



Spark Incubation Policy

Startup Policy for budding entrepreneurs,
Visionaries and dreamers!

www.sagarstartuppark.org

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Introduction

Startups and Entrepreneurship play a vital role in the economic and social development of a nation. In developing economies, these policies extend support to entrepreneurs and start-ups in overcoming the numerous barriers while trying to promote their start-ups. On January 16, 2016, Honorable Prime Minister Shri Narendra Modi launched the 'Start-up India' program. The 'Start-up India' program is intended to build a robust eco-system for nurturing innovation and start-ups which will in turn drive sustainable economic growth and generate large-scale employment opportunities in India.

As a part of the Smart Cities Mission, Sagar Smart City Limited has initiated the project for setting up an institution to promote a culture of Innovation, Startup Incubation, Trade Facilitation & Skill Development, named "Spark Incubation Center ", a fully furnished and well-equipped center which endeavors to provide a platform for aspiring entrepreneurs of Sagar and neighboring region to convert their ideas and dreams into reality.



Vision & Mission Statements

Vision

Spark Incubation Center aims to provide budding entrepreneurs with an ecosystem where they can nurture their business idea and hence generate an innovative solution that when implemented on a large scale will help in the sustainable development of the Smart City of Sagar

Mission

The mission of this center is "To promote an entrepreneurial spirit amongst youth, researchers, engineers, and society at large by providing cutting edge information technology start-ups which will lead to the economic and social development of Sagar."

Objective

- To build a positive space to incubate and support innovative ideas to promote entrepreneurship culture in the city.
- To build a dynamic startup ecosystem by initiating a network between academia and industries
- To create sustainable revenue generating business model by sharing the facilities



About Spark incubation center

Spark incubation center, a Project of Sagar Smart City Limited, a Madhya Pradesh State Government Company, is central India's most Innovative and promising Incubation Center that aims to provide budding entrepreneurs an ecosystem where they can replicate their business idea and hence generate an innovative solution when being implemented on a large scale will help in the sustainable development of the society.

The main objective of this center is **“To promote Entrepreneurial spirit amongst Youth, Researchers, Engineers, and society at large which will lead to the economic and social development of Sagar.”** The incubation center is a co-working facility that is equipped with all kinds of technological, legal, marketing, and financial services startup needs.

We at Spark Incubation Center are keen to harness the potential of young entrepreneurs by providing the necessary policy push and maximum convergence by linking the policy with the larger perspectives of MSME, Government of India initiatives including Digital India, Make in India, Standup & Startup India and Skill India. At this juncture, when the Government of India is fiercely pursuing the goal of creating an enterprising India, Spark Incubation Center is also taking initiative on its part to reinforce these initiatives by creating an enabling atmosphere; it is imperative for Spark incubation center to place Startups and entrepreneurship at the core of policy-making and come up with the dedicated policy to support entrepreneurs at every stage and to create a holistic and sustainable eco-system.

Spark incubation center is currently managed by team Incubation Masters and Kalchuri Contractors.

Policy Objective

The vision of **Spark** is to create hundreds of entrepreneurs and thousands of employment opportunities in Sagar city and nearby regions. The objectives of this Incubation and Startup Policy document for Spark incubation center are as follows:

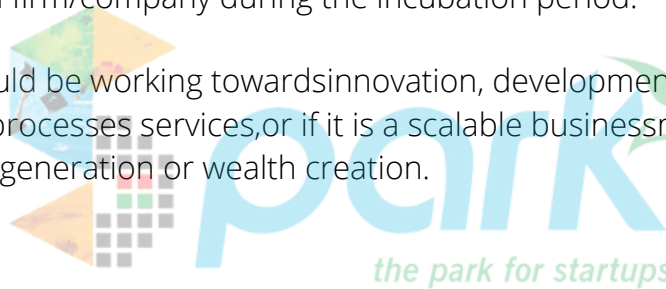
- To define the eligibility of startups to be incubated at Spark incubation center.
- Explain the admission procedures and screening.
- Infrastructure and services provided by the Incubation Centre.
- Mandatory Mentorship at Spark incubation center
- Period of Incubation and Graduation details
- Intellectual Property Evaluation
- Key Responsibility Area Setup for Startups and periodic evaluation.
- Information Sharing and Dos and Don'ts at SparkIncubation Period.



Eligibility Criteria

These are the eligibility criteria to be screened at Spark incubation center.

- A company with a single or multiple founders with the startup idea which is scalable and must have a defined customer base.
- Startups with valid DPIIT certificate from Startup India will have a direct entry to the incubation centre.
- Company formation at the time of screening is not mandatory, however startup must incorporate a firm/company during the incubation period.
- Startups should be working towards innovation, development, or improvement of products or processes services, or if it is a scalable business model with a high potential of employment generation or wealth creation.



All the applications must be submitted online ONLY in the official portal of Spark incubation center – www.sagarstartuppark.org

**“Never Dream of becoming something
if you dream, dream of doing something!”**

**Shri Narendra Modi
Hon'ble Prime Minister of India**

Admission Procedure

All the applicants have to go through the following process right from submission of the required documents to the presentation before the screening committee.



Submit Executive Summary/Business Plan

As a first step in the admission process, the prospective company should submit an Incubation Application online containing the Business Idea. The evaluation criteria of the initial screening include the following

- Product idea in terms of its technical content, innovation, timeliness, and market potential.
- Profile of the core team/ promoters.
- Potential Market / Customer base
- Commercial potential, demand, and requirement in India and scalability.



Presentation to the Screening Committee

If initial evaluation of the business idea / executive summary is selected in the initial screening, Spark incubation center will arrange a meeting with the company founders, during which the startup is expected to present a PowerPoint presentation describing critical aspects of the business plan to the Screening committee. The presentation will be followed by Q&A session. After the presentation, a final decision will be made regarding the acceptance of the company as a start-up. The presentation through video conferencing is also permitted for special cases.

“Young Entrepreneurs will make a difference in the Indian ecosystem”

-- RATAN TATA

Selection Procedure

Screening committee will evaluate the viability of the idea based on the following assessment points –

- Strength of the product idea in terms of its technology content, innovation, timeliness, and market potential
- Intellectual Property generated and the potential of the idea for IP creation if any.
- Financial/ Commercial Viability and 3-year projections of Profit & Loss Account
- Time to market
- Commercial potential, demand, and requirement
- Scalability

Research and due diligence

Throughout the application process, on an as-needed basis, Spark will perform research and due diligence on the company, the management team, the industry, and the current and future competitive elements facing the business. Spark may require further information from the applicant and may ask the applicant to revise the executive summary and/or presentation.

Result

The applicant is informed of the final decision of the presentation. If the incubation is sanctioned, the applicant shall enter into the incubation agreement with Spark.

If you've applied before and not gotten in, we strongly encourage you to apply again. Having made progress since your last application is a strong signal to us. A resubmission application can follow a competing new, renewal, or revision application that was not selected for incubation services. Applicants need to wait for the next 3 months before resubmitting the application.

Infrastructure and Services provided to incubatees

Co-Working Offices

- Co-working spaces are the groundbreaking revolution that has transformed the face of commercial real estate in the last decade. Experts expect the market of commercial structures will witness a flood of coworkers as well as co-working spaces in the coming future.
- The popularity of co-working spaces has been on a rise, especially among startups & entrepreneurs. These collaborative workspaces offer their coworkers a wide range of world-class amenities at affordable prices thus helping them save huge investment costs.
- Coworking workspaces provide you with the advantage to choose flexible work hours and places of work. The rise of startups and entrepreneurs has led to the explosion of demand for co-working spaces. Most of the coworking spaces will offer many options to choose from.
- Selected startups will have access to the fully furnished co-working offices at Spark incubation center.



High Speed Internet

Any business mogul knows the importance of keeping up with the pace of times. Today's era runs on internet connectivity. Selected startups will have access to the high-speed internet at Spark incubation center.

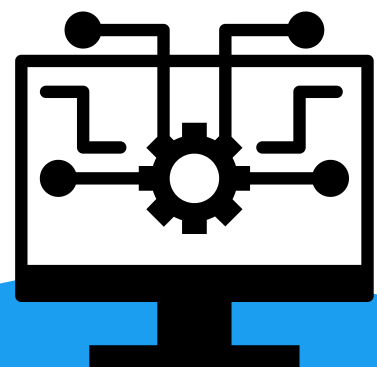
The number of solid reasons why high-speed internet is crucial for a business's success.

- To Target the right audience
- To offer a robust customer service
- To ensure effective collaboration
- To stream line the business operation

State-Of-The-Art Incubation Management Software

In order to keep things transparent and to monitor the progress of startups and measure the success of Incubation Center, a state-of-the-art incubation management software is being used at Spark. Interfaces to Startups, Mentors, Investors, Incubation Managers and other stakeholders are being provided and the communication is done from this software only.

All the startup applications are accepted online and right from screening till the exit of the startups, records are maintained through software. This will help them record and measure their progress on a weekly basis.



Mentorship at Spark

A mentor helps you see where you are and where the business is headed at. The mentor teaches you patience and to remain sane through tough times, provide valuable inputs and advice, provides direction, finds opportunities, and broadens your horizon.

At Spark incubation center, there is a pool of more than 100 mentors and experts from various fields and domain that will help you throughout your journey in entrepreneurship. Here's why you would need to have a mentor of Spark to succeed in your startup venture -

- Gain experience not shared in books. You're more likely to succeed with a mentor.
- Network opportunities.
- A mentor gives you reassurance.
- A mentor will help you stay in business longer.

Technical Assistance at Spark

In this technologically driven era, there is no one left in the world who is not taking advantage of technologies. Even if there are many technologies, scientists never stop the research on some new inventions. In order to provide scalability to your startup model, we strongly suggest to use the technology engine to your startup business model. At Spark incubation center, you will be provided technical assistance to build your web portal, mobile apps, social media handles, creatives and devising digital marketing strategies.

Cloud and other Credits from Service Providers

Spark will offer various cloud credits in this technologically driven era, there is no one left in the world who is not taking advantage of technology. Even if there are many technologies, scientists who never stop researching new inventions.

In order to provide scalability to your startup model, we strongly suggest to use the technology engine to your startup business model. At Spark incubation center, you will be provided technical assistance to build your web portal, mobile apps, social media handles, creatives and devising digital marketing strategies

Funding Support

Your startup model will be constantly guided and supported at Spark incubation center and once it reaches certain threshold, you will be helped in creating pitch deck and present it to the investors both angel and VCs. Along with that, you will also be provided help in availing various grants and loans schemes by state and center government.

Successful Startups Graduation

After graduating, entrepreneurs should immediately seize on opportunities to take their startups to the next stage. Once you successfully complete the incubation period at Spark incubation center, you will be graduated from the center but the assistance from the center will be kept on provided barring the office space.



Mandatory Mentorship

One of the objectives of Spark Incubation Center is to utilize the technical expertise and lab infrastructure of the premise. Therefore, every startup that is offered incubation at Spark can select one or many mentors from the Institution who shall act as a mentor to the incubated company and guide the company on product development.

It is mandatory for the startup to take mentorship in order to review the Key Responsibility Areas designated for the defined period. These mentors would teach the startups patience and to remain sane through tough times, provide valuable inputs and advice, provide direction, find opportunities, and broaden your horizon.

Period of Incubation/Exit

Tenure of Incubation:

- 6 to 9 months for normal startups
- 12 months for women based/ led startups
- 12 months for a startup with a founder having any kind of physical disabilities
- 12 months incubation for a student's startup.

Exit:

The companies are permitted to stay in the incubator for a period of maximum 12 months, initially for a period of six months, extended to a period of the next three months followed by three more possible extensions of one month each at the sole discretion of the Incubation Center.

Spark may grant such an extension based on the requirements of the incubate & their performance and availability of the facility.

An incubated company will leave the incubator under the following circumstances:

- On completion of the period of stay (maximum 12 months)
- Underperformance or non-viability of a business proposition as decided by Spark on case to case basis.
- Irresolvable promoters' disputes as decided by Spark on a case-to-case basis.
- Violation of Spark Incubation Center policy.

Periodic Assessment:

Periodic assessment would vary depending on the stage of incubation the company is in. Some representative criteria for evaluation are:

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- **Ideation / Innovation Stage**
 - Concept Development / Opportunity spotting
 - Product Development
 - Market assessment/ Competition analysis
 - First Level Business Planning/ Business Modeling
 - Founding Team
 - Intellectual Property Protection
 - **Pre-Market Stage**
 - Proof of Concept / Prototyping
 - Product Development and Enhancement
 - Financial Assistance Required
 - Test Marketing
 - Full-scale business planning including production, sales, and sourcing
 - **Implementation Stage**
 - Full Scale Business Planning
 - Pitching for venture funding
 - Scaling up operations
 - Large scale commercialization
 - Mature Team Formation
 - **Exit stage**
 - Going National / Global
 - Full scale business graduation
 - Post incubation survival

Intellectual Property Evaluation

The promoters and founders should fill out an IP declaration worksheet at the time of admission and declare that the Intellectual Property developed and owned by the incubatee during Incubation will be in association with Incubation Centre as per **Spark IP Policy**

- In case the incubatee is desirous of using the Intellectual Property of Spark like patents, software code, copyright, design registration, developed product, etc. Then the incubatee shall make such a request in writing to Spark. The terms and conditions for such IP licensing shall be decided by the Spark incubation center.
- The incubatee shall inform if any incubatee has worked on the technology and if their work will be incorporated into the product(s).
- The incubatee shall inform if any IP has been generated as a result of collaborative work with faculty members (who are not promoters) being incorporated into the product(s).
- The incubatee shall inform if any Incubation Centre, or Spark infrastructure (hardware, testing setup, instrumentation, computing resources, processes) has been used in developing the IP or technology that will go into the product(s).
- The incubatee would maintain a register with the details of any IP (patents, licenses, copyrights, etc) that have been brought by them during their stay at Spark incubation center. Also, any IP developed during the stay would be maintained in the register.
- Notwithstanding anything written above, Intellectual Property Rights will be governed by the Spark Incubation Centre.

Business Plan Template

Spark has an inhouse tool to help the startups build a business model for them. Startups will be given access to this tool to create business model that would cover all the sections listed in the template here -

- Introduction / Company overview
- Concept / Proposition / Product description
- Market opportunity
- Competition survey
- Development plan and milestones
- Marketing plan
- Management / Organizational chart
- Financials
- Risks and de-risking strategies
- Appendix

Conflict of Interest

In case of any conflict of interest, the decision of the Spark incubation center shall be final and binding upon the parties.

Charges of Incubation Services @Spark

At this point in time all the services offered by Spark incubation center is free of charge. However Spark may impose charges on these services in future and startups will be duly notified about this in advance. Some mentors and services providers may charge certain amount or equity, if dedicated services are sought from them.

Glossary

Accelerator: An accelerator takes a set amount of seed equity from a number of young startups in exchange for capital and mentorship. Accelerators will bring a cohort of startups into what is typically an on-site program that lasts for three to four months.

Spark: **Spark incubation center**, a project of Sagar Smart City Limited.

SSCL: **Sagar Smart City** Limited is a Special Purpose Vehicle State Government Company, Government of Madhya Pradesh.

Corporate Venture Capital: A Corporate Venture Capital firm is an arm of a corporation, where the investment funds come from the corporation, providing capital to invest in innovative startup companies.

Convertible Note: A convertible note is an 'in-between' round funding to help companies hold over until they want to raise their next round of funding. You will typically see convertible notes after a company raises a Series A but does not yet want to raise a Series B.

Co-Working Space: A co-working space is a company that provides a shared working environment for teams working typically for different employees, typically in an office. No equity is taken from companies that work in a co-working space.

Debt Financing: Debt financing rounds are where firms will lend money to a company. In exchange, a company will promise to repay the principal as well as added interest on the debt.

Equity Crowdfunding: Some funding platforms will allow their user base to invest in companies in exchange for equity. Companies allow investors to invest typically small amounts of money in exchange for equity. Syndicates are formed to allow an individual to take a lead one valuating an investment, and pooling funding from a group of individual investors.

Family Investment Office: A Family Investment Office is a fund of an ultra-high-net-worth investorfamily. They typically do one-off investments.

Fund of Funds: A Fund of Funds is an investment strategy where firms will hold a portfolio of other investment funds rather than investing directly in bonds, stocks or other types of securities.

Funding Platform: A Funding platform is an online service that represents Companies that are seeking investment. Through the platform, investors are able to buy equity in exchange for capital.

Government Office: A government office may invest in startups in their municipality, district, state, or country. They may or may not take equity in companies in exchange for capital and/or mentorship.

Grant: A grant is when a company, investor or government agency will give capital to a company and does not take equity in a company.

Hedge Fund: A Hedge Fund is a private investment partnership that invests for wealthy individuals or institutions. They will typically invest in private equity rounds, or late-stage venture rounds (Series D or beyond).

Incubator: An incubator brings in an external team to manage an idea that was developed inside the incubator. An incubator will also take a larger amount of equity in contrast to accelerators.

Initial coin offering (ICO): ICO is an unregulated type of crowdfunding via the use of cryptocurrency as capital. In an ICO, a percentage of the newly issued cryptocurrency is sold to investors in exchange for legal tender or other cryptocurrencies such as Bit coin.

Investment Bank: A bank that purchases newly issued shares and resells them to investors. When they do invest directly in companies, it will typically be in Post-IPO Equity or Private Equity rounds.

IPR: A right that is had by a person or by a company to have exclusive rights to use its own plans, ideas, or other intangible assets without the worry of competition, at least for a specific period of time. These rights can include copyrights, patents, trademarks, and trade secrets.

Micro-VC: A micro-VC invests in startups and typically has a fund size of less than \$100M. Micro - VCs are a type of Venture firm that focuses on early-stage seed and Series A investments.

Non-Equity Assistance: A non-equity assistance round is when a company or investor provides office space or mentorship and does not get equity in return.

Non-Equity Program: A non-equity program invests mentorship, office space and/or goods and services. They do not receive equity. They might have corporate sponsors, who are able to engage with the startups in the program.

Post-IPO Debt: Post-IPO Debt round takes place when firms loan company money after they have already gone public. Similar to debt financing, a company will promise to repay the principal as well as added interest on the debt.

Post-IPO Equity: Post-IPO Equity round takes place when firms invest in a company after they have already gone public.

Private Equity Firm: A private equity firm is an investment management company. When they do invest in startups, it is typically in the private equity, or later-stage venture rounds (Series C and beyond).

Private Equity: A private equity round is led by a private equity firm or a hedge fund typically and is a late-stage round. It is a less risky investment and the rounds are typically upwards of \$40M+.

Product Crowd funding: A product crowdfunding round is where a company will provide its product in exchange to raise capital. This kind of round is also typically completed on a funding platform.

Round: A round is a general term for a funding round used when no other funding type seems appropriate.

Secondary Market: Secondary market rounds are when stocks are sold in a company from a shareholder rather than purchasing stock directly from the company. This can happen before a company goes public, and is rarely announced or publicized.

Secondary Purchaser:: A Secondary Purchase is a purchase of stock in a company from a shareholder rather than a purchase of stock directly from the company. This can happen before a company goes public, and is typically not publicized.

Seed: Can range between \$10K-\$2M, though larger seed rounds have become more common in the last ten years. Seed rounds are one of the first rounds of funding. They typically come after Angel rounds (if applicable), but before any of the Series rounds.

Startup Competition: Startup Competitions are held by a variety of companies, government offices, and firms. The prize for many startup competitions will be capital with no equity component.

Technology Transfer Office: An office typically a part of a company, university, or governmental organization which is dedicated to research which has potential commercial interest.

University Program: Many universities have programs dedicated to entrepreneurship. Their services range from supporting entrepreneurs with capital or mentorship.

Venture Capital: Venture Capital firms invest in startups at a variety of stages, ranging from seed to Series A and beyond. Venture Capital firms take equity in exchange for capital, seeking to invest in firms from the earliest stage Series A, through to later stages as the company grows.

Venture firms: Typically lead only a single round, and cede to other investors for the next round, to avoid conflicts of interest in pricing the next round.

Venture Debt: Venture Debt firms provide capital in exchange for a loan (plus interest) to be paid back at a later date.

Venture: A Venture round encompasses our Series A, B, C, D, E, F, G, and H rounds. You can select a more specific Series by selecting 'Venture' under 'Funding Type'.

Series A-B are funding rounds for earlier-stage companies and can range anywhere from \$1M-\$20M.

Series C funding rounds and onwards are for later stage and more established companies and can range anywhere from \$10M+.

For any queries, please drop us an email at connect@sagarstartuppark.org



Spark incubation center

Spark Incubation Center, Old RTO Premises, Near Tili Tiraha Sagar

Email: connect@sagarstartuppark.org

..... www.sagarstartuppark.org