



Program Guide

HORIZON AI

Global Advantage Stream

Horizon AI is a specialized program focused on capturing economic potential from Applied AI. By building a commercially focused AI ecosystem through the Technology Commercialization, Talent and Global Advantage streams, DIGITAL is helping Canadian organizations create a global competitive advantage that enables market leadership and accelerates revenue growth.

August 2023

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Disclaimer

This document provides information about the fit and eligibility of proposed projects that will be considered for DIGITAL's co-investment in projects in the Global Advantage Stream of the Horizon AI program, supported by the federal Pan-Canadian AI Strategy (PCAIS). This guidance does not bind DIGITAL or Innovation, Science and Economic Development Canada (ISED) and is subject to change at any time based on guidance from ISED or DIGITAL's Board of Directors.

Introduction

Horizon AI is DIGITAL's specialized, national program focused on capturing economic potential from Applied AI. By building a commercially focused AI ecosystem through Technology Commercialization, Global Advantage and Talent streams, DIGITAL is helping Canadian organizations create a global competitive advantage that enables market leadership and accelerated revenue growth.

In Horizon AI's Global Advantage Stream, the goal is to create a portfolio of projects that help build Canada's presence in emerging market opportunities. This includes the emerging market for Digital Service Agents and the development of AI as infrastructure or as a utility that cuts across industries and economic sectors. These investments will help Canadian tech companies leverage their leadership in high-potential, emerging market opportunities by building, demonstrating and launching AI-enabled products, services and platforms.

Areas of Interest

DIGITAL has allocated \$5 million for project investments in this call. Project teams will be expected to have industry co-investment that matches or exceeds the value of the project investment requested from DIGITAL. We are focused on two types of projects in this call:

1) **Use Case projects with Digital Service Agents.** Digital Service Agents (DSA) span a wide spectrum of intelligent support tools ranging from relatively simple chatbots to fully interactive digital humans. They may also be referred to as digital assistants or virtual beings. As an emerging market, the terminology for describing this product category is still in flux. Projects will leverage Canadian leadership in AI/ML, VR/AR and animation. Areas of interest include, **but are not limited to:**

- Career coaching, learning and development;
- Health and wellbeing, including AI companions; and
- Customer and technical support services

The purpose of the use case projects is to help demonstrate and validate the market potential of a potential Digital Service Agent product or service. This may include advancing a working prototype, exploring potential customers, testing a business model and enabling technologies such as an agent's creation platform, agent's training platform, agent's marketplace, agent's search platform, visualization tools to summarize responses, etc.

The strongest use case projects will be eligible for a follow-on investment of up to \$1M to continue advancing the product opportunity. A detailed description of the opportunity is provided in the DSA Mission Brief (note that this document will be uploaded to the [Global Advantage stream page](#)).

2) **Consortium Development Projects.** Consortium development projects enable a team of industry and associated partners to explore the development and creation of a consortium that will pursue leadership of a “flagship” emerging market opportunity. Consortium projects define the opportunity, outline an ecosystem strategy with a defined project pipeline and the capacity to pursue investment at scale. Areas of interest include, **but are not limited to:**

- Embodied AI in general purpose robotics applications;
- AI models that integrate into service delivery infrastructures such as self-driving vehicles, intelligent energy management grids and smart city platforms; and
- Generative AI that augments transmedia storytelling, immersive experiences, 3D modelling and automation.

The purpose of the consortium development projects is to help assemble strategic leadership around a significant market opportunity where Canada has the potential to be global market leaders. The consortium is expected to be able to become a multi-year initiative, mobilize significant scale of capital and investment from multiple sources and support a portfolio of product, talent and ecosystem development projects.

After selection, the consortium development project teams that pull together the strongest opportunities and leadership will be eligible for a follow-on investment of up to \$1M to continue advancing the consortium and to stimulate the attraction of additional investment.

Call for Projects - Target Outputs

Use Case Projects: Digital Service Agents	Consortium Development Projects
DIGITAL will invest up to \$250K per project; Up to one year in duration. Up to 5 use case projects	DIGITAL will invest up to \$250K per project; Up to one year in duration. Up to 5 consortium development projects
Follow-up DIGITAL co-investment for the strongest performing use-case and/or consortium development projects of up to \$1M for up to 3 projects	
<ul style="list-style-type: none"> • Each project should build a working prototype of a Digital Service Agent (at least in the test environment). DIGITAL and the project team 	<ul style="list-style-type: none"> • Comprehensive design work of the emerging market opportunity and the innovation that needs to happen to make a transformative

<p>should aim to use the prototype for external audiences to attract more DSA program investments.</p> <ul style="list-style-type: none"> • Each project should publish a case study for the use case in a specific industry. Such case study should demonstrate the Agent's business value and commercial potential for the customers and provide a clear business case to justify the investment and adoption (or name things that should be changed or improved before mass adoption). 	<p>shift in the current industries or build a new industry. Each project should publish a white paper or a mission map on the emerging market opportunity, including a clear business case to justify the investment and adoption (or name things that should be changed or improved before adoption).</p> <ul style="list-style-type: none"> • Partnership and ecosystem building strategy to advance the opportunity, including the design of the consortium. • Each project should conduct a Global Advantage Study, including detailed global competitors' analysis and IP research. The study aims to prove that the consortium has a legitimate Global Advantage and can become a world leader in selected markets. • Simple prototype (can be clickable front-end) to demonstrate the opportunity and innovation will be an advantage, though it is not mandatory. DIGITAL and the project team might use the prototype for external audiences to attract more consortium investments.
<p>To be considered for follow-up investment, the project should create a business plan and secure key strategic partners (for example, lead investor, customer, supply chain partner, tech developer) for an expansion project of at least \$3M.</p>	

Partnership

In addition to the Call for Projects, DIGITAL is looking for strategically aligned partners willing to commit knowledge, tools, funds, time or other resources to build emerging market opportunity of Digital Service Agents. Notably, we are looking for the following partners:

- 1) **Industry/Government Partners** who want to explore the usage of DSAs. Based on the network response, DIGITAL might be able to connect with the right team to solve a particular industry/public challenge or build a new revenue stream. In return, we expect these partners to bring business problems that can be addressed with Digital Assistants and become potential customers of them.
- 2) **AI and Agents' Infrastructure Providers** who own hardware and software infrastructure required to create, train, test and deploy AI models and Digital Service Agents. DIGITAL will offer AI Infrastructure Providers the possibility to demonstrate the advantages of their infrastructure and tools for the Horizon AI network. In return, we expect these providers to give favourable terms of use for their platforms and technologies.
- 3) **Capital Holders and Investors** who specialize in funding Digital Agents teams and companies. DIGITAL will showcase the use cases to these investors. In return, we expect the capital holders to consider follow-up investments in our best use cases. In addition, such investors can bring their ideas and portfolio companies to participate in our Calls for Projects.
- 4) **Others.** Any other organization whose strategic interests are aligned with Horizon AI goals and areas of interest.

In each case, we will work individually with each organization to decide on possible collaborative participants, opportunities and the level of support we can provide. We will leverage our members' network (1200+ organizations) and government players (Provincial and Federal Governments, Invest in Canada, Invest in BC, NRC, MITACS, etc.) to build globally-relevant impactful AI initiatives, starting with the emerging industry of Digital Service Agents.

Eligible Projects

Which organization is eligible to apply?

- Any organization can submit an idea for consideration. The organization doesn't need to be a DIGITAL Member to submit an idea or Expression of Interest.
- When the idea moves to the proposal stage, the lead organization should become DIGITAL Member or Associate to submit Full Project Proposal. This organization will become a Project Lead who will sign a Master Project Agreement (MPA) with DIGITAL if the project is selected.

- Collaboration is core to DIGITAL’s approach to innovation. The Use Case Projects and Consortium Development projects must include at least three collaborative organizations:
 - 1) AI technology product company that owns and will continue to invest in the AI-enabled technology solution;
 - 2) Industry partner who is the potential customer of the AI-enabled solution. The industry partner is an early adopter of the solution, and its role is to validate product-market fit and business case of adopting the AI solution.
 - 3) Academic partner who might be represented by researchers, graduate or coop students working on the project. Academic partners can contribute to the project through cutting-edge research, independent evaluations or publishing case studies that prove the benefits of using AI technology.
- Having more participants, including industry partners, academic partners, technology providers, investors, data and model owners, and others, will be an advantage, though it is not mandatory.
- The Project Lead must be a Canadian or a multi-national enterprise legally registered to do business in Canada and has a Canadian business operation.
- Foreign organization without a registered business presence in Canada can be a project participant, not a Project Lead. Any project activities undertaken by these organizations are not eligible for DIGITAL co-investment unless pre-approved by DIGITAL as a foreign cost.
- All participating organizations must comply with all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the Government of Canada.

What is an eligible project?

- Project should be aligned with the priority areas outlined above and according to the instructions set out by DIGITAL.
- Projects might be incremental to the regular business undertakings of the participating organizations. Project can also create a new market segment where the participating organizations want to enter and have no sales yet.

How does the funding work?

- Successful projects will receive funding under the Program. For most Use Case Projects and Consortium Development Projects, funding will be provided to the Project Lead. For

follow-up DIGITAL co-investment, the financing can be provided to the Project Lead or to all project participants through a multi-party consortium agreement.

- Program funds are limited. The call will be closed, and no invitation to submit the Proposal will be made when the entire funding has been committed.
- Refer to the [Horizon AI Co-investment Guidelines](#) for information on eligible costs. These guidelines may change periodically as the Program evolves.

What is the project size and duration?

- DIGITAL will co-invest up to \$250K per use case project or consortium development project. Follow-up DIGITAL co-investment in each project can be up to \$1M. There is no maximum project size.
- DIGITAL will co-invest a total of \$5 million, including follow-up investments.
- The project teams should contribute the equivalent of at least the same dollar amount that DIGITAL co-invests in a use case project or consortium development project.
- The size of the expansion projects with potential DIGITAL follow-up investments should be at least \$3M.
- The maximum amount of DIGITAL's co-investment in a specific project will be determined when the project is selected.
- Use case projects and consortium development project may take up to 1 year to complete.
- All projects, including projects with the potential DIGITAL follow-up investments, must be completed by December 31, 2025.

Intellectual Property, Data and Responsible use of AI

DIGITAL is committed to helping Canadian organizations strengthen their IP portfolios and have robust IP strategies to support their commercial endeavours.

As part of the Project Proposal, each project partner must identify:

- any new IP expected to be created as part of the project ("Foreground IP") and how it will be protected;
- any pre-existing IP ("Background IP"), third-party or open-source IP that a participating organization will be using and/or allowing others to use during the project.

DIGITAL takes no interest in or rights to any Foreground IP arising from the project or the Background IP of any project participant but has an interest in ensuring adherence to the

following IP principles and requirements:

- Background IP (to the extent necessary for the purposes of the project) is to be licensed to other project partners on specified terms for the project. This is typically in the form of a license grant on a non-exclusive, royalty-free, revocable, limited license for the purposes of the project for the duration that the partner is involved in the project.
- Any required IP generated using DIGITAL co-investment in any other project will be considered as Foreground IP for the purposes of any new or follow-on project.
- The Foreground IP arising through DIGITAL's co-investment must be owned by a project partner that is a registered Canadian entity with substantial operations in Canada.
- Foreground IP, and any existing Background IP required to use the Foreground IP after the end of the project, are to be licensed on fair, reasonable, and non-discriminatory (FRAND) terms, subject to relevant competitive issues.
- Foreground IP developed through DIGITAL's co-investment will be entered into a registry accessible on DIGITAL's Community Portal. We are sensitive to issues surrounding IP disclosures and will reasonably accommodate these concerns.
- Consider whether open-source IP will be used for any part of the project, and if so, understand what it is and what implications, if any, it might have for the IP of each project partner.
- Identify other DIGITAL Members interested in licensing and building upon the Foreground IP to support ecosystem development.

The commercial partners should understand the competitive landscape in their target markets and have robust Intellectual Property strategies and protections that ensure their freedom to operate.

Project teams must have data governance frameworks and mechanisms to ensure:

- *Security*: policies, procedures and standards for protecting restricted, confidential or sensitive data from unauthorized access or loss (e.g., encrypting data, backing it up appropriately, taking measures to prevent cyberattacks).
 - All organizations must have at least \$5 million of cybersecurity insurance to cover network security and privacy breach liability.
- *Data Governance*: policies, procedures and standards around data extraction, standardization, storage and access, including ensuring data is collected for specified, explicit and legally authorized purposes.
- *Data Sharing*: standardized methods to permit data sharing between project partners for the uses of the project.

- *Ethics*: consider having an Ethics Review Committee as part of the governance model to ensure the required data-sharing agreements are in place and assess the impact of what may be considered "high-risk" AI systems considering the evolving regulatory landscape.

Organizations must take appropriate measures to ensure they adhere to policies, procedures and standards for ethics, biases, cultural sensitivities, and human rights to be considered and ensure that any AI technologies are understandable, transparent and ethical. Project teams are expected to have frameworks and mechanisms to ensure the safe and responsible use of AI and data to meet the demands of customers and regulators.

The regulatory environment surrounding privacy, security, and AI rapidly evolves in Canada and other countries. Project teams must understand the current and anticipated regulations and describe how they will ensure compliance in Canada and their target markets.

Application Process

What are the first steps?

- 1) For consideration in this Call for Projects, any organization should submit a Use Case Project or a Consortium Development Project Expression of Interest (EOI) through the [EOI online intake form](#).
- 2) For Partnership Opportunities in emerging industry of Digital Service Agents, any organization can register its interest by emailing DIGITAL at advantage@digitalsupercluster.ca
- 3) DIGITAL will evaluate all Expressions of Interest continuously with discrete decisions to move them to Proposal stage (weekly, biweekly, every three weeks, depending on the level of interest). Each applicant team will receive a response from DIGITAL within 3 weeks of the EOI submission.
- 4) EOIs will be rigorously vetted per the Evaluation Criteria (see Appendix A). The most promising EOIs will be explored with the proponents to determine if the idea can be developed into a full proposal. Only a limited number of EOIs will be invited to submit a Full Project Proposal (FPP).
- 5) Funds are limited. As soon as all funds have been committed, the call will be closed, and no invitation will be sent to submit the FPP.
- 6) The application process is the same for Use Case Projects and Consortium Development Projects.
- 7) A [Non-Disclosure Agreement \(NDA\) Template](#) is available for team members wishing to have a non-disclosure agreement during the EOI stage. NDA is part of the Participation Agreement required to sign with DIGITAL when the idea moves to the proposal stage.

What are the next steps?

- 1) Teams with the best ideas will be invited to submit FPP and Project Budget in the format established by DIGITAL. The FPP and Budget templates will be provided upon invitation.
- 2) By submitting FPP, all organizations involved in the proposed project agree to the following:
 - adhere to DIGITAL's Charter of Values, including the Diversity & Inclusion principles outlined in the Membership and/or Participation Agreement.
 - consent for DIGITAL to disclose the participating organizations, total investment and total co-investment sought from DIGITAL along with the project's Executive Summary.
 - not publicly disclose any information about a proposed project until we jointly agree to announce it (public releases and notices). For clarity, DIGITAL's decision can be shared in confidence with the project team partners and their respective internal teams, Boards and investors, as appropriate.
- 3) Complete and eligible FPP submissions will be provided to an independent Project Selection Committee (PSC) and evaluated against the Evaluation Criteria (see Appendix A). The project team might be invited to present to the PSC and may be asked to provide additional information to inform the PSC's recommendation. PSC will review the FPPs in batches to ensure a competitive process.
- 4) DIGITAL makes final investment decisions based on PSC recommendations.
- 5) Successful FPP teams will proceed to sign a Master Project Agreement (MPA) within 6 weeks of DIGITAL's selection decision. The MPA sets out the terms and conditions related to funding, including reporting and compliance obligations. For most use case projects and consortium development projects, the MPA will be between DIGITAL and the Project Lead, with funding for the project provided to the Project Lead.
- 6) DIGITAL follow-up investment decisions will be considered on a case-by-case basis only after a project moved to the completion stage and achieved planned project outcomes.

Appendix A: Evaluation Criteria

Projects will be reviewed using the following evaluation criteria and correspondent weights:



**Emerging
Market
Opportunity**
20%



**Solution with
Global
Commercial
Potential**
25%



**Team and
Execution**
25%



**Impact and
Innovation**
30%

An Attractive Emerging Market Opportunity (20%)

Alignment

- The project aligns with an emerging market opportunity where AI plays a key role. There is a potential to create a new industry or new product category.

Need Definition

- The customer's need, specific business challenge or performance gap is well-defined.

Demand

- The project has clearly defined target customers and valid verification of potential demand.
- Is there a business case that clearly demonstrates the commercial value and justifies the mass adoption of the solution? Has the business model been clearly defined? Will the customers be willing to pay, or are they already paying?
- How large is the opportunity, and how fast will the market grow? Is there a substantial commercial potential in the global market?

A Solution with Global Commercial Potential (25%)

Project Output Clarity

- The project focuses on clear, tangible outputs. The project articulates specific, clearly defined objectives and outcomes to be achieved by the end of it.

Project Output Quality

- The developed product or platform can become a leading global solution in a specific

product category.

Design Quality

- Does the project team aim to use cutting-edge innovative tools, the best IP, knowledge and expertise to develop their solution?

Solution Excellence

- The proposed solution is superior to existing, competing alternatives. There is a clear competitive Global Advantage.

A Team that Can Advance Products into Emerging Markets (25%)

Team Composition

- As a team, do the participants possess the necessary and complementary qualifications, finance resources, IP, project management and other capabilities to meet the project objectives and deliver on their commitments effectively?
- Do the project partners have a proven track record of commercializing similar solutions or technologies?

Staged Workplan

- Are the project's timeline, scope and milestones realistic and achievable, given the resources available to the team and shared responsibilities between the partners?

Project Budget

- Are the project costs clearly outlined and justified, and do they make sense, given the level of outputs?

Project Leverage

- Will global partners be part of the team, or is there a clear global partnership strategy to engage them in the future?

A High Impact, Innovative Project (30%)

Innovative Performance Advance

- The proposed solution pushes the boundaries of practice and performance beyond the existing state of the art.
- How will the team protect the IP needed to support the competitive advantage?

Scaling Potential

- Can this project benefit not only project participants but a larger ecosystem of organizations working on the same problem or serving the same customers?
- Is there a clearly defined go-to-market strategy to scale the proposed solution?

Global Significance

- The project has a bold export-oriented strategy.
- The project will increase the visibility of our ecosystem to global markets and foreign partners (for example, through the participation of global tech leaders, international customers, world-famous researchers or through global promotion activities).