

CHAPTER 102
INFORMATION TECHNOLOGY JOINT VENTURE FUND

261—102.1(82GA,HF829) Authority. The authority for establishing rules governing the information technology joint venture fund under this chapter is provided in 2007 Iowa Acts, House File 829, section 1(4).

261—102.2(82GA,HF829) Purpose. The purpose of the information technology joint venture fund is to provide financial and technical assistance to encourage joint venture development of targeted IT innovations. The primary purpose of this program is to encourage Iowa IT user companies and Iowa software product companies to work on joint research and development programs to commercialize specialized IT products and services.

261—102.3(82GA,HF829) Definitions.

“*Board*” means the Iowa economic development board established in Iowa Code section 15.103.

“*Committee*” means the technology commercialization committee created by the board pursuant to Iowa Code section 15.116.

“*Department*” means the Iowa department of economic development.

“*Fund*” means the information technology joint venture fund.

“*IP*” means intellectual property.

“*IT*” means information technology.

“*NAICS*” means North American Industry Classification System.

“*Targeted IT innovations*” means those technologies which have commercial potential, although the generators of the technology do not wish to further commercialize the innovation themselves.

261—102.4(82GA,HF829) Program funding.

102.4(1) The maximum award shall not exceed \$100,000 for a single project.

102.4(2) Funds may be used for applications development, software, materials, supplies and equipment, creation of marketing materials, legal and consulting costs, or other business expenses deemed reasonable and appropriate.

102.4(3) No program funds shall be used for university overhead expenses or for any work that was conducted by an applicant company or any third-party consultant prior to the term of the contract.

102.4(4) Financial assistance shall be awarded to projects that will result in technologies being developed as commercial products for sale by Iowa companies rather than as custom applications for proprietary use by a participating firm.

102.4(5) The forms of financial assistance may consist of, but not be limited to, loans, forgivable loans, grants and such other forms of assistance the board deems appropriate and consistent with the needs of a given project.

261—102.5(82GA,HF829) Matching funds requirement. In order to receive financial assistance, an applicant must demonstrate the ability to secure two dollars of nonstate moneys for every one dollar received from the department.

261—102.6(82GA,HF829) Eligible applicants.

102.6(1) Eligible applicants must be classified within and are limited to the 2002 NAICS codes for the following targeted industries:

- a. Biosciences.
- b. Information technology.
- c. Advanced manufacturing.

102.6(2) Eligible businesses must be technology-based and sufficiently innovative to provide a competitive advantage in the marketplace and have the potential for significant, high-performance growth.

102.6(3) Businesses applying for assistance shall be located in, or shall have relocated to, and shall be primarily domiciled in Iowa prior to the receipt of program funds.

261—102.7(82GA, HF829) Ineligible applicants. A business which closes or substantially reduces its workforce by more than 20 percent at existing operations in order to relocate substantially the same operations to another area of the state is ineligible for 36 consecutive months at any of its Iowa sites from the date the new establishment opens.

261—102.8(82GA, HF829) Application and review process.

102.8(1) An eligible business must submit an application for financial assistance, in the form specified by the department, to the Iowa Department of Economic Development, Innovation and Commercialization Division, 200 East Grand Avenue, Des Moines, Iowa 50309. Required forms and instructions are available at this address or at the department's Web site at www.iowalifechanging.com.

102.8(2) To apply for financial assistance from the fund, a business shall submit an application to the department, in the form specified by the department, on behalf of both the IT user company and the IT provider company. The application will be reviewed by department staff, the committee and the board. The committee will make a recommendation to the board regarding an application. The board has final decision-making authority on requests for financial assistance from the fund. The board may approve, defer or deny an application.

102.8(3) An application for financial assistance shall include all information required by the department including, but not limited to, the following:

a. Proposed approach. A description of the ownership structure of the IP, the experience of those involved in the proposal, and the company resources.

b. Market research. A market research analysis that addresses questions such as:

- (1) What are the competing or alternative technologies?
- (2) What is the advantage of this new approach?
- (3) What are the distribution plans?
- (4) What is the estimated return on investment?

c. Commercialization. A description of the key next steps to making an impact with the innovation and a description of the need for funding to overcome obstacles to success.

d. Work plan. A description of the strategy and key elements to be funded to address the goals of the work plan, including project milestones.

e. Resources and budget. A budget that includes a detailed description of the sources, including the required match, and uses of the funds.

261—102.9(82GA, HF829) Application selection criteria. When applications for financial assistance are reviewed, the following criteria shall be considered:

102.9(1) Intellectual property. How the ownership of the IP is structured. (More points will be awarded for greater IP control by an Iowa IT provider company, with the greatest number of points being awarded for exclusive IP ownership by an Iowa IT provider company.)

102.9(2) Experience. The level of experience the business has in product development and commercialization and ongoing product maintenance.

102.9(3) Estimate for project completion. What the work requirements are; how quickly the project will be completed; how credible the estimate is relative to the Iowa IT provider company's experience; and what resources the IT provider company has to execute project requirements.

102.9(4) Market research. Whether there is a competitor; how large the market outside of Iowa is; how credible the marketing plan is; the level of experience the IT provider company has in this industry; and whether there is an industry in Iowa that would be a natural client/market.

102.9(5) Financial requirement. Whether the matching and necessary funds have been secured and whether the amount available is sufficient to take the product to market.

102.9(6) Distribution. Whether channels already exist to take the product to market.

102.9(7) *Expected return.* What the expected return on investment is, based on the break-even point and the long-term economic impact of the project.

261—102.10(82GA, HF829) Contract and reporting.

102.10(1) *Notice of award.* Successful applicants will be notified in writing of an award of financial assistance, including any conditions and terms of the approval.

102.10(2) *Contract required.* The department shall prepare a contract, which includes, but is not limited to, a description of the project to be completed by the business; conditions to disbursement; required reports; and the repayment requirements imposed on the business in the event the business does not fulfill its obligations described in the contract and other specific repayment provisions (“clawback” provisions) to be established on a project-by-project basis.

102.10(3) *Reporting.* An applicant shall submit any information requested by the department in sufficient detail to permit the department to prepare the report required pursuant to 2007 Iowa Acts, House File 829, section 10, and any other reports deemed necessary by the department, the board, the general assembly or the governor’s office.

These rules are intended to implement 2007 Iowa Acts, House File 829.

[Filed emergency 7/19/07—published 8/15/07, effective 7/19/07]

[Filed 9/20/07, Notice 8/15/07—published 10/10/07, effective 11/14/07]

[Filed 2/22/08, Notice 12/19/07—published 3/12/08, effective 4/16/08]