

12 Key Pre-Investment Questions

Wool Impact can direct you to potential sources of government and/or private funding. Before we can do that, we need an understanding of how developed your project or idea is.

- 1** What are you trying to create and **what will you be selling** – e.g., a new service, a proprietary process, a new ingredient, a new product?
- 2** Are you addressing a **recognised problem** and/or chasing a **recognised opportunity**? What data and assumptions have informed your decision to invest in this project?
- 3** What is **unique** about your product/process? Describe your unique selling point.
- 4** What is your **understanding of your market?** (Who, where, size?)
- 5** Who are your **competitors**? What other similar products/services exist and who provides them?
- 6** **Do you have access to funding** to progress the work needed and cover your contribution towards this? The government's funds will only contribute a part of the overall costs (rarely more than 40-50%) and private investors will also expect you to be investing your own money.
- 7** **What stage are you at** in your innovation journey? The government often uses the nine 'Technology Readiness Levels' to gauge this:

- **TRL 0 Idea.** Unproven concept, no testing has been performed
- TRL 1 Basic research. Principles postulated and observed but no experimental proof available
- TRL 2 Technology formulation. Concept and application have been formulated
- TRL 3 Applied research. First laboratory tests completed; proof of concept
- TRL 4 Small scale prototype built in laboratory environment ('ugly' prototype)
- TRL 5 Large scale prototype tested in intended environment
- TRL 6 Prototype system. Tested in intended environment close to expected performance
- TRL 7 Demonstration system operating in operational environment at pre-commercial scale
- TRL 8 First of a kind commercial system. Manufacturing issues solved
- **TRL 9 Full commercial application.** Technology available for consumers.

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- 8 What is the **research and development** challenge that you need to invest in? Do you know the approximate stage gates and decision points you will need to progress through and how will these be assessed?
 - 9 Do you have **freedom to operate?** Have you done a global scan for similar technology/processes/innovation to identify any potential restrictions on what you are looking to develop?
 - 10 Will you generate **new intellectual property?** Is your innovation protectable? How will you capture a first mover advantage?
 - 11 What are your **capability gaps** and have you identified business partners and service providers (e.g. scientists, processors, in-market experts) to address these?
 - 12 Why should your project receive support from the government or private investors? Will it provide some obvious **benefits for New Zealand** (economic, environmental, social) e.g. how will it help the New Zealand strong wool sector? What is the estimated **return on investment?**

In our experience, it's unlikely you're ready to approach the government's contestable funds or seek private investment if you can't succinctly answer most of the above twelve questions.



It's wool.

Contact

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