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IP and commercialisation

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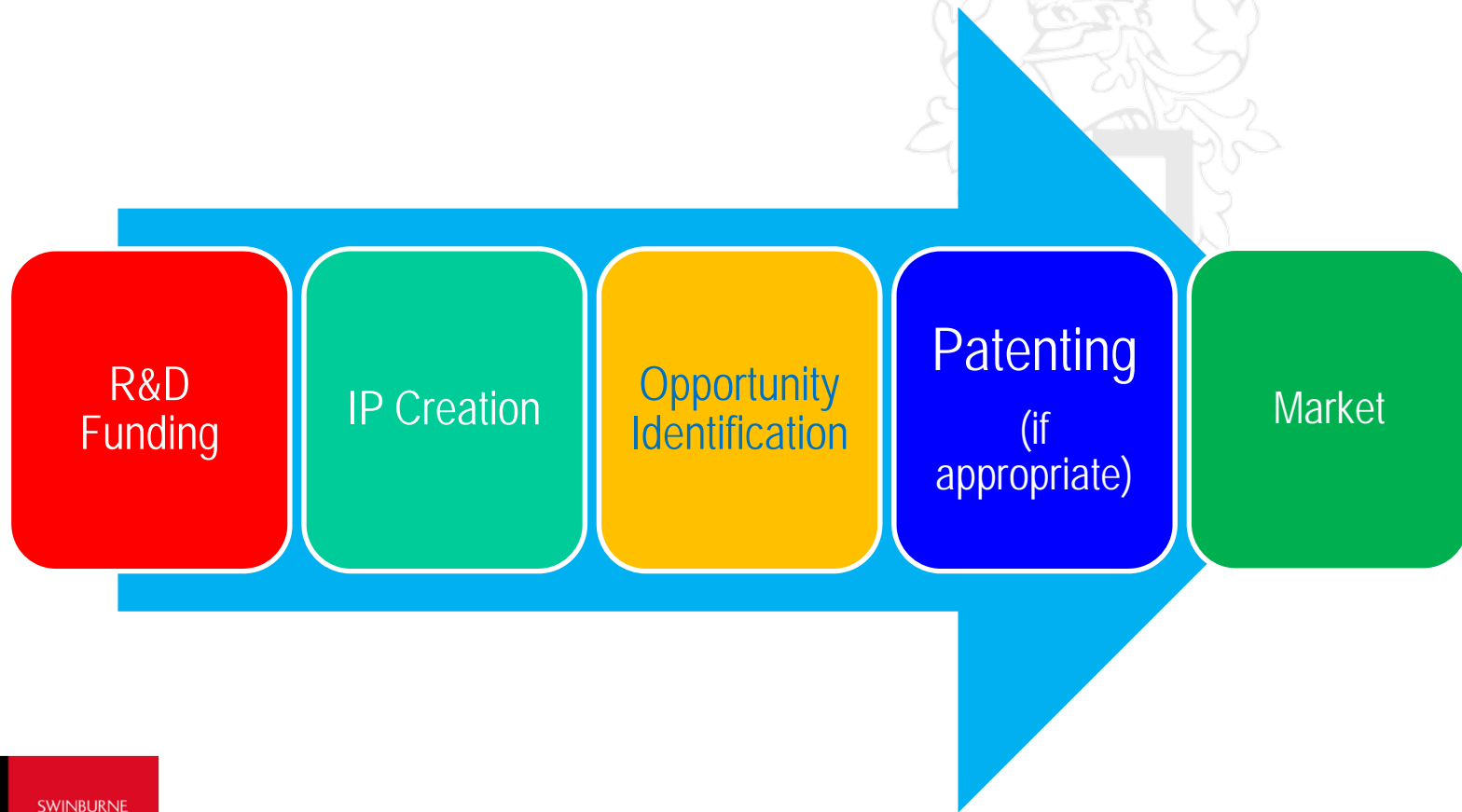


Why Commercialise IP arising from Research?

1. To reward, retain and recruit staff
2. To induce closer ties to industry
3. To promote economic growth
4. To make research results available for public good
5. To generate income for research and education

Lou Berneman
Past President AUTM
University of Pennsylvania

Classic Commercialisation Model



Opportunity Evaluation

- What is the market need ?
- Does your technology address this need ?
- What is the value proposition ?
- Is it novel – can this be protected ?
- Do you have the expertise to commercialise ?
- What is the business model ?

Routes to market

- Licence to an established supplier
- Sell IP to an established supplier
- Form joint venture company with an established supplier
- Start a company and supply the market directly
- Sell products to an established supplier

Commercialisation 1: Know-How

- Competitive advantage may derive from staff know-how as opposed to a patent
- Commercialisation options may be:
 - earn fee revenue, consulting to a company
 - establish a spin-off, and deliver the know-how through this vehicle
- Second option creates tradable business value

Commercialisation 2: Licence - Checklist

- Up Front Payments - normally treated as royalties in advance
could be traded for equity
- Royalties may be 3% - 15%, depending on product type, manufacturing needs, volume, and market
- Protection - need to offer monopoly
- Term (e.g. 5 years)
- Territory (e.g. Australia)
- Performance - minimum sales etc.

Commercialisation 3: Spin Off Companies

- Why Spin Off Companies, rather than licence?
 - Licences require strong IP position
 - Large companies not keen to licence (& take the risk)
 - Research is likely to lead the market of established companies
 - Increased benefits to originators & Uni (research opportunities)
- When to form a Spin Off?
 - Solid business case
 - Better net benefit than alternative approaches
 - Potential for ongoing development of IP

How are spin-off companies formed?

- Identify a champion
 - may be an investor, entrepreneur, researcher, or graduate student
 - should be a self-starter; self motivated; a leader; a sensible risk taker; presentable and articulate; intelligent; inquisitive; and, persistent.
- Have valuable intellectual property, or unique know-how
 - protected to be licensed/assigned to the spin-off company.
- Then
 - prepare a plan
 - obtain financing
 - incorporate.

.....Then the real work begins

Spin Off Success Factors - the Institution

- a solid technology, or competitive advantage;
- supportive senior management;
- adequate program and project financing;
- outstanding people;
- an effective and efficient process;
- good space and facilities;
- good policy framework; and,
- synergistic relationships with the stakeholders.

Spin Off Success Factors - the Company

- the company champion;
- a management team;
- understanding of the market opportunity;
- access to financing at each stage of development;
- an experienced board of directors;
- access to experienced R&D personnel and facilities;
- a solid technology.

People are the Real Key

- Academic Culture different to business culture
- Successful commercialisation is driven by the relationship between researchers and entrepreneurs
- Incentives are vital for all parties
- Ongoing involvement of of the University, and the researchers is vital for success

Conclusion

- Commercialisation of research is never easy, and to work, it must have
 - The right people, particularly a champion, and incentives
 - A good business opportunity, and a plan of how to attack it
 - Adequate investment from appropriate investors
 - The 'smarts' to make the opportunity work
 - Realistic expectations and extensive 'moral' support

Questions

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