

Response to consultation on HERC IP Commercialisation Framework

Context

Significant Early Venture Capital (SEVC) welcomes the Federal Government's focus on supporting the commercialisation of intellectual property generated as a result of research activity at Australian Universities. As an early stage venture fund focused on investing in university derived start-up companies, it is intimately involved in the university commercialisation process, working with researchers and commercialisation offices within our partner universities to translate unique ideas into commercial successes.

SEVC was founded by the Australian National University and the Hindmarsh Group as a unique partnership between universities and business to invest in commercialisation. Building on 20 years of experience and partnership the founders of SEVC expanded the partnership to other universities who have all invested themselves into SEVC and who provide opportunities to invest in. SEVC works closely with its partner universities through the whole commercialisation process, not only investing, but assisting with identifying opportunities, supporting early stage projects with commercial potential, business planning and mentoring of researchers. This places SEVC in a uniquely informed position with respect to the focus of the Government's university commercialisation agenda.

Whilst the context and narrative of the consultation paper looks to address the key issues of a commercialisation framework, the questions themselves provide little scope to respond to what SEVC see as the major points to address. We have therefore provided responses around broader the themes.

Commercialisation Capability

We fully support the government's initiatives to explore new ways for research institutions to collaborate and engage with the business, industry and community sectors for better commercial outcomes, noting an understanding that industry in Australia comprises established multi-national companies; growing small to medium enterprises; and emerging start-ups, each with differing levels of readiness or capacity to absorb research innovation. Improving absorptive capacity within industry is as much of an issue to be addressed as capability within universities to ensure collaborations result in successful outcomes.

The key to successful translation of research to innovative business or social outcomes are people who intersect domain expertise with an understanding of research and business. In our experience, the capability of university commercialisation offices is variable, some are very good and some are non-existent. Australia has an undeniable skills gap in this area. Working with the Commonwealth Government, universities need to address this capability gap. In line with the adoption of any commercialisation framework, this skills gap needs to be addressed.

Commercialisation Framework

The 10 year UK, bi-partisan plan embodied in The Lambert Review into University Business Collaboration (https://web.archive.org/web/20071003151420/http://www.hm-treasury.gov.uk/media/9/0/lambert_review_final_450.pdf) which set the foundation for the enhanced role of Universities in driving an innovative economy in the UK is one example that generate a positive framework. One might say that the National Science Innovation Agenda <https://www.industry.gov.au/sites/default/files/July%202018/document/pdf/national-innovation->

[and-science-agenda-report.pdf?acsf_files_redirect](#) attempted establish a framework for Australia and its aspirations remain valid.

The path from research through commercial development to market adoption is not linear, but it does progress through a series of stages of IP identification and development and commercial development. As progress is made through each stage from research to commercial outcome, the commercial risk is reduced. Australia is active at both ends of the risk spectrum but its commitment to translation, and publicly funded schemes which encourage industry investment in research and development, is comparatively poor. Direct funding intervention programs as highlighted in the Funding Risk Pipeline diagram attached are required to progress IP along the risk reduction path from university research to industry adoption that is IP commercialisation.

SEVC has developed its own university commercialisation framework attached in order to better understand the key activities, outcomes and points of intervention required along the themes of IP, Commercial Development, Researcher Development and Capital Funding.

Whilst commercialisation frameworks and agreement templates for universities are useful for guidance and a commonality of approach, a more nuanced driver for universities would be a clear policy position on what is expected from the government in terms of IP generated from publicly funded research. Should it be to maximize the return to the university or provide the maximal societal and economic impact for the nation? These are not mutually exclusive, but the policy emphasis will significantly influence the university position on its openness on allowing access to IP. It will also potentially reduce the negotiation process times as “commercial” terms are reduced in levels of importance for the universities and they can focus on issues that are important to them such as publication and retention of research rights.

IP Access

Intellectual Property management is not a critical blockage for research access, and most experienced research organisations have well developed IP principles and commercialisation support for collaborative projects. For those that do not, there is a large body of knowledge contained in material from Knowledge Commercialisation Australia (KCA), Association of University Technology Managers in US, PraxisAuril in the UK, and even the Commonwealth Government’s IP Toolkit. A greater barrier to university commercialisation is development of commercial business cases. It is often noted that researchers and universities have a perception of greater commercial value in their IP than reality and a lack of understanding of the scale of resources and investment needed in the commercial development of the IP.

The development of IP frameworks and toolkits, while useful, should be principles based and retain an awareness and flexibility to address the broad range of application which IP may be used for beyond generating revenues and profits. Whilst mandating the use of template agreements may seem attractive to streamline the process, in practice it is likely provide an additional constraint on negotiations leading to less commercialisation occurring. If a commercial partner does not agree to mandated terms, what leverage does the university have? They will be perceived as inflexible and uncommercial. What is required are more capable commercialisation managers who can expedite the process as highlighted above within a principles based flexible framework.

Notwithstanding the need for flexibility, SEVC recognise that there is an issue with regard to timely completion of negotiation and execution of agreements with universities. It is observed this is often due to protracted delegation and review processes required internally. This requires the agreement to be elevated to senior levels of the university executive with multiple authorisations by individuals

that have little understanding of the commercial terms. A better approach would be for universities to refine the authorisation process delegations in line with the framework.

Data Gathering and Analysis

SCV is committed to a data driven approach to monitor performance of how university commercialisation is progressing. Universities currently have to report a range of measures in relation to its HERDC return for funded collaborative projects. In addition, until 2016 the National Survey of Research Commercialisation regularly reported innovation commercialisation measures to the Dept of Industry in relation to the number of disclosures, patents, LOA's, start-ups and investment funds raised. Rather than create a whole new data measurement process, it would make sense to consolidate all the currently collected data into a performance scorecard through a revised national annual survey. Many universities still collect this data for their own use and within sector organisations such as the Go8. The parameters should be mapped onto any proposed framework to ensure that the appropriate measures are in place a key points and that there is a sufficient balance of lead and lag indicators.

Communication

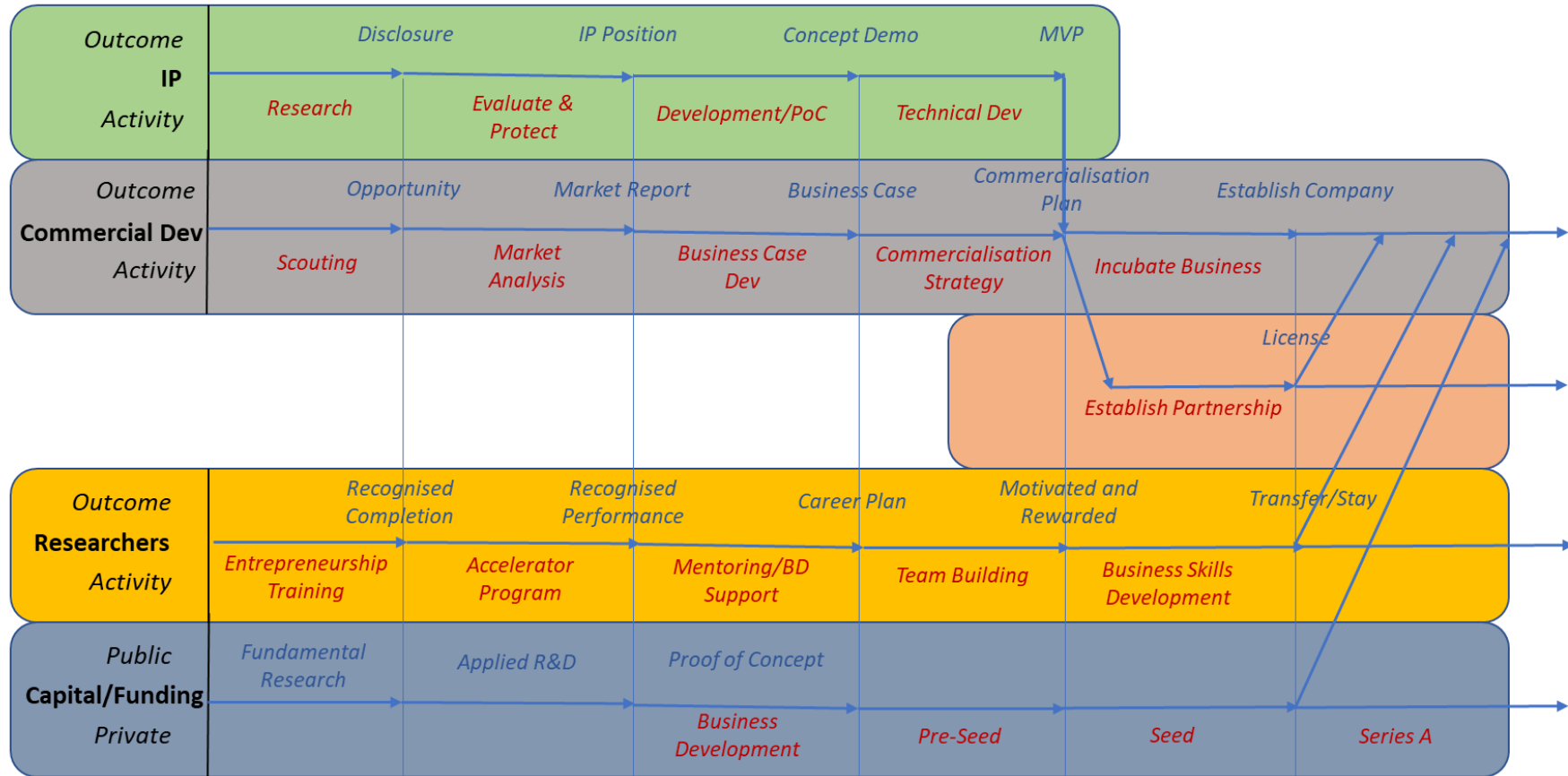
The commercialisation process of university IP is one of partnership between business, universities and government. Any communication or education materials generated regarding a potential framework need to target all three stakeholders, clearly articulating how the framework works and how it impacts on them. It should be projected as being an approach to assist and benefit with support for performance, not a tool of compliance that has no intrinsic value to the university.

SEVC looks forward to engaging further with its partner universities and the government on approaches to support and foster greater commercialisation outcomes of publicly funded research.

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Commercialisation Framework



Funding Risk Pipeline



TRL 1

TRL 9

