

RSRI
Regroupements sectoriels
de recherche industrielle

PARTENAR-IA

PROGRAMME DE FINANCEMENT EN IA

ENTREPRISE

PARTENAR-IA – Business AI FUNDING PROGRAM

CALL FOR INNOVATION PROJECTS IN ARTIFICIAL INTELLIGENCE:
COLLABORATIVE INDUSTRIAL RESEARCH AND SUPPORT FOR AN
INNOVATIVE ENTREPRENEURSHIP

INFORMATION GUIDE



PARTENAIRE FINANCIER :

Québec



BACKGROUND

Quebec enjoys a favourable position in the great industrial revolution of artificial intelligence (AI). But the strength of its ecosystem is no accident.

In Quebec, numerous innovation centres work in close collaboration with industry actors, research centres and universities specialized in AI, bringing their collective expertise into play to the benefit of all sectors of the economy. These organizations provide researchers and businesses with leading-edge know-how and with infrastructure that may be expensive and otherwise out of reach.

Innovative entrepreneurship is also a strong driver of the AI industrial base. Small and mid-size enterprises (SMEs) are a mainstay of economic and job-creation wealth in Quebec. Here, startups draw strength from their versatility and their spirit of innovation as they develop breakthrough technologies and dynamic new business models and bolster their capacity to trade internationally.

AI has the potential to deliver a very high impact and is often a moving force behind innovation that directly addresses global challenges and has the capacity to change lives. The development of these technologies is vital as we evolve and continue to build Quebec's economic and competitive clout.

The nine (9) Industrial Research Sectoral Groups (RSRI – Regroupement sectoriel de recherche industrielle) are therefore mandated to identify promising AI projects in their own areas of expertise (CQRDA, CQDM, CRIAQ, CRIBIQ, CRITM, InnovÉÉ, MEDTEQ+, PRIMA, PROMPT)

Accordingly, the RSRI, acting on the call for innovative projects in artificial intelligence initiated by Ministère de l'Économie et de l'Innovation, will work via PARTENAR-IA | BUSINESS, in tandem with research institutions, to support businesses throughout the various stages of their AI projects' launch and completion. They will do so in pursuit of the following objectives:

- Improve businesses' competitiveness through the adoption of AI;
- promote collaboration among businesses (of all sizes, including startups), as well as with the research and innovation communities to accelerate the integration of artificial intelligence technologies by businesses and by society as a whole;
- backstop promising projects aimed at widespread adoption of AI in one or several economic sectors;
- support the implementation of projects that will deliver significant and immediate economic impact;
- ensure the development and consolidation of efforts toward innovation in AI;
- help position Quebec as a leader in AI development.



RSRIs' MISSION

The RSRIs' mission is to establish and maintain a collaborative innovation ecosystem favourable to the development of strategic sectors of the economy to the benefit of businesses, research centres and Quebec society as a whole. RSRIs, representing Quebec's lead actors, are in a strong position to support Quebec's economic fabric in the drive for growth. It is worth reiterating that the nine (9) RSRIs were designated by the Quebec government to act as intermediation and funding organizations for collaborative research and development (R&D).

TARGET CLIENTELE

This call for projects concerns all Quebec businesses and cooperatives, SMEs and startups first and foremost, wishing to carry out an innovative project to develop and market technologies in artificial intelligence.

To qualify, SMEs and startups must present the following characteristics:

- Be legally constituted under existing federal or provincial legislation and be registered with the Registraire des entreprises du Québec (REQ).
- Be headquartered in Quebec and have employees or subcontractors who work primarily from Quebec.
- Employ no more than 249 people in Quebec.
- Are not owned in a proportion greater than 50% by one or several other existing businesses or organizations.

Large enterprises (LEs) conducting research and development or manufacturing activities in Quebec are regarded as eligible co-applicants, provided the minimum required number of Quebec-based SMEs are included as implementing partners and that the expenditures incurred by the large enterprises are made in Quebec. The LEs' expenditures may not exceed 40% of the project's overall expenditures.

The following businesses are not eligible:

- Companies controlled directly or indirectly by a government (provincial or federal) or by a municipal body;
- Businesses that are majority-owned by a crown corporation;
- Companies under the protection of the Companies' Creditors Arrangement Act or of the Bankruptcy and Insolvency Act;
- Companies listed as non eligible for public contracts under the RENA (Registre des entreprises non admissibles aux contrats publics);
- Companies which in the two years preceding the application for financial assistance failed to meet their obligations after having duly been put on formal notice in connection with an earlier grant from the MEI.



FUNDING PROGRAM

This component is intended for Quebec-based SMEs developing collaborative research projects in artificial intelligence with other Quebec-based SMEs (or startups or LEs) and working collaboratively with a public research centre.

QUALIFYING PROJECTS

The collaborative research projects in artificial intelligence must be innovative and must address current industry challenges.

Qualifying projects are those that showcase the collaborative research in artificial intelligence carried out by at least two Quebec SMEs or startups and include a service offer from a public research centre¹ representing, at a minimum, 20% of the project's allowable expenses. Universities, College Centres for the Transfer of Technologies (CCTTs) or public research centres (PRCs) and establishments within the Quebec health and social services network (RSSS) are eligible. The group of companies must share the costs, benefits and intellectual property of the innovation project. The project must provide for the hiring by each of the eligible partner companies of at least one intern per year of the project. The costs associated with the internships may be included in the public research centre's service offer.

The group of companies must submit the project to a Quebec Industrial Research Sectoral Group (RSRI). The financial arrangement submitted must be the one needed to carry out the project and for which the group of companies is submitting a request for funding (revenue and costs).



FINANCIAL ASSISTANCE FROM THE MEI

The financial assistance granted to the eligible partner companies through the RSRI is a non-repayable and non-recurring financial contribution.

- Maximum assistance tranche equivalent to \$150,000 per eligible partner company, to a maximum of \$600,000 per project (including management costs).
- Maximum financial assistance for allowable expenses set at 50%.
- Minimum private contributions for allowable expenses set at 25%*.
- Rate of total government expenditure: 75% of allowable project expenses.
- Maximum project duration: 3 years.
- RSRI's program management fees set at 5% of budget.

Municipalities, public bodies or different levels of government may intervene in the projects as OTHER public contributors** (e.g. NSERC (Alliance, ARD etc.), NRC-IRAP).

The commitment to disburse funds is contingent upon the partners providing funding and the successful completion of the project in accordance with the funding agreement and the established annual budget.

¹ Ministère de l'économie et de l'Innovation (MEI): list of eligible public research centers
<https://www.economie.gouv.qc.ca/fr/bibliotheques/programmes/mesures-fiscales/reconnaissance-des-centres-de-recherche-publics-admissibles/liste-des-centres-de-recherche-publics-admissibles/>

*MEI assistance is granted for new industry contributions (not already allocated as co-financing in other programs or projects).

**Any complementary funding must be included in the RSRI application (theme and budget).

Once the complementary funding is tabled, the application for the complementary funding must indicate that an application has been tabled with the RSRI and the complementary funding budget must include the funding coming from that RSRI.

Complementary funding:

- Can not be financial aid disbursed from another MEI program, nor a contribution already matched by the MEI.
- Can not be previously committed funding for research activities distinct from those for which the RSRI funding is being sought.
- Can not be a contribution from the public research centre carrying out the project in a support capacity.



ALLOWABLE EXPENSES

To be allowable, expenses must be necessary, reasonable and directly attributable to the project's execution. The above notwithstanding, academic establishments and affiliated hospital centres may collect a maximum of 27% of the indirect costs of research (ICRs). The eligibility of expenditures is determined by the ministry (MEI) in the grant calculation.

Under the present call, the following project expenses are allowable in the execution of a project:

- wages, salaries and employee benefits related to the project;
- travel and accommodation costs, in accordance with MEI ministry directives;
- required materials and supplies;
- equipment purchase or rental (up to a maximum 25% of allowable expenses)³ ;
- intellectual property user costs (legal support);
- fees;
- communications costs;
- costs relating to subcontracting agreements;
- costs relating to project management by a non-profit organization (RSRI);
- the research partner's service offer.

Amounts paid or incurred prior to the submission of the financial aid application shall not be allowable. In particular, the following expenses **are not eligible**:

- Costs relating to the rental of office or laboratory space for business expansion (subsidiary or extra office);
- debt servicing, reimbursement of future loans, a capital loss or replacement of capital, an amount paid or disbursed as capital;
- capital and depreciation costs;
- regular operating costs;
- recurring costs, such as annual subscription fees and software upgrade costs;
- costs relating to maintenance of intellectual property;
- transactions between related companies or partners;
- sales taxes;
- expenditures for which aid has already been received from the ministry (MEI).

³ If purchasing, the value of any piece of equipment may not exceed \$15,000, before taxes.



INDIRECT COSTS OF RESEARCH (ICRs)

The indirect costs of research (ICRs) are those additional operating expenditures incurred by academic institutions to execute projects but which are not directly related to their execution.

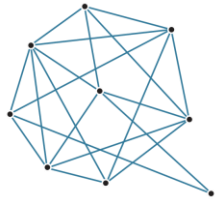
The ICRs charged to industrial partners by universities and outlined in the service offer will be covered by the MEI up to 27%. These apply to the following direct costs: wages and salaries, student grants, materials, consumables and supplies, purchase or rental of equipment and expenditures for travel and accommodation.

RSRI MANAGEMENT COSTS

For each funded project, the RSRI responsible for the project shall collect management fees of 5% of the research expenditures. Each RSRI will directly bill 100% of the fees directly to the businesses. Those management costs are allowable expenses: 50 % to be borne by Investissement Québec, and 50% by the industry partners in proportion to their financial participation. **The management fees are calculated on the basis of the overall R&D budget.**

PROJECT DURATION

The maximum duration of projects is 36 months from the date of signing of the research agreement.



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CONDITIONS FOR PROJECT SUBMISSION

All submissions must be in French and must include:

For the project:

- A tendering letter signed by the person authorized to sign the financial aid agreement;
- the Funding Application form under item 5, completed and signed;
- the service offer of the public research center, or the number of required student internships planned in the budget if applicable;
- the Gantt chart showing the timetable for completion of the project through its stages;
- the partner companies' Letters of Commitment, if any, detailing their contribution to the project and the project's anticipated benefits (improvement to the company's positioning, development of a research team, increased productivity, etc.);
- where applicable, confirmation of the granting of additional funding, or proof of submission of the application.

For each partner in the project:

- financial statements for the two (2) previous years (or projected financial statements for a startup company);
- two (2) year financial forecast;
- two (2) year cash flow forecast;



Learn more about each RSRI's terms and conditions for project submission.

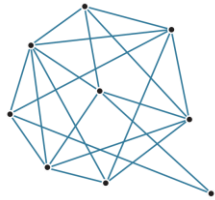
<p>PRIMA Advanced Materials industry 505 De Maisonneuve Blvd. West, Suite 225 Montreal, Quebec H3A 3C2 Telephone : 514 284-0211, ext. 227 Email: michel.lefevre@prima.ca</p>	<p>CQRDA Aluminum industry 637 Talbot Blvd. Suite 102 Chicoutimi, Quebec G7H 6A4 Telephone : 418 545-5520 Email: info@cqrda.ca</p>	<p>PROMPT Information and Communications Technologies (ICT) and Digital industry 625 René-Lévesque Blvd. West, Suite 1510 Montreal, Quebec H3B 1R2 Telephone : 514 875-0032 Email: info@promptinnov.com</p>
<p>CRIAQ Aerospace industry 740 Notre-Dame St. Ouest Suite 1400 Montreal, Quebec H3C 3X6 Telephone : 514 313-7561, ext: 2410 Email: marion.stoffel@criaq.aero</p>	<p>CRIBIQ Industrial Bioprocesses industry 2875 Laurier Blvd. Le Delta 1 Building, Suite D1-1320 Quebec City, Quebec G1V 2M2 Telephone : 418 914-1608 Email: cribiq@cribiq.qc.ca</p>	<p>CQDM Biopharmaceutical industry 740 Notre-Dame St. Ouest Suite 1400 Montreal, Quebec H3C 3X6 Telephone : 514 766-6661 Email: info@cqdm.org</p>
<p>INNOV-ÉE Electrical Energy industry 3 Place Ville-Marie, Suite 400 Montreal, Quebec H3B 2E3 Telephone : 514 416-6777 Email: info@innov-ee.ca</p>	<p>MEDTEQ+ Health Technology industry 740 Notre-Dame St. Ouest Suite 1400 Montreal, Quebec H3C 3X6 Telephone : 514 398-0896 Email: projet@medteq.ca</p>	<p>CRITM Metal Transformation industry 2900 chemin Quatre-Bourgeois Suite 207 Quebec City, Quebec G1V 1Y4 Telephone : 418 914-1163 Email: info@critm.ca</p>

ASSESSMENT CRITERIA

The submitted projects will be assessed according to the following criteria:

- the project's objectives, quality and relevance;
- the project's innovative nature;
- marketing potential;
- the financial partners' or stakeholders' level of commitment;
- the capacity of the team and the company or organization to bring the project to term;
- the number and suitability of the implementing partners;
- the project's contribution to the user company's greater adoption of artificial intelligence;
- its contribution to the grooming of the next generation;
- its intellectual property protection strategy;
- how the project benefits Quebec (economic and social impact, knowledge-building, etc.).

In addition to the above, **the criteria specific to each of the RSRI's and to their respective scientific committees will be considered during the project analysis.**



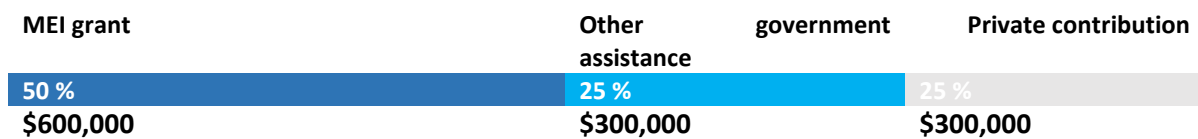
TIMETABLE

- Closing dates for applications to the RSRI:
 - o April 15, 2021
 - o October 15, 2021

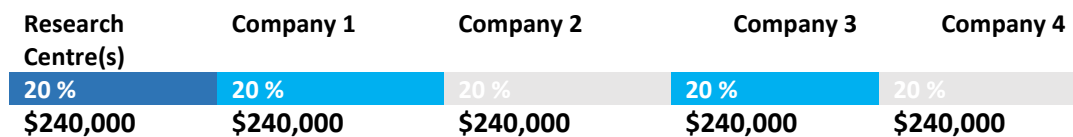
PARTENAR-IA --- EXAMPLES OF FINANCIAL ARRANGEMENTS

PARTENAR-IA – Business

Model Project A: \$1,200,000 – Funding



Model project A: \$1,200,000 – Expenditures



PARTENAR-IA – Business

Model project B: \$600,000 – Financing



Model project B: \$600,000 – Expenditures



Source: MEI (Ministère de l'Économie et de l'Innovation)



SERVICE OFFER

At a minimum, research organization service offers must include the following:

1. TERMS OF REFERENCE

Determine your service offer on the basis of the problem to address, the situation to improve or the objectives to attain.

Determine the expected outcomes and describe the deliverables anticipated during and at the end of the project.

2. METHODOLOGY

Describe the proposed methodology and techniques to be used and the actions necessary through each phase in the implementation plan. Depending on the nature of the project, specify the following:

- the work that will be performed;
- the uncertainties to be resolved and the proposed risk mitigation plan;
- the various deliverables.

3. IMPLEMENTATION PLAN

Present an implementation plan for the main phases of the project and for the actions necessary for its realization, in keeping with the human resources budgeted for this undertaking.

A graphical presentation, such as with a Gantt diagram, is required.

4. COST BREAKDOWN

Specify the various expenditure items.

5. OTHER INFORMATION

Include in your offer a description of billing policies, methods of payment, the period for which the offer remains valid, confidentiality provisions and intellectual property terms and conditions. Additionally, specify, where necessary, the human, material and financial contributions to the project.

Note that the service offer may include a clause stipulating that the offer will take effect conditional on Ministry approval of financial support.



It is also suggested that a clause be included to provide for a debrief of the applicant or applicants upon completion of the project with regard to their level of satisfaction with the services rendered.

6. SIGNATURES

The service offer must be signed by the authorized representatives of the parties to the agreement.

Quebec's 9 Industrial Research Sectoral Groups (RSRI – Regroupement sectoriel de recherche industrielle)

