

UTM Inventors Guide to Spin-offs and Technology Transfer

ROLES OF ICC

INNOVATION POINT

- Innovation Awareness Program
- Innovation Funding Options

INNOVATION IDEA INCUBATION

- Innovation Training
- UTM-MTDC Symbiosis Program
- Business Incubation Program
- Innovation Fellow

INNOVATION PROTOTYPE DEVELOPMENT AND INNOVATIVE SOLUTION

- Prototype Development
- Industry Solution

ROLES OF ICC

INTELLECTUAL PROPERTY MANAGEMENT

- Intellectual Property Application
- Intellectual Property Maintenance
- Intellectual Property Database

TECHNOLOGY LICENSING

- Technology Licensing
- Commercialization Projects
- Spin-off Company Formation
- Business Plan Assistance for Potential Product
- Commercialization Training
- Commercialization Credit Program

ROLES OF ICC

MARKETING, EXHIBITION & INDUSTRIAL NETWORKING

- Product Marketing
- Product Promotion
- Product Exhibition

LEGAL AND STANDARD MANAGEMENT

- Legal advice for intellectual property exploitation
- Commercialization documentation, standards and policy management and execution

WHY COMMERCIALISE R&D INVENTION?

Commercialisation of R&D inventions contributes to wealth creation as explained below :-

- Contribute towards economic development by producing innovative products that satisfy customer needs
- Generates significant economic value
- Creates jobs (spin off companies)
- Induces investment into university
- Transformation towards the new academia

ICC COMMERCIALIZATION PROCESS

- RA and Faculties fill-up disclosure form and Innocomm scoring systems form
- Evaluate through Innocom committee whether to patent or not to patent (Innocomm scoring systems form is used as shown in the Figure process flow)
- Obtain the technologies from RAs, Faculties, that won medals during research and Innovation exhibitions
- Direct approach from researchers those who have ready made products to license or to form spin-offs.

UTM SPIN OFF DEFINITION

“A company that exploiting a university or research institution intellectual property. The university or research institution may or may not own equity in the company. However, the royalty (running royalty and upfront fees) will be charged by the parent organisation due to exploiting the IP rights based on the negotiation.”

In this context a joint venture company is defined as a spin-off company if the company is exploiting the University IPs.

SPIN OFF FORMATION

How long does it take?

The time it takes to complete the steps in the spin off process varies greatly among inventors and often depends on many aspects of the business coming together simultaneously, such as the participants' ability to engage in the business, the ripening of the technology, IP application and protection and business plan preparation.

Negotiation of a license agreement and royalty rate, with ICC can take anywhere from a few weeks to a few months depending on how fast the preparation of the Business plan takes.

HOW MUCH CAN I TELL PEOPLE ABOUT MY TECHNOLOGY?

Once your invention is protected by a patent application, it's safe to discuss it both inside and outside the UTM community.

If you want to discuss your invention with others (outside of UTM) before a patent application has been filed you should have the person (or company) sign a confidentiality agreement (or “Non- Disclosure Agreement”), agreeing to keep your invention in confidence, before you have the discussion.

ICC can help you with the NDA if the confidential information is related to your research at UTM.

FORMATION OF A SPIN-OFF COMPANY

The formation of a Spin-Off company is to allow third parties investments into University IPs to enable the most effective commercialisation of that IP.

STEPS TO SPIN OFF FORMATION

- 1. TALK TO ICC** We encourage you to contact the Technology Licensing Office of the Innovation & Commercialisation Centre (ICC) early in the process to discuss your invention, how to protect the intellectual property and your thoughts about a spin-off company.

- 1. PROTECT INTELLECTUAL PROPERTY:** In a spin-off, a major source of value, and thus a major tool for attracting investment, is intellectual property (usually one or more patents or substantial software code). Engage with the patent attorney contracted by the ICC to get a patent application filed on your invention before you make any public disclosure or communication of it, since early disclosure may limit your ability to get a patent, particularly outside Malaysia (and other countries).

STEPS TO SPIN OFF FORMATION

- 3. SEEK INPUT AND NETWORK** : ICC assists in obtaining necessary information in matching product to potential business/industry partner. We also help choosing company board members and giving business advice as well as monitoring the business development progress from time to time. We provides advice in writing business plan, meeting like-minded entrepreneurs and investors and assists in the process of securing funding and grants for the pre-commercialisation process to demonstrate the invention's commercial viability.
- 3. PLAN THE BUSINESS** : A well written business plan is crucial and needed to develop an understanding of market potential, competition, funding needs, and how you plan to develop the product and attain the revenues sufficient to sustain and grow the company. All the crucial information required by the industry and the funder is usually well explained in a business plan.

STEPS TO SPIN OFF FORMATION

- 5. NEGOTIATE THE LICENSE OR OPTION AGREEMENT :** The TLO (ICC) will negotiate with a representative of the company to grant a license to the spin-off. In some cases, after the presence of a letter of intent, a memorandum of agreement (MOA) may precede a license so your company can demonstrate to potential funders that it has secured the rights to negotiate for a license to the technology.
- 5. PURSUE FUNDING:** Commercializing technology is typically a capital-intensive process. You'll need to present your opportunity to people with the funds to help you make it happen - venture capitalists, angel investors and perhaps in the initial stages, friends and family. ICC will help in the process of enhancing your business and entrepreneurship skills via a range of entrepreneurship discipline of innovation trainings and finding a range of pre-commercialisation grants and funds to help start and establish your spin off.

UTM COMMERCIALISATION ROUTE

There are 3 types of commercialization route in UTM as further explained below.

- 1. LICENSING:** License to established companies or a new company (UTM will receive upfront payment and royalties)

- 1. COMMERCIALISATION PROJECT** (small projects)

- 1. CREATE A SPIN-OFF / JOINT VENTURE**
 - Spin-off type A (UTM has equity and receives up-front payment and royalties)
 - Spin-off type B (UTM will receive only upfront payment and royalties).

INVOLVEMENT OF STAFF/STUDENTS IN A SPIN-OFF COMPANY

To ensure success of the spin-off company, any Employee who participates as a partner in a spin-off activity according to specific clauses in the constitutional document have to respect the following:

- will not give-up the participation, for a minimum of three years;
- will not carry out any activity in competition with the consulting and research that the University offers to public and private organizations;
- will safeguard the reputation, good name and the interests of the University and offer adequate information for the University on the activity of the spin-off and the management of the company.

INVOLVEMENT OF STAFF/STUDENTS IN A SPIN-OFF COMPANY

Any Employee who propose the creation of a spin-off or is a partner shall be authorized and attained consent by the Vice Chancellor, to carry out activity for the spin-off while continuing his/her teaching activities and maintaining their University positions.

Students can carry out remunerated or not remunerated activity for the spin-off company if they meet the condition that it is not in opposition with the regular and diligent fulfilment of the research tasks, with the favourable opinion of the Dean of the Schools of Graduates Studies, Office of the Students Affairs and the University's Senate.

INVOLVEMENT OF STAFF/STUDENTS IN A SPIN-OFF COMPANY

Any Employee who is a partner of a spin-off company can carry out remunerated or not remunerated activity for the spin-offs with the authorization of the Registrar's office so as their responsibilities are not affected.

Technical administrative staff who is a partner of a spin-off company can be a member of the Administrative Board of the company only if the University has appointed him/her.

DIRECTORSHIP IN A SPIN-OFF OR JOINT VENTURE COMPANY

Government servants who become Directors are subject to the Government Policy in the Government Circular: ***Pekeliling Bil. 2 Tahun 1993: Bayaran (Fees), Elaun-elaun dan pampasan yang boleh disimpan oleh pegawai-pegawai kerajaan yang dilantik menjadi Pengerusi / Ahli-ahli Lembaga Pengarah Badan-badan Berkanun / Kuasa-kuasa Tempatan / Badan-badan Perniagaan yang kerajaan mempunyai kepentingan.***

TERM OF ENGAGEMENT IN UNIVERSITY SPIN-OFF

Full Time Secondment

- Time commitment: Full time up to two (2) years with option to extend up to maximum of one (1) year. During this period the Inventor shall be committed full time to the success of the spin-off company and will not be engaged in teaching nor have any administrative duties from UTM. Inventor, however, is obligated to make himself available at UTM's calling at any reasonable and adequate time of notice.
- Monitoring: Spin-off company performance shall be monitored by UTM Holding Sdn.Bhd. and its progress shall be subject for review every three (3) months.

TERM OF ENGAGEMENT IN UNIVERSITY SPIN-OFF

Full Time Secondment

- Form of Remuneration or Payment (Allowance): For the first two (2) years, the UTM Employee will continue to receive full salary and allowance from UTM. Beyond the first two (2) years, UTM employee will only receive Basic Salary from UTM.
- Beyond the two (2) year period, the inventor shall rejoin UTM.

DISTRIBUTION OF NET COMMERCIALISATION REVENUE

Upon deduction of these reasonable expenses, the University Net Commercialisation Revenues (royalty) shall distribute the Net Commercialisation Revenue on the closing of the financial year in which the income is derived and may be distributed between Inventor(s), University through ICC and faculty/Research Alliance using the following formula:

No.	Nett Proceeds	Inventors	University
1	First RM 100,000.00	90%	10%
2	From RM 100,001.00 to RM1,000,000.00	80%	20%
3	From RM 1,000,001.00 to RM2,500,000.00	60%	40%
4	From RM 2,500,001.00 and above	50%	50%