

INNOVATE.AI: A GLOBAL STARTUP COMPETITION

OFFICIAL RULES

1. OVERVIEW

The objective of this competition is to bring together the most promising early stage startups tackling currently unsolved problems at scale using Artificial Intelligence (“AI”). This competition consists of three (3) unique entry categories depending on location (each an “entry region”):

- a. North America: United States, Mexico, & Canada
- b. Europe: Austrian, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and United Kingdom
- c. Israel

Entrants from each region will compete against each other, with regional finalists attending a finals event with a live pitch competition determining the final winners. Within each entry region, Microsoft will be joining with a notable venture capital funding partner (“VC Partner”) who will be involved in judging and providing portions of prize winnings. In North America, the VC Partner will be Madrona Ventures Group. In Europe, the VC Partner will be Notion Capital. In Israel, the VC Partner will be Vertex Ventures Israel.

2. SPONSOR

These Official Rules (“Rules”) govern the operation of the Innovate.AI startup competition (“Contest”). Microsoft Corporation, One Microsoft Way, Redmond, WA, 98052, USA, is the Contest sponsor (“Sponsor”). Madrona Ventures Group, Notion Capital, and Vertex Ventures Israel, each a “VC Partner”, are prize providers.

3. DEFINITIONS

In these Rules, "Microsoft", "we", "our", and "us" refer to Sponsor and “you” and "yourself" refers to a Contest participant. By entering you agree as a representative of your company to be bound by these rules.

4. ENTRY PERIOD

The Contest starts at 6:00 a.m. Pacific Time (PT) on October 10, 2017, and ends at 11:59 p.m. PT on May 31, 2018 and will consist of multiple “phases” as follows:

Phase 1: October 10, 2017 – December 31, 2017 will consist of the initial application submission and evaluation period. All entries must be received during Phase 1 to continue to advance in the Contest.

Phase 2: January 1st – February 28th – Application evaluation and finalist selection. Finalists will be announced and contacted shortly after the evaluation period ends.

Phase 3: Spring 2018* - will consist of in-person finals where semi-finalists will pitch their proposal to a panel from Microsoft Ventures and a funding partner. *Exact date TBD but take place no later than May 31, 2018.

5. ELIGIBILITY

To participate:

- You must be a company legally incorporated or registered a business in a country that falls within one of the entry categories above; and
- The founder/operator of each company must be a legal resident 18 years of age or older in the region in which they are participating within;
- Your company must currently offer or intend to release a product, service, or platform which utilizes Machine Learning and/or A.I. techniques (as defined by relevant scientific research); such a product must be based on a model developed by the company, and/or be trained with data obtained/generated by the company or a 3rd party, and/or make use of pre-trained Machine Learning and A.I. APIs;
- Your company has raised no more than \$4,000,000 USD (or equivalent amount using foreign exchange rates on the dates of funding) in equity funding and/or loans at day of application.

Employees and directors of Microsoft Corporation, each VC Partner, and its subsidiaries, affiliates, advertising agencies, and Contest Parties are not eligible, nor are persons involved in the execution or administration of this promotion, or the family members of each above (parents, children, siblings, spouse/domestic partners, or individuals residing in the same household). Void in Cuba, Iran, North Korea, Sudan, and Syria and where prohibited.

If you are participating in your capacity as an employee, it is your sole responsibility to comply with your employer's gift policies. Microsoft will not be party to any disputes or actions related to this matter. Microsoft is committed to complying with government gift and ethics rules and therefore **government and public sector employees are not eligible** to enter.

6. HOW TO ENTER

To enter, visit <http://microsoftventures.submittable.com/submit> and complete and submit an application that covers basic contact and company information, and addresses the following topics via written answers and a pitch deck consisting of 10 or less slides:

- Product and business offering
- Thesis supporting the offering
- ML/AI content – description of the ML/AI components utilized in the company's products/offering
- Market – size, target customers, traction (e.g PoCs, betas, paying customers, partnerships) and business model
- Uniqueness and competitiveness
- Funding – basic data such as total amount raised, date of most recent round,
- Financial performance (if any) and projections until 2021
- Team – short team bios (inc. job titles and LinkedIn URLs), contact details

File formats accepted are: .PPT, .PPTX, or .PDF

There is a limit of one (1) entry per company overall. If your company has locations in multiple countries or within one or more entry region, please submit within the entry region in which your company is headquartered.

7. ELIGIBLE ENTRY

To be eligible, an entry must meet the following content/technical requirements:

- Your entry must be your own original work; **and**
- Your pitch deck must be 10 or less slides and be in .PPT, .PPTX, or .PDF format; **and**
- You must have obtained any and all consents, approvals, or licenses required for you to submit your entry; **and**
- To the extent that entry requires the submission of user-generated content such as software, photos, videos, music, artwork, essays, etc., entrants warrant that their entry is their original work, has not been copied from others without permission or apparent rights, and does not violate the privacy, intellectual property rights, or other rights of any other person or entity. You may include Microsoft trademarks, logos, and designs, for which Microsoft grants you a limited license to use for the sole purposes of submitting an entry into this Contest; **and**
- Your entry may NOT contain, as determined by us in our sole and absolute discretion, any content that is obscene or offensive, violent, defamatory, disparaging or illegal, or that promotes alcohol, illegal drugs, tobacco or a particular political agenda, or that communicates messages that may reflect negatively on the goodwill of Microsoft.

8. USE OF ENTRIES

We are not claiming ownership rights to your Submission. However, by submitting an entry, you grant us and VC Partners a irrevocable, royalty-free, worldwide right and license to use, review, assess, test and otherwise analyze your entry and all its content in connection with this Contest and feature your entry and all content in connection with the marketing, sale, or promotion of this Contest (including but not limited to internal and external sales meetings, conference presentations, tradeshows, and screen shots of the Contest entry in press releases) in all media (now known or later developed). You will not receive any compensation or credit for use of your entry, other than what is described in these Official Rules.

By entering you acknowledge that we may have developed or commissioned materials similar or identical to your entry and you waive any claims resulting from any similarities to your entry. Further you understand that we will not restrict work assignments of representatives who have had access to your entry and you agree that use of information in our representatives' unaided memories in the development or deployment of our products or services does not create liability for us under this agreement or copyright or trade secret law.

We are not obligated to use your entry for any purpose, even if it has been selected as a winning entry.

9. WINNER SELECTION AND NOTIFICATION

Judging will consist of two (2) rounds as follows:

Round 1: During an 8-week period following Phase 1 (January 1, 2018 – February 23, 2018), a panel of judges from each entry region will each select 8-10 semi-finalists from among all eligible entries received within that region based on the equally weighted judging criteria listed below.

1. Problem addressed
2. Market size and growth potential
3. Differentiated/disruptive solution
4. Performance and traction with customers
5. Ability of founding team to execute

Finalists will then be invited to advance to the next stage of the Contest by being invited pitch their startup at the finals event for their region. Finalists will be required to send at least one representative to the live competition to participate. Finalists will have their lodging provided by Microsoft, but will need to cover their own transportation and meals during their stay.

Round 2: At the finals event, Finalists will have 20 minutes (inclusive of Q&A) to pitch their startup vision to a panel of judges. At the end of each pitch, judges will evaluate based on the same equally weighted judging criteria listed above to determine the top winners per region as outlined below.

Final winners will be announced at the end of the event, but instructions on how to claim the prizes will be sent to the winners separately during the days after the event.

In the event of a tie between any eligible entries, an additional judge will break the tie based on the judging criteria described above. The decisions of the judges are final and binding. If we do not receive enough entries meeting the entry requirements, we may, at our discretion, select fewer winners than the number of Contest Prizes described below.

A.I. For Good Prize: Additionally, there will be one global “A.I. for Good Prize”, in which a committee of Microsoft Ventures employees will evaluate entries from among all semi-finalists received globally and select one winner that has the greatest potential to make the largest positive impact on society by creating new jobs, improving social or living conditions, empowering underrepresented groups, or philanthropy. This round of judging will take place virtually and will not be dependent upon pitch presentations given at each regional finals event.

The winner of the A.I. for Good Prize will be notified via the contact information provided during entry no more than 7 days following the competition with prize claim instructions, including submission deadlines. If a selected winner cannot be contacted, is ineligible, fails to claim a prize or fails to return any Forms, the selected winner will forfeit their prize and an alternate winner will be selected time allowing. If you are a potential winner and you are 18 or older, but are considered a minor in your place of legal residence, we may require your parent or legal guardian to sign all required forms on your behalf. Only three alternate winners will be selected, after which unclaimed prizes will remain unawarded.

10. PRIZES

24-30 Finalist Prizes. Each finalist company will be awarded a two (2) night hotel stay of two (2) double occupancy rooms in the location of their local regional finals for up to four (4) employees. Approximate Retail Value (ARV) \$1200 USD. *All other travel costs including but not limited to, airfare, transportation, meals are the sole responsibility of the finalists.

Three (3) Grand Prizes (one winner per region). The winning company from each region will receive:

- \$500K of funding from Microsoft Ventures and \$500K of funding from the partnering fund for a combined \$1M in venture funding (pursuant to due-diligence and agreement between parties). See “additional prize terms and conditions” below.

- \$500K in Azure credits for use over 3 years, and 100 Office 365 E3 licenses (Approximate Retail Value \$72,000).

One (1) A.I. for Good Prize. The winning company will receive \$500K of funding from Microsoft Ventures, \$500K in Azure credits for use over 3 years, and 100 Office 365 E3 licenses (Approximate Retail Value \$72,000).

The total Approximate Retail Value (ARV) of all prizes: **\$5,680,000**. All amounts in USD.

Additional prize terms and conditions:

Azure credits and Office 365 licenses are good for 36 months and are subject to the terms and conditions listed at: <https://azure.microsoft.com/en-us/support/legal/subscription-agreement/>

The grand prize includes an investment in the winning company by Microsoft Ventures and the partnering fund under the following terms and conditions:

- The investment will be in the form of a Convertible Loan Agreement (CLA)
- The CLA will have a cap of no more than 3x the last post money valuation or a discount of 25% to the round price per share at the sole discretion of Microsoft and the partnering fund.
- The loan will be automatically convertible to equity under a round of at least \$2M equity financing from a new investor (“Qualified Round”)
- Microsoft and the partnering fund each will have the right to convert their loan to equity under the same conditions even if the round is not a Qualified Round
- The company would make every effort to allow Microsoft Ventures and the partner VC funds to increase holding to up to 5% each (on fully-diluted basis) upon conversion
- In case of a company sale, IPO or liquidation (“Exit”) before a conversion has been made, Microsoft and the partnering fund’s investment shall each convert based on the most recent valuation prior to winning the prize.

We will only award one (1) prize per person/company during the Entry Period. No more than the stated number of prizes will be awarded. No substitution, transfer, or assignment of prize permitted, except that Microsoft reserves the right to substitute a prize of equal or greater value in the event the offered prize is unavailable. Prizes will be sent no later than 28 days after winner selection. Prize winners may be required to complete and return prize claim and / or tax forms (“Forms”) within the deadline stated in the winner notification. Taxes on the prize, if any, are the sole responsibility of the winner, who is advised to seek independent counsel regarding the tax implications of accepting a prize. By accepting a prize, you agree that Microsoft may use your entry, name, image and hometown online and in print, or in any other media, in connection with this Contest without payment or compensation to you, except where prohibited by law.

11. ODDS

The odds of winning are based on the number of eligible entries received.

12. GENERAL CONDITIONS AND RELEASE OF LIABILITY

To the extent allowed by law, by entering you agree to release and hold harmless Microsoft, each VC Partner, and its respective parents, partners, subsidiaries, affiliates, employees and agents from any and

all liability or any injury, loss or damage of any kind arising in connection with this Contest or any prize won.

The decisions of Microsoft are final and binding

We reserve the right to cancel, change or suspend this Contest for any reason, including cheating, technology failure, catastrophe, war or any other unforeseen or unexpected event that affects the integrity of this Contest, whether human or mechanical. If the integrity of the Contest cannot be restored, we may select winners from among all eligible entries received before we had to cancel, change or suspend the Contest. Rules violators will be prosecuted to the full extent of the law and may be banned from participation in Microsoft Contest.

13. GOVERNING LAW

This Contest will be governed by the laws of the State of Washington, and you consent to the exclusive jurisdiction and venue of the courts of the State of Washington for any disputes arising out of this Contest.

14. WINNERS LIST

A complete list of winners will be posted to www.microsoftventures.com within 30 days of May 31, 2018