



Eligible material costs and personnel costs for Start-up Innovation projects and the Swiss Accelerator

1. General information

When submitting the application:

- Innosuisse can only cover costs that are necessary and directly related to your project, i.e. the expenses for product and/or service development.
- Please note that once approved, the project costs are binding and significant changes during a project need to be approved by Innosuisse upfront.
- For expenditures exceeding CHF 50'000, appropriate evidence in the form of, for example, a current offer/quotation, a cost calculation backed up by assumptions or an up-to-date list price must be attached (if necessary, please indicate the page number where the amount can be found).

After the project was approved:

- Only costs which occurred during the project duration are eligible.
- The incurred costs must be evidenced and accounted for as part of the interim and final audits (before the interim and final instalments are paid).
- Only expenditures that can be documented with corresponding evidence will be finally accredited and compensated by Innosuisse.

2. Material costs

2.1 Eligible material costs

According to Implementing provisions for innovation projects Art. 23 Para. 5 the following material and service expenses are eligible:

1. Investments in specific infrastructure, equipment and material that are required exclusively for the project
2. Cost of rented/leased infrastructure or existing own infrastructure required for the project
3. Cost of consumables or licences used exclusively for the project
4. Cost of market research and related activities
5. Cost of third-party services needed for the project*
6. Travel expenses for international business trips and conferences (Booth or presentation), which are necessary for the project execution.

*There is no maximum defined for third party expenses, however, these contributions must be a crucial stepping stone for advancing the project. These contributions must be fully associated with the project and be an essential complement to the applicant's own competence/resources in carrying out the project. The third-party contribution must be documented in the work-packages of the project

planning. Additionally, at the time of submission of the application quotations must be attached and the name of the sub-contractor need to be specified.

The ratio between subcontracted work and the contribution of applicant should be plausible and consistent for the project, but most importantly, the lead of the project must remain under control of the applicant.

2.2 Non-eligible material costs

The following costs in particular are not eligible (not exhaustive):

- Cost of the general infrastructure and basic equipment of the applying company (e.g. general IT-infrastructure and software, office space and furniture)
- Expenses for travel, accommodation, meals and conferences in Switzerland
- Travel abroad for mere participation in international conferences or expenses for the dissemination of project results are not allowed
- Costs for customer acquisition and promotion of the finished product (marketing costs)
- Production and certification costs that do not serve to finalize the development of your product and/or service
- General operating expenses of a company (administration, HR, finance, etc)
- Costs for the publication of research results or fees for the registration of intellectual property rights

2.3 Description of eligible cost types and examples of non-eligible costs

Type of cost	Description of eligible cost	Examples of <u>non-eligible</u> cost (not exhaustive)
1. Infrastructure investments	Investments in specific infrastructure and tools required exclusively for the project can be charged (non-standard equipment).	- General IT infrastructure for employees (e.g. laptops, screens, phones, etc.) - Office space and furniture
2. Renting infrastructure or using own infrastructure	<u>Renting/leasing infrastructure</u> Costs for the use of third-party infrastructure required for the project can be charged based on the supplier's invoice. <u>Using own infrastructure:</u> The cost of existing own infrastructure that is exclusively used for the project can be charged, based on the depreciation incurred during the project period (evidence of depreciation rates and initial investment, see chapter 2.4). Cost for partially used own infrastructure can be charged with a cost calculation based on the usage rate (logbook entries).	- General IT infrastructure for employees (e.g. laptops, screens, phones, etc.) - Office space and furniture
3. Consumables and licenses	Costs for consumables that are necessary for the project implementation and are purchased and consumed during the project period are chargeable. Costs for licenses that are specifically required for the project can be charged (e.g. software-licences, non-standard equipment).	- Licenses for standard business software (Microsoft-Office, CRM-tools, ERP-system, etc.) - Office supplies

4. Market research and related activities	<p>Cost for market research services (customer surveys, competitor analysis, etc.) can be charged.</p> <p>Other market-related services that have a direct influence on the design of the final product/service (development of pricing models, clarification of licensing or IP issues, execution of beta-testings) can be charged.</p>	<ul style="list-style-type: none"> - Cost for customer acquisition and promotion of the finished product (brochures, homepages, flyers, videos, etc.) - Cost of external sales support (e.g. telephone marketing, sales promotion, marketing campaigns) - Membership fees in industry associations
5. Third-party services	<p>In principle, the work in a project must be carried out by the applicant. The involvement of third parties (technical, legal etc.) must be directly related to the project and must be justified and appropriate.</p>	<ul style="list-style-type: none"> - Certification cost not directly related to the product or market entry (e.g. company certifications) - Legal service to create individual sales or customer contracts - Financial consulting or accounting services
6. Travel abroad	<p>Cost for necessary cross-border travel which is directly relevant for the project can be charged.</p> <p>Examples are travels for experiments or clinical studies abroad, for prototype implementation at customer sites, for the presentation of demo results at industry-relevant conferences (booth).</p> <p>For overnight stays, standard on-site rates of mid-range accommodations apply, with a maximum of CHF 200 per night. The maximum amount can only be exceeded in justified exceptional cases.</p> <p>Expenses for meals will be reimbursed at the following maximum amounts:</p> <ul style="list-style-type: none"> a. 15.00 francs for breakfast; b. 30.00 francs for lunch or dinner. <p>Only main meals of the applicant's employees are covered.</p> <p>As a general rule, public transportation should always be used.</p> <ul style="list-style-type: none"> - For train travel, the "2nd class" is to be used. - Air travel is always with the lowest cost arrangement in economy. 	<ul style="list-style-type: none"> - Meetings / events which can be done via video conferencing (unless need for physical presence can be explained) - Mere attendance at conferences (without an active part related to the project) - Travel for maintenance of general business relationships - Alcoholic beverages in general

2.4 Depreciation of fixed assets

Innosuisse only covers costs during the project period, i.e. if a new machine or system is purchased or build (>200k), it must be amortised over the duration of the project. In other words, Innosuisse covers the depreciation amount for the duration of the project ("loss of value").

In addition, Innosuisse requires a confirmation from the CEO/CFO of the company that the amortisation was carried out in accordance with internal guidelines as proof of the amortisation, so that the depreciation indicated in the frame of the project is the same as for what you do for the company (e.g. for accounting).

Example:

- 1) Let's assume your company buys a machine for a million. Innosuisse pays the whole amount. The project lasts 2 years. At the end of the project, the machine is sold for 800k. Innosuisse has thus paid for the machine and you were able to use the machine for 2 years and you also receive additional 800k from the sale. You would therefore make a profit of 800k.

⇒ However, for legal reasons Innosuisse is only allowed to cover the costs actually incurred during the project period.

- 2) Now let's take the previous example again. A machine for 1 million, (annual depreciation of 10%), amortisation period of 10 years.

After the first year, the machine still has a value of CHF 900k. (100k depreciated at 10% of one million). After the second year, the machine still has a value of CHF 810k. (90k depreciated at 10% of 900k)

Innosuisse therefore takes over the depreciation (loss in value) in the two years, i.e. CHF 190k. After two years, i.e. completion of the project, the machine still has a value of 810k. These are also the final costs that the company has paid for the machine and Innosuisse with 190k add up to one million. If you would now sell this machine for the value of 810k, you will receive back the amount you ultimately paid.

3. Personnel costs

3.1 Annual gross salary

Only persons who are directly employed by the Swiss company, i.e. who have an employment contract, may be included under personnel costs. Persons who work through an agency or under a mandate contract are included under material costs (= third-party services).

The work must be necessary and directly related to the further development of the project; general work that affects the company (bookkeeping, payroll, job interviews, etc.) may not be billed. This also applies to work related to marketing and customer acquisition.

Eligibility of gross salary

Gross salary is the annual salary without employer contribution, according to the employment contract (including 13th monthly salary).

Innosuisse does not consider the following as part of the gross salary:

- PSOP and ESOP;
- Bonuses and premiums;
- Child, education, birth and adoption allowances per child (reimbursement by the cantonal compensation office).
- Contributions to GA and half-fare travelcards (fringe benefits);
- Meal compensation (e.g., lunch vouchers, meal allowances);
- Travel expenses;
- Other allowances or administrative costs.

3.2 Time sheets

For reporting purposes, at least one monthly list per person (including the total for the year) must be available. In the event of an audit or a request, the hours worked must be documented on a daily basis.

3.3 Evidences

All relevant information in connection with the project cost statement must be available on request or in case of an audit, even if it is requested with the project cost report. This applies, for example, to employment contracts, receipts/invoices, payment statements, receipts/invoices, etc.