revised due to developmental challenges or external environmental shifts during the course of the project. Such changes need to be strongly justified with valid reasons and supplemented with a revised developmental plan. This is subject to ESG's approval on a case by case basis.

5. Can the project duration be extended?

While project duration may be subject to changes due to unforeseen circumstances, such changes need to be strongly supported by valid reasons and are subject to ESG's approval.

6. What if the project fails to meet deliverables?

Depending on the circumstances of the project, there could be an extension of the project duration to allow the company to overcome the challenges and issues.

In certain cases, the project may be terminated if the company shows persistent inability to complete the project milestones.

F. Share Subscription by ESG

1. What is the rationale behind ESG's share subscription rights?

Startup SG Tech includes an equity component to cultivate greater financial discipline and a growth-oriented mindset that is aligned to successful venture-backed startups.

2. What is the implication of a Share subscription by ESG?

The Startup SG Tech will include share subscription rights of 50% of the awarded grant to ESG or its appointed nominee, up to 49% of the total shareholding of the company. The share subscription rights will be exercised when a qualifying equity financing round occurs. ESG or its appointed nominee will seek to divest at the subsequent equity financing round.

3. What is the definition of an equity financing round?

“Equity Financing” means a bona fide transaction or series of transactions with the principal purpose of raising capital from any corporate investor, where such corporate investor is a venture capitalist, accelerator or other similar corporation.

4. Who is the appointed nominee of the rights to shares?

The company shall issue share rights to Seeds Capital or any other nominee that ESG appoints.

G. Others

1. What is the difference between the former Technology Enterprise Commercialisation Scheme (TECS) and the current Startup SG Tech?

The scheme objectives of the former Technology Enterprise Commercialisation Scheme (TECS) and the current Startup SG Tech remain the same.

There are 3 main changes:

- I. To provide successful applicants with greater flexibility in the use of funds, the grants will be awarded upon the completion of each milestone; unlike the previous method of reimbursement;
- II. To maintain financial discipline, startups would be required to inject an increase in paid-up capital of 10% and 20% of the grant for POC and POV respectively. This replaces prior restrictions on the supportable costs. The grant cap for POC will remain at \$250,000 and POV at \$500,000.
- III. Startup SG Tech will also include an equity component to cultivate greater financial discipline and a growth-oriented mindset that is consistent with venture-backed startups.