

**NVC** | ALUMNI  
NEW VENTURE  
CHALLENGE

OFFICIAL RULES & GUIDELINES

## PURPOSE OF PROGRAM

To encourage the founding of high-potential new ventures by UChicago alumni and to reward the founders of promising businesses.

## ELIGIBILITY

- Venture must be original and have commercial promise
- Team lead must be a degreed UChicago alum as of the application date, and this alum should have equity in the company and a role on the management team
  - There is no minimum or maximum team size, however each team is required to have at least one degreed UChicago alum.
  - Teams may have members who are unaffiliated with UChicago. The Polsky Center encourages teams to identify individuals who may contribute the additional expertise and experience to help the team succeed.
- Venture must be a for-profit enterprise
- Venture must not have participated in any of the NVC tracks
- Venture must have less than \$1M USD in annual revenue
- Venture must not have raised more than \$1M USD in total debt/invested equity
- Venture must be less than 5 years old
- Venture must be incorporated
- Alums may submit their application to only one participating region
- Alums may submit multiple companies
  - It is unlikely that multiple entries from the same team will be successful given that the plans are judged partly on the ability of the team to execute the plan.
- Venture is not eligible to apply to any other track of the NVC in the same year

## EQUITY AGREEMENTS

As a condition to receive the prize money, each winning team must agree to provide the Polsky Center with equity in the company (that was the subject of its application). The Polsky Center offers a non-negotiable version of the Simple Agreement for Future Equity (SAFE) for companies that receive prize money.

SAFE is a standard convertible equity investment instrument first introduced and used by Y Combinator for seed funding. Fundamentally (and ideally), it is an investment that converts to preferred stock at the occurrence of the next round of funding and at the same terms as that round of funding. It is not traditional preferred stock or a convertible note. It is intended to replace convertible notes by keeping a similar conversion mechanism but removing many of the problems inherent in debt instruments (e.g., interest, maturity dates, risk of insolvency, and subordination). Importantly, SAFE is unlike preferred stock in that it does not require setting a valuation of the company -- that determination is postponed until the later "occurrence of a particular event".

The Judges Panel and/or the Polsky Center reserve the right to disqualify any entry that does not meet all the eligibility requirements or that violates any rules or regulations of the Alumni New Venture Challenge.

## PHASES OF THE ANVC

- Phase I
  - One electronic copy of each team's feasibility summary must be submitted online by 11:59 p.m. on Sunday, January 6, 2019.
  - Teams selected to advance to Phase II as semifinalists are announced in late January
- Phase II
  - Each Phase II team will receive access to virtual resources from the Polsky Center and region-specific resources such as mentoring and coaching
  - All Phase II teams will gather in-person at their respective regional semifinals event to pitch their businesses to a panel of judges comprised of venture capitalists, entrepreneurs, and industry experts
  - Only UChicago alums can present to the judges, while unaffiliated team members can only participate in Q&A
  - Semifinal judge scores will determine which venture(s) advance to Phase III of the ANVC
  - Teams selected to advance to Phase III of the ANVC will be announced at the semifinals event
- Phase III
  - Selected ANVC finalist teams from each region will present a traditional investor pitch in-person to the panel of ANVC Distinguished Judges in Chicago
  - Only UChicago alums can present to the judges, while unaffiliated team members can only participate in Q&A
  - The Distinguished Judges panel will adjourn after the final presentations to deliberate and select the winning venture(s)
  - The investment decisions will be announced during an awards reception following the pitches

## FEASIBILITY SUMMARIES

One completed application form, electronic copy of the feasibility summary, and team member resumes must be submitted online by the Phase I deadline to the Reviewr application submission platform.

To help the review committee gauge the relative merit of your business idea, please submit a concise Feasibility Summary. This summary should comprise no more than eight (8) typed and double-spaced pages or eight (8) page slide deck, and its structure should be consistent with the structure outlined by the Polsky Center, which will be provided to all potential applicants in early December. This summary should include:

- A description of the business opportunity and market need to be fulfilled, the product or service idea (plus brief technology assessment, if applicable), preliminary analysis of the target market and potential market size
- A brief competitive analysis
- A brief outline of key strategies and objectives
- A review of the management team and outside advisors (if applicable)

Teams whose proposals show significant promise will be selected as semifinalists and asked to continue to Phase II of the program. Semifinalists will be announced near the end of January.

## JUDGING

Judging is based on the commercial potential of the business, innovative nature and technical feasibility of the idea, the credibility of the projections and assumptions, and the ability of the team to make it happen. While the quality of management and advisors is important, it will be less of a factor in Phase I and more a factor as the team progresses to Phase III.

All decisions of the judging panel will be final.

## PRIZES & EQUITY AGREEMENT

A cash prize totaling at least \$50,000, along with any additional goods and services, will be divided among the top teams as deemed by the judging panel. The allocation of the prize money will be determined by the finals judges, based on relative merit and need.

Each ANVC finalist must review the terms of the SAFE agreement provided by the Polsky Center. As a condition to receive an award, each winning team must agree to provide the Polsky Center with equity in the company (that was the subject of its application) in an amount equal to its respective award if the company receives funding or otherwise enters into a business combination transaction wherein the surviving entity receives financing or equity in another entity.

## PROTECTION OF INTELLECTUAL PROPERTY

The University of Chicago, the principal sponsor and organizer, the co-organizers and co-sponsors of the Alumni New Venture Challenge have taken all reasonable measures to assure that all contestants retain their rights to the submitted materials and Intellectual Property. The co-sponsors and judges of the program include non-University of Chicago organizations that are interested in fostering the entrepreneurial process. Some of these organizations are in the business of working with and investing in the ideas of entrepreneurs. However, co-sponsoring organizations will only have access to materials with a team's prior approval and shall make no claim to any of the property or rights.

The protection of these rights is the ultimate responsibility of each contestant. Contestants are urged to mark as CONFIDENTIAL any portion of their Entries, which they consider to be proprietary, or of a sensitive nature. Contestants should be careful about disclosing any "patentable" concepts in their Entries because, although in the United States a patent application can be filed up to one year after the first public disclosure of an invention, in many foreign countries a patent application must be filed before any public disclosure is made.