

Lean AI Startup Funding

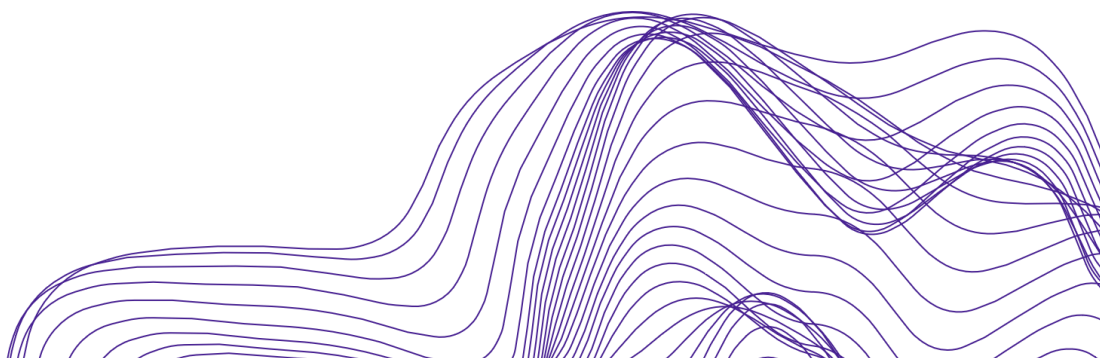
Funding Goal

The goal of Lean AI Startup Funding is the early-stage, non-bureaucratic validation of AI technologies and AI research results for their potential marketability and startup potential.

The funding is intended to contribute to the emergence of more AI startups from the excellent scientific research in Hesse. In this context, AI startups are those young projects that are dedicated to the development of AI technologies (e.g. machine learning, robotics, NLP, AI algorithms, etc.) or use them specifically in application fields such as healthcare, machine production, energy, mobility, law, in a social context, for more sustainability or similar. Start-up ideas with a consulting focus on the use of AI are not considered within the scope of this funding. This also applies to projects that aim to use AI in their own, secondary business processes (e.g. marketing). A formal foundation should not occur during the funding period to ensure fit with other funding lines or follow-on funding.

Startup ideas from research are usually still strongly technology-oriented and have a comparatively low market orientation. Lean AI Startup Funding finances and supports activities that validate the need and benefit of the solution by developing and testing prototypes or MVPs (Minimum Viable Product) in the application area. Furthermore, feasibility and market studies and the development of initial business models are funded.

Overall, the program aims to increase the so-called Investment Readiness Level (IRL), i.e. the probability of further financing for the project. In this way, the prerequisites for a sustainable scaling of a startup idea - for example, through the successful acquisition of further funding (e.g. EXIST-Gründerstipendium or EXIST-Forschungstransfer) - are to be enabled. The Lean AI Startup Funding thus makes an important contribution to increasing and accelerating the transfer of scientific results and technology-based startup ideas into application.



Funding content

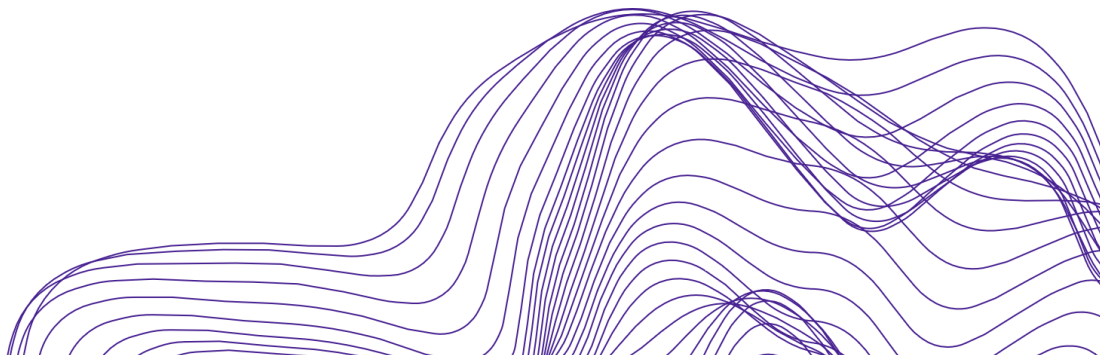
The Lean AI Startup Funding complements the offerings of the BMWK-funded AI model project AI Startup Rising of the Hessian Center for AI - hessian.AI. It is funded by the EXIST program and integrated into the existing funding landscape. It is aimed at AI-based pre-startup projects. A prerequisite for funding is the willingness of the founders to be mentored by hessian.AI or the start-up network or a start-up consultant (coach) with experience in supporting start-ups from science. A person-related double funding by other state and federal funding programs of persons who are funded by the "Lean AI Startup Funding" is not permitted.

Projects are funded for a period of **6 months**. After the end of the funding period, remaining funds may not be used and must be repaid to hessian.AI - as the coordinating and fund-managing agency. If projects are administratively supervised by an office other than the TU Darmstadt, the funds will not be forwarded to the university. Rather, an invoice for the funds expected to be paid is to be submitted to hessian.AI as a service.

Personnel costs are financed for **one** full-time equivalent (and can be divided on a percentage basis between up to two persons). The personnel costs are based on the graduation of the applicants or correspond to their current classification as (scientific) employees of the university (see implementation variants below).

Material expenses of up to a total of **30,000 euros** can be recognized as eligible for funding. These can be applied for and used, for example, for external service providers for technical development work, necessary product hardware, data acquisition, legal advice or activities in the context of market validation of the idea. A mandatory requirement is always that the expenses contribute to validating the need and market potential of the technology. Entrepreneurial coaching, entrepreneurial qualification measures and general startup consulting are not included in the funding and are covered by existing startup support structures, e.g. AI Startup Rising. Furthermore, investments that do not serve the development of an MVP, such as basic equipment, public relations measures or further training costs, are not eligible for funding.

In the implementation of the funding, a distinction is made between the implementation variants "scholarship" and "employment relationship".



Implementation variant scholarship

In this implementation variant, students, graduates, scientific employees, former university employees and idea providers from industry are eligible to apply for a personal scholarship.

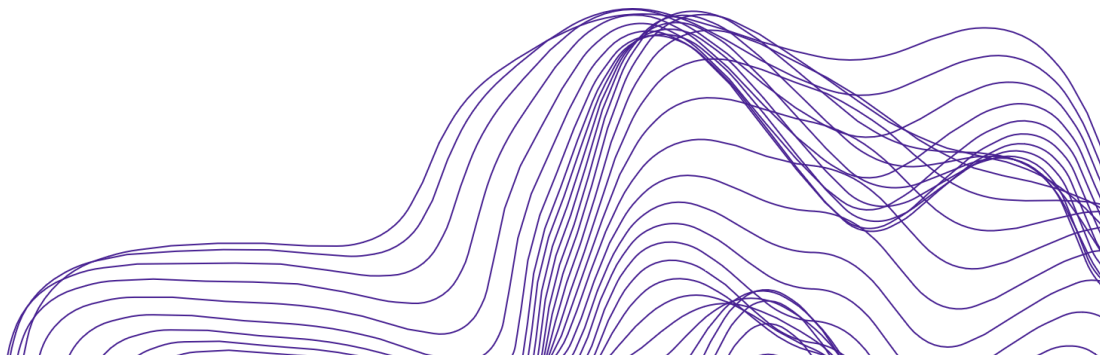
The amount of the scholarship is based on the graduation of the applicants with the rates corresponding to a full-time equivalent:

- Students who have completed at least half of their studies:
1 000 euros per month
- Technical staff:
2 000 euros per month
- Graduates with at least a university degree:
2 500 euros per month
- Founders with a doctorate:
3 000 euros per month
- (For dependent children of the founders, 150 euros per child per month are granted as a child supplement).

Implementation variant employment relationship

The universities participating in hessian.AI are eligible to apply, whereby the application is submitted by a professor for one employee.

The amount of project funding is based on the current classification of the person to be funded. The persons financed by the measure may be assigned exclusively to the project within the scope of the funding and must be released from tasks (e.g. teaching tasks, project work, services for third parties) which are not in the context of the foundation project. Double funding is not possible and the job description of the projects funded by the funding must be adapted accordingly. Part-time employment or a combination with otherwise funded activities is possible. In contrast, parallel funding of the start-up project from other third-party funds, in particular from the EXIST funding line, is not possible.



Application procedure and awarding

Application

Applications for funding can be submitted to hessian.AI on a continuous basis and consist of a form, a written execution and a two-page project and budget plan.

Form

The form includes the following information:

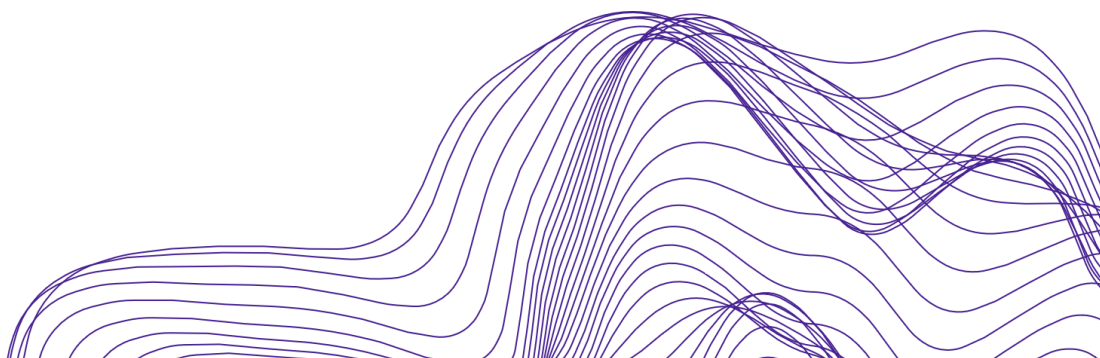
- Project Name / Acronym
- Applicant as individual (grant) or university (employment)
- Person(s) to be funded
 - Percentage breakdown in the case of funding for two persons
 - Highest academic degree or current classification in case of existing employment at a Hessian university.
- Responsible AI Startup Rising coach or supervising startup advisor from the AI Startup Rising network (if applicable).

3 pages of written execution

The application is made by a written application, which must not exceed the length of three pages.

The application should clearly state the reasons why funding is appropriate and the contribution that will be made by Lean AI Startup Funding (objective). Other recommended content includes:

- Value Proposition of the idea (What problem will be solved?)
 - Description of the hypotheses of the problem/solution fit to be validated
- Description of the technology or the product/service
- Potential fields of application and market potential
- Prospects for obtaining follow-up funding (e.g. via VIP+, EXIST or Go-Bio funding program)
- If relevant: current IP situation or IP potential of the developments



Project and financial plan (two-page)

The project plan should outline the necessary tasks and implementation steps for the funding period. This includes realistic milestones set by the start-up project itself as well as the final result aimed for at the end of the funding period. Brief reference should be made to implementation hurdles and development risks.

The financial plan contains the amount requested, the context of use (personnel funds, material funds, other funds) and a brief justification of the necessity of the funds. For items with a volume of more than 1,000 EUR, at least 3 comparative offers must be obtained and the planned selection must be briefly justified in writing. A single position may not exceed the value of 10,000 EUR.

Attachment

If the application is accompanied by an AI Startup Coach (or other startup advisor), an assessment of the supervisor is requested.

Submission

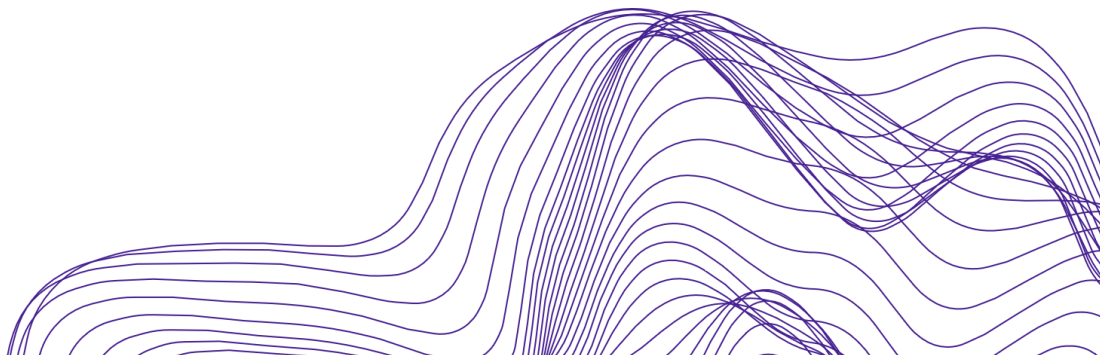
The complete application documents are signed by the funding applicant and submitted in electronic form to aisr@hessian.ai (AI Startup Rising, hessian.AI). In the medium term, a web-based portal/form is to be used for submission. Before submitting an application, it is requested to contact the AI Startup Rising project team (aisr@hessian.ai).

Approval and awarding

The awarding of projects is competitive and will be made by an evaluation committee consisting of at least 3 participants, including a renowned AI expert, a startup expert, a hessian.AI scientist or a hessian.AI executive. A member of the Projektträger Jülich (PtJ) additionally acts as observer.

The funding decision is based on the criteria:

- Degree of innovation, especially with regard to the use of AI.
- Feasibility
- First estimation of the market potential
- Initial assessment of application and customer benefits
- If applicable, social impact
- Scalability of the idea
- Suitability and fit for the overall AI Startup Rising program



Selection rounds and associated jury meetings are scheduled at least quarterly, although this may be adjusted depending on the availability of funding and the number of applications. The respective start date can be freely chosen in consultation with the administrative office. If, after reviewing the application documents, the evaluation commission deems it useful/necessary, it may call in subject matter experts or technical advisors to evaluate the project.

Disbursement regulations

Implementation variant scholarship

The scholarships will be awarded on the basis of scholarship contracts (templates) via hessian.AI (TU Darmstadt) after the application has been approved.

The scholarship rates include all possible social security costs, i.e. the applicants are responsible for their own social security contributions and taxation.

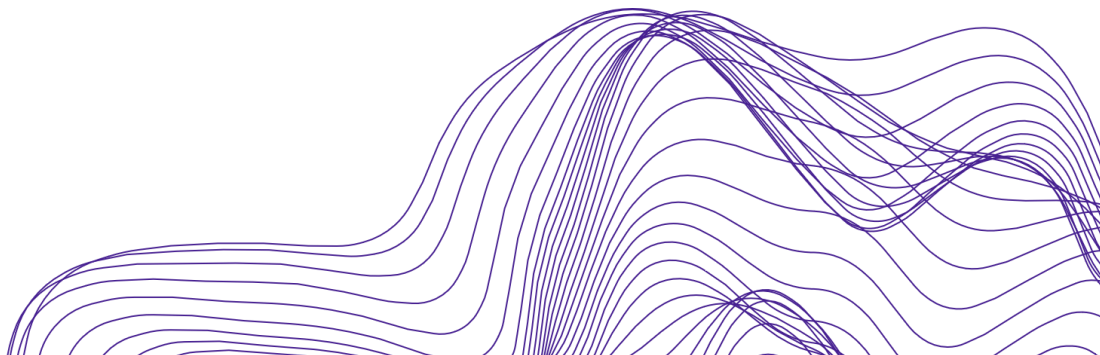
The material resources and orders requested in the project and financial plan are approved with the approval of the Lean AI Startup Funding and may be commissioned or procured by the funded person, whereby hessian.AI must be specified as the invoice recipient. The original invoice must be submitted to hessian.AI.

If the cost of an item (e.g., a proposal) increases by more than 20% after the project is approved and until it is assigned, the assignment must be coordinated with AI Startup Rising and approved in writing.

Implementation variant employment relationship

In this variant, the disbursement of personnel and material funds is made via the applying university. The funds are forwarded accordingly by hessian.AI to the university where the project leader (usually a professor or cost center manager) and the funded project staff are employed. The university takes over the administration of the funds.

The material resources and orders requested in the project and financial plan are approved with the approval of the Lean AI Startup Funding and may be commissioned or procured by the fund-managing agency, whereby the project title or acronym must be stated with the invoice recipient. The original invoice must be retained by the fund-managing entity in accordance with applicable legal requirements.



If the cost of an item (e.g. a bid) increases by more than 20% after the project has been approved and until it is commissioned, the commissioning must be coordinated with AI Startup Rising and approved in writing.

Project documentation

Halfway through the requested funding period, a progress presentation must be made to at least two hessian.AI project participants with reference to the project plan submitted in the application outline and successes and challenges to be noted.

A final report is to be submitted by the applicants six weeks after the end of the funding. In the factual report, the results achieved with regard to the project plan and the project success are to be presented (five pages in length). In this context, all inventions/property right applications made, potential exploitation or application possibilities and the further project planning must also be addressed. Furthermore, a one-page exposé (in German and English) must be prepared, which can be used for public relations. AI Startup Rising provides an appropriate format for this purpose.

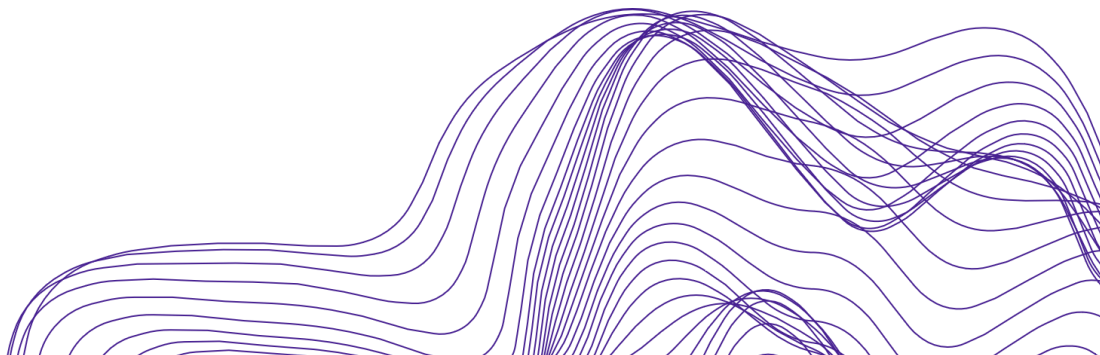
Furthermore, a numerical proof of use must be submitted. This includes a comparison of the target and actual figures and a justification for any deviations. Invoices for the material expenses financed in the project are also part of the numerical proof of use.

All documents must be submitted in electronic form (signed by the project manager). Invoices and receipts must be attached as originals in the scholarship implementation variant. In the employment variant, the universities are obliged to keep the original receipts according to the legal deadlines.

At the request of hessian.AI, the PtJ or the BMWK, the results must be presented in person.

Public relations

The funding of innovative projects is not only intended to increase start-up activity, but also to contribute to strengthening the culture of innovation in Hesse. The communicative support of the funded projects is therefore of great importance for several reasons. On the one hand, it serves the goal of demonstrating the diversity and dynamics of transfer and exploitation projects at the hessian.AI participating universities. On the other hand, it is also intended to increase the exploitation opportunities of the individual projects. The public relations work accompanied by hessian.AI and AI Startup Rising thus also makes a decisive contribution to the visibility and success of Lean AI Startup Funding. The projects funded under the measure



commit to actively support the public relations work. It is also assumed that the applicants are actively willing to cooperate in activities such as presentations, trade fairs or in contacting potential customers.

Investigations on humans and civil clause

If the project proposal includes studies on humans, the approval and release of funds is subject to a positive decision by the ethics committee of the respective universities. To avoid delays, it is recommended to submit the informal application to the ethics committee in parallel with the full application. The vote of the ethics committee is to be attached to the application or submitted later.

Further regulations and voluntary commitments, e.g. civil clauses of the respective universities, must also be observed and taken into account when submitting the application.

