

## YouStartIT (Ref. MIH2017/002)

### *Frequently Asked Questions*

#### **1. Can foreign startups participate in this call?**

Yes, as long as the startup is already registered in Malta or intends to register as a business undertaking in Malta if selected for funding. Members of non-EU startups, however, would be required to apply for a residence permit. This may take some time and could be subject to other conditions. It is best to enquire about your position with Malta Enterprise or with some other business advisory services firm before applying.

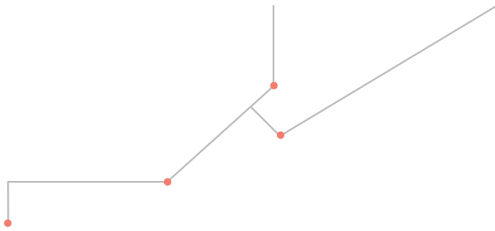
#### **2. How can my startup develop, test and deploy a prototype within a 16-week time window?**

Developing a prototype is an opportunity for you to learn about the problem you wish to solve, learn about the customer and the selected market niche. Ensure you are realistic when designing the prototype. It may therefore pay you to focus only on those key features which will enable you to get the feedback that you need to test your assumptions and stop you from investing effort for nothing. Then as you go along you may want to start adding new features using rapid prototyping approaches.

We may ask you to indicate what features you wish to develop to help you rationalise the effort that you may want to put in. Bear in mind that if you want to be serious about executing your business idea **you would be expected to put in at least 20 hours a week into your YouStartIT#2 project.**

#### **3. What kind of mentorship will the MIH provide?**

The MIH has its own in-house mentor who is an experienced startup founder and entrepreneur. You would be having short weekly meetings with him, and report on your activities using our recommended project management tools. We can also put you in touch with other external mentors from our portfolio of mentors through meetups and other activities . Should you have a particular requirement we will use our best endeavours to provide any extraordinary support or mentorship needed in specific areas, such as marketing, UX/UI, etc.



**4. Clause 11 of the Grant Terms & Conditions appended to the Letter of Award mentions suspension or repayment of the grant in exceptional circumstances. What is the exact meaning of this?**

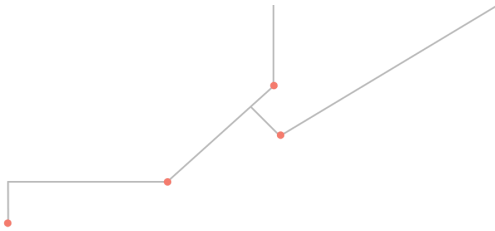
MITA is a government entity and, as such, is disbursing tax-payers' money for which it is accountable like any other government organisation. MITA therefore cannot disburse money to be used for purposes other than for building and developing the project and for helping the startup achieve its entrepreneurial vision. If in the opinion of MITA, the startup is acting in a fraudulent manner, is ill-intentioned, negligent or risks casting MITA in disrepute (refer to the list of reasons (1) to (8) in subclause 11.1), MITA can terminate the project, and if the circumstances so warrant even request a reimbursement of any funds paid out. We also strongly recommend that the startup keeps, as evidence, a record of all justifiable expenses incurred, and a log of all the time and labour effort contributed by the startup founders to develop the project.

**5. What if the project fails? Will the startup still receive payment?**

The MIH reserves the right to stop the project at any stage (clause 14 of the Grant Terms and Conditions) with one month notice. Furthermore, clause 11 of the same lists a number of reasons why this could happen (subclause 11.1). These are safeguards to ensure that the startup is serious and well-meaning in its intentions, and that therefore the funds are spent judiciously. If the proof-of-concept fails to achieve its objectives due to factors or circumstances beyond the startup's control, and MITA is satisfied that there are no circumstances which point to any of those listed in subclause 11.1 (1) to (8), then there is no reason why any costs incurred until termination, should not be disbursed to the startup.

**6. Will the startup really own the Intellectual Property (IP) of the app, if MITA wants to be granted a non-transferable, perpetual, royalty free and non-exclusive license?**

Yes, the startup will always own the IP and is free to commercialise it once it succeeds to realise its entrepreneurial vision. MITA or the Government of Malta are not interested in commercialising the launch version of the prototype. They are interested in ensuring maintainability and continuity of service if the launched prototype provides a tangible benefit to Maltese citizens or businesses, but the startup has later disbanded or gone out of business. In that case MITA or the Government of Malta will be able to commission a third party to continue to maintain or extend the functionality of the app on its behalf. However, the startup and any



shareholders will still continue to retain legal title to the IP and be able to continue developing and commercialising it.

### **7. Can a startup utilise resources outside the team?**

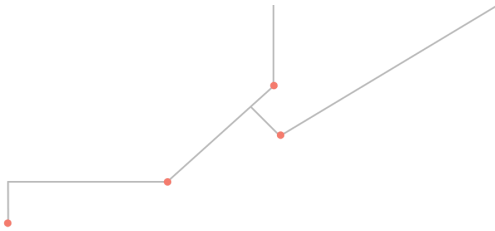
Yes, the startup may, at its discretion, source external help to build the app. When employing or contracting external resources it is mandatory that the startup follows the relevant legal process for registration of the resources (VAT, ETC, etc.). Selected startups should keep a record of all costs incurred, including receipts and invoices. The startup should also ensure that any IP developed by third parties does not infringe any copyright laws. It should be aware that the cash grant of €15,000 constitutes the only disbursement of funds made available for the proof-of-concept.

### **8. What should we expect from the pitching day?**

As mentioned in the call document, each team will be expected to pitch their proposed idea and concept to a panel of judges in a public setting. This is a condition that all startups have to accept since MITA wishes to promote openness of ideas and the possibility for ideas to be enhanced or combined with other ideas, even if they will end up not being selected for funding. A pitching day is therefore scheduled for 20th May. This is an event where all the startups take their turn at pitching before the judging panel. Each pitch will last five minutes followed by a question-and-answer session. Startups may use presentation software or any other preferred medium to convey their pitch to the judges.

### **9. Why does my startup need to consist of at least three members?**

We would like to ensure that the startup is able to complete its proof-of-concept within a short timeframe, usually 16 weeks. One team member on her own is unlikely to ensure this. Besides we would like to ensure there is multi-disciplinarity and complementarity of skills within the team in order for it to be credible. For example, a team made up of three developers does not represent multi-disciplinarity if it doesn't show that they are going to contract other roles such as designers, marketers or other experts. By contrast a team comprising two developers, a marketer and a designer, may probably not need to contract outside resources.



#### **10. Do all the members of the startup have to be startup founders?**

No, you do not all have to be startup founders having equal ownership or IP rights. It is up to the startup to decide this. The startup must above all satisfy the criterion of minimum three members for the reasons explained in FAQ 9. A startup founder may opt to employ or contract the other team members. The MIH will require the founder to present evidence of employment or contractual arrangements. For example, if the startup has one founder, and two freelancers or contractors, it has to present evidence such as a letters of engagement that articulate the work to be done, the rates charged and other related terms.

#### **11. Is a team allowed to work with virtual team members?**

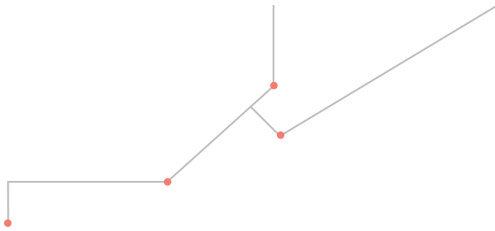
Technically this is possible as long as the startup is registered as a business undertaking in Malta, and at least the founder or founders are available to attend meetings and other activities organised by the MIH in line with the Startup Responsibilities in the Letter of Award. The startup still needs to produce evidence of either employment or contract of service when engaging staff to fulfil the minimum requirement of three members.

#### **12. What does the pre-acceleration programme offer?**

Pre-acceleration is the phase during which you are working on validating and defining the problem that you wish to resolve, identifying and validating the customer segment you are targeting, and finally describing your solution that you wish to pitch to the panel of judges.

During this phase we will offer support as follows:

- Events designed to put you in touch with experienced business mentors
- Online Design Thinking material embedded in the F6S application form on the MITA Innovation Hub
- Opportunities to seek our feedback to your business idea and put you in touch with a mentor
- Ad hoc sessions to prepare you for all legal requirements which need to be fulfilled when registering your startup as a business undertaking, entering into a shareholders' agreement and protecting your IP
- Coaching prior to pitching your ideas to a panel of judges
- Upon request, access to the MITA Innovation Hub to work on your business idea and meet your team members or other contributors.



### **13. Can I apply without attending any pre-acceleration activities?**

Yes. The process of pre-acceleration is not mandatory to follow. However, it may disadvantage those inexperienced teams that opt not to follow the programme and especially the online material that will be delivered to help them validate their business idea.

### **14. What is meant by “digitally enabled business idea”?**

The solution representing the business idea must be based or delivered using digital technology at its core. For example, a business idea based on an artifact that solves a particular problem or a service using technologies other than digital, would not be considered a digitally enabled business idea. On the other hand, if the startup has conceived a new service which is delivered using new or known digital technologies such as the Internet, algorithms, etc. designed, adapted or built by the team, then that would qualify it as a digitally enabled business idea.

### **15. When will the cash grant be disbursed and how do I trigger the process?**

The Letter of Award articulates how the cash grant will be disbursed:

- 10% of the cash grant (or €1,500) one month after signing the Letter of Award;
- €2,500 upon completion of incorporation and opening of an active bank account;
- €5,000 upon submission of test results of an alpha version of the prototype; this would be testing done within the team to identify bugs and issues prior to release of a version of the prototype to customers/users (beta);
- €6,000 upon completing the Business Plan together with a Final Report which should include the outcome of beta tests and user feedback, as well as a background of the project, a high level description and diagram of the main architectural components, lessons learned and any recommendations for future work.

Once you have met the stipulated milestone you should send MITA a payment request using the templates available on the MITA Innovation Hub website.