

La Trobe Strategic Innovation Fund Guidelines

La Trobe Strategic Innovation Fund

1. Background

The Strategic Innovation Fund (Fund) was established by the Vice-Chancellor to help maximise the economic, social or cultural impact derived from the research and teaching conducted at La Trobe. The Fund will promote the development of commercially relevant services, products and other outcomes that arise from the research and teaching activities at La Trobe University (La Trobe) and facilitate the translation of these services, products and outcomes to appropriate end-users/industry partners or customers.

2. Charter

Applications to the Fund are open to all current La Trobe Staff Members¹, students and to business company founders engaged with the La Trobe Accelerator Program (Accelerator) where the University has an equity interest in the intellectual property. Investments from the Fund will be used to support the development of Intellectual Property (IP)², Specified Works³ or Teaching Materials⁴ in order to progress the commercial development of the intellectual property through proof of concept, to facilitate the licensing of the Opportunity⁵ or to receive equity and/or royalties through the establishment of a start-up company.

Specifically, the goals of the Fund are to:

- Assist in developing proof of concept for Opportunities developed at La Trobe through its research and teaching activities and through the Accelerator;
- Assist in preparing, publishing, distributing and licencing of literary or artistic works, audio or audio-visual materials or computer software to generate a commercial return⁶; and
- Invest in start-up companies in return for equity and/or royalties.

The financial returns that arise from Opportunities that have received support from the Fund will be treated and distributed in accord with the La Trobe Intellectual Property Policy or other agreement on a case by case basis. Ordinarily returns to the University will be reinvested in the Fund.

3. Investment focus

The Fund will support investments from all research and business sectors and will encourage

¹ **Staff Member** means a member of the full-time, part-time or casual academic or general staff (Honorary/Adjunct staff, whether holding a permanent or other position at La Trobe University;

² **Intellectual Property** means any rights in relation to copyright, designs, inventions, plant varieties, trademarks (including service marks), confidential information, trade secrets, know-how, circuit layouts and patent rights, whether registered or unregistered.

³ **Specified Work** has the same meaning as defined in the La Trobe IP Statute and includes any literary, dramatic, musical or artistic works but does not include Teaching Material, computer programs;

⁴ **Teaching Materials** means any copyright works developed or used by a Staff Member for the purpose of teaching and education at the University and made available to a student including without limitation reading lists, subject plans, curriculum outlines, lecture notes, visual aids, exam scripts or websites in any format whatsoever including printed or electronic format, but does not include personal notes created by a Staff Member and not distributed to a student. In this instance, it includes training materials.

⁵ **Opportunity** means any proposal (Start-up or proof of concept) for consideration for funding under the Fund. It covers Intellectual property, Specified Works and Teaching Materials.

⁶ Applications to support publication of literary and artistic works must demonstrate the potential for significant commercial return for the University or significantly increase the ERA impact to a level not possible in the absence of support.

participation by creators of social impact ventures as well as conventional for-profit ventures.

Investments in Opportunities based on intellectual property that can be protected by patent, copyright, trade mark, design laws, confidentiality or trade secret or other means (including business models) will be eligible for funding. Subject to approval, investments may be made in Opportunities at any stage of commercial development (i.e. proof of concept, pre-seed and seed stage, and pre- or post-revenue stage) provided that the investment improves the potential of a commercial outcome or significant reputational impact for the Opportunity.

Investments may be staged in tranches upon completion of pre-agreed milestones. Investments in start-up companies will be made in exchange for equity and may carry the right to appoint a director to the Board of a start-up.

4. Governance

An Investment Committee will be established to oversee and govern the Fund and endorse Opportunities and disbursement of funds in accordance with:

- [Intellectual Property Statute 2009](#)
- [Intellectual Property Policy](#); and
- [La Trobe University Commercial Activities Guidelines](#)

The Investment Committee will be made up of the:

- Chair;
- University Representatives (up to 7); and
- External Representatives (up to 2).

Each member of the Investment Committee shall have an equal vote.

A vote of an Investment Committee shall be taken on all matters involving:

- A decision to recommend or reject an Investment Proposal⁷;
- Any substantive change in the terms or conditions of a recipient of an investment;
- Any substantive change in the proposed milestones associated with an investment; and
- Negotiation of the next-stage development of a funded Opportunity or the commercial exit (or disposal) from an Opportunity.

The Investment Committee will make recommendations to the Vice-Chancellor on the utilisation of the Strategic Innovation Fund. Refer to the SIF Investment Committee Terms of Reference in Appendix 1.

5. Fund Manager

The Office of the PVC – Industry Engagement will appoint a Fund Manager. The role of the Fund Manager is to prepare and recommend suitable Opportunities to the Investment Committee for consideration. The Fund Manager will provide support to the Opportunity through the application process and if successful monitor the performance of the Opportunity and its progress against the approved milestones. The Manager will make recommendations to the Fund when, and on what terms,

⁷ Investment proposals shall be presented to the Committee in such a way the key elements of the Investment Assessment Tool are completed (Appendix 3).

the University should divest the University's investment in the recipient or terminate proof of concept studies.

6. Investment process and procedures

The Investment Committee will consider Opportunities recommended by the Fund Manager for endorsement to proceed to the Vice-Chancellor for consideration.

The Pro Vice-Chancellor (Industry Engagement) in consultation with the Investment Committee will develop, document and revise as needed an investment decision procedure which shall be used to identify, review and endorse investment Opportunities in accordance with the University's statutes, policies and procedures.

The process and associated decision points are detailed here to assist the Committee in reviewing and endorsing an investment. Requests for investments will be identified, reviewed, and progressed by the Office of the PVC(IE) through the Invention Disclosure procedure as described in the [La Trobe IP Policy](#);

- In consultation with Fund Manager, the investment opportunity will be assessed using the Investment Assessment Tool (Appendix 3);
- Investment Opportunities that, in the opinion of the PVC – Industry Engagement, in consultation with the Fund Manager, warrant consideration for investment will be presented to the Investment Committee for consideration and endorsement;
- Decisions to endorse an investment will be made by a vote that requires an 80% majority agreement of the Investment Committee Membership;
- If endorsed, Fund Manager will progress the investment opportunity as per the University's statutes, policies and procedures and as per other requirement of the Investment Committee, including preparing necessary documentation to secure approval by the Vice-Chancellor, Deputy Vice-Chancellor (Research), or Council as required (see Appendix 2).

If the Vice-Chancellor approves the Opportunity proposal, the Fund Manager will prepare an appropriate business plan which, in conjunction with the Chair's recommendation, will put forward to the delegated authority, as per the Commercialisation of Research Guidelines (Appendix 2).

For a start-up, once approved, the Fund Manager will use every reasonable endeavour on behalf of the University to:

- Negotiate the terms of the investment in the Opportunity on behalf of the University;
- Negotiate the level of management support to be provided to the Recipient;
- Negotiate and settle a substantial shareholding by La Trobe in the Recipient or other equitable interest in the intellectual property of the Recipient or; where appropriate, the party holding the commercialisation rights to the intellectual property in return for the investment and management support; and
- Such other matters as agreed between the University and the Manager from time to time.

7. Investment parameters

The Fund will operate within the following parameters:

- Investment will be made in Opportunities which have a strong commercial prospect and which have a clear commercialisation and exit pathway;
- Initial investments in Opportunities (start-ups) will usually be in the range of \$100,000 to \$500,000⁸; and
- Smaller investments of \$30,000 to \$100,000 can be made where the purpose is to establish the potential for promising technologies (proof of concept).

⁸ Larger investments will be considered on a case by case basis in consultation with the Office of the Vice-Chancellor.

8. Functions

Group	Key functions	Key documentation
Investment Committee	<p>The overall responsibility of the Investment Committee is:</p> <ul style="list-style-type: none"> Evaluate and recommend potential investments in Opportunities to the Vice-Chancellor; Monitor investments against the La Trobe Council's established policies; Evaluate and, if appropriate, recommend follow-on investments; Make recommendations in relation to follow-on investments that adhere to the Business Plan in relation to any Opportunity to be made; and 	<ul style="list-style-type: none"> Commercialisation of Research Guidelines (Appendix 2) Investment assessment tool (Appendix 3) Project Brief Business Case Meeting Agenda Template Minutes Template Release of Project Funds
Fund Manager	<p>The responsibility of the Fund Manager is to:</p> <ul style="list-style-type: none"> Identify, evaluate and recommend potential investments. Facilitate the provision of advice and management services to Recipient ventures where the Investment Committee believes this to be appropriate; Monitor investments against the La Trobe's established policies; Evaluate and, if appropriate, recommend follow-on investments. 	<ul style="list-style-type: none"> PVC-Industry Engagement cover letter including a summary recommendation and reasons; La Trobe Fund Manager's report; Expenditure budget; Financial appraisal; Research plan and Milestones.
Consultants	In line with the University's procurement policies and procedures, the Investment Committee may appoint external consultants to undertake business activity specific to the project.	
Partners (external)	The Investment Committee may require direct involvement of University partners through associated agreements, for example Memorandum of Understanding or funding arrangements.	
La Trobe University Stakeholders	Representatives from La Trobe Stakeholders that also provide operational technical guidance and expertise to the Project.	

9. Conflict of interest

Members of the Investment Committee or La Trobe employees who have a material personal interest in a matter that is being considered by the Committee must not:

- be principally involved in the investigation, evaluation, negotiation or other consideration of the investment opportunity; or
- vote on any decision to make an investment,

unless that interest has been disclosed to the Chair of the Investment Committee and the Chair & Committee agrees to the involvement of the member. Where the Chair of the Investment Committee or the La Trobe Fund Manager has a material personal interest, that interest will be disclosed to the Investment Committee and the Investment Committee may pass a resolution approving the involvement of that Chair or Fund Manager.

Appendix 1 Investment Committee Terms of Reference

La Trobe Strategic Innovation Fund

Investment Committee – Terms of Reference

1. Establishment

The Strategic Innovation Fund (SIF) Investment Committee was established in October 2017.

2. Membership

Composition		Member	Appointed Status
A	Deputy Chancellor (Chair)	Mr Andrew Eddy	Ex-Officio
B	Deputy Vice-Chancellor (Research)	Prof Keith Nugent	Ex-Officio
C	Pro Vice-Chancellor (Industry Engagement)	(vacant)	Ex-Officio
C	Pro Vice-Chancellor (Learning Quality & Innovation)	Prof Paula Baron	Ex-Officio
D	Pro Vice-Chancellor (SHE)	Prof Rob Pike	Ex-Officio
D	Assoc Pro Vice-Chancellor Research (ASSC)	Prof Sue Martin	Ex-Officio
E	External Committee member	Mr Michael Fieldhouse	Appointed
F	External Committee member	Dr Tony Radford AO	Appointed
G	Fund Manager	Dr Craig Patch	Appointed

Term of Office

Two years for categories E, F & G.

3. Role/ Terms of Reference

Purpose

To consider SIF applications and make recommendations to the Vice-Chancellor on the utilisation of the Strategic Innovation Fund.

Terms of Reference

- To govern and recommend the utilisation of the Strategic Innovation Fund to promote commercial activities at La Trobe University in accordance with the *“Guidelines concerning commercial activities in accordance with Part 6 Division 6 of the La Trobe University Act 2009”*.
- To ensure that the Strategic Innovation Fund is utilised to maximise benefits (both financial and reputational) for the University.
- To ensure that a risk assessment has been undertaken and that the governance arrangements, legal structures, audit requirements and risk management plans are appropriate for the size and type of any activity supported by the Strategic Innovation Fund in accordance with *“Commercialisation of Research Guidelines”*.
- To ensure that the terms and conditions of any arrangements and agreements are appropriate including those dealing with governance, representation of the University on any board or decision-making group formed for the purpose of the undertaking, risk (including insurance), taxation, intellectual property, the rights of the University to terminate its involvement in the activity and any indemnities.

5. To determine whether or not there are any actual or perceived conflicts of interest for the University, University staff or University Council members that may arise from the activity, maintain a registry of such conflicts of interest and put in place measures to address these conflicts.
6. Regularly monitor the commercial activities supported by the Strategic Innovation Fund as appropriate to the scale and nature of the investment.
7. Where the University will become a controlling entity of an investment through the Strategic Innovation Fund, the Committee will ensure that Guideline 6 of the *“Guidelines concerning commercial activities in accordance with Part 6 Division 6 of the La Trobe University Act 2009”* is followed.

Advisory Groups

The Investment Committee may recommend the establishment of advisory groups of internal and external advisors to assist the Committee to find and evaluate investment opportunities and to advise the Committee on the management of the SIF.

4. Reporting

To the Vice Chancellor after each meeting.

The Investment Committee shall maintain minutes for each meeting and maintain a record of voting on all matters for which a vote is taken.

5. Quorum

Two thirds of membership.

6. Frequency of meetings

Quarterly. The Chair of the Investment Committee may convene additional meetings as required.

7. Secretariat

Fund Manager

Contact person and phone/email

Dr Craig Patch

Director, Innovation and Commercialisation

Tel: 9479 3916

Email: C.Patch@latrobe.edu.au

Appendix 2 Commercialisation of Research Guidelines

Purpose

This document provides an outline of the processes required to attain University approval for the commercialisation of research outputs. The commercialisation of La Trobe research will be treated with the same approach to management of risk and financial liability as other commercialisation activities at the University and must be undertaken in collaboration or consultation with the Office of the Pro Vice-Chancellor (Industry Engagement).

The process and associated decision points are detailed here to assist La Trobe University staff to determine when Council approval will be required for activities relating to the commercialisation of research.

A number of statutes, policies and guidelines are relevant to commercialisation activities, including:

1. [Intellectual Property Statute 2009](#);
2. [Intellectual Property Policy](#); and
3. [La Trobe University Commercial Activities Guidelines](#).

The final document listed, the *La Trobe University Commercial Activities Guidelines*, excludes from the definition of commercial activities and therefore from needing Council approval, activities ‘*which will commit the University to expenditure of less than an amount deemed to be significant having regard to the relevant accounting standards during the life of the activity, and will not expose the University to liability of more than that amount.*’ [Definition of Commercial Activities, item (k).]

This document provides the process and associated decision points to clarify what is deemed a ‘significant’ amount, when determining whether a commercialisation activity requires Council approval. Council approval is required for commercialisation activities that:

- 1) expose the University to a financial liability or expenditure greater than the delegation limit of the Vice-Chancellor (\$5M in May 2017);
- 2) have the potential to return to the University financial returns in excess of the delegation limit of the Vice-Chancellor (\$5M in May 2017);
- 3) expose the university to a high level of risk as determined by the [La Trobe Risk Calculator](#); and
- 4) seek to raise external investment for the establish of a spin-out company or venture.

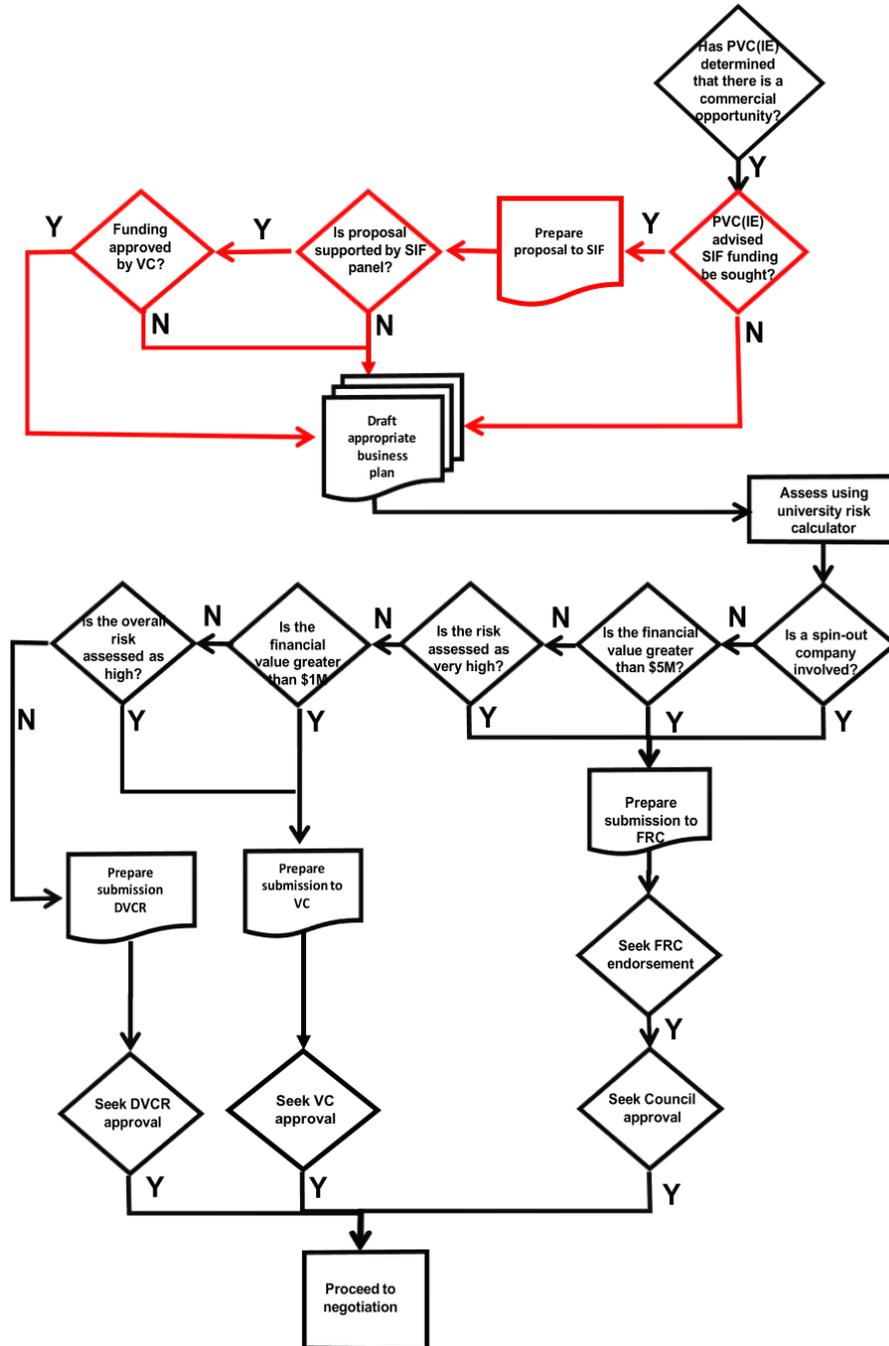
Conditions for which Council approval is required

The ‘[University delegations](#)’ internal webpage provides documents that outline the delegation framework. In addition to considering financial delegation, level of risk can also signal the need for Council approval. A Risk Assessment Tool (Risk Calculator) is available for determining the risk associated with an activity.

The process outlined overleaf provides a decision tree for determining when the level of risk and financial exposure of an activity is such that Council approval is required. If the activity is below the threshold requiring Council approval, all existing La Trobe administrative and management processes, financial approvals and risk mitigation strategies will be followed.

Decision tree for Research Commercialisation Activities

The process outlined below must be followed, in collaboration with the Office of the PVC(IE) when commercialising La Trobe research. University statutes, policies and guidelines, including the Intellectual Property Statute 2009, the Intellectual Property Policy; and the La Trobe University Commercial Activities Guidelines, must be followed at all times.



NOTE: This Decision Tree has been modified to include SIF processes in red as an initial step.

† Commercialisation of University research must be undertaken in consultation with the Office of the PVC(IE).

* Business plans must conform to “Guideline 1 – Prior to entering a commercial activity” in the [“Guidelines concerning commercial activities in accordance with Part 6 Division 6 of the La Trobe University Act 2009”](#). Council may require evidence of the competitive nature of the proposal.

** “Value” here means the total of La Trobe’s financial liability, expenditure, or potential revenue, over the life of the project or contract.

^ Based on the University Risk Calculator available from the [‘University Delegations’](#) internal webpage.

Appendix 3 Investment Assessment Tool

Use of Information in the Document

This document outlines a template for assessing the potential opportunity to invest in a start-up company or proof of concept study to commercialise Opportunities. This tool provides the first stage in the decision process. The scoring provides an important guideline, but does not represent absolute decision criteria.

Project Title: _____

Creator (s): _____

Disclosure Date: _____

Evaluator: _____

Evaluation Date: _____

Type of investment: Start-up company ([Part A](#))
 Proof of concept ([Part B](#))
 Other ([Part C](#))

Executive Summary:

Funding table:

	Milestone	Amount	Date
1.			
2.			
3.			
4.			
TOTAL			

Funding decision: Yes
 No

Part A Start-Up Scoring Summary (1-5; 5-strongly supportive, 4-supportive, 3-neither, 2-unsupportive, 1-strongly unsupportive)

Key Questions	Comments	Score
The problem		
What problem, market need, or customer issue is being addressed?		
Why is it important to solve this particular problem?		
The solution		
What is the unique solution to the problem, how does it work, and how is it significantly better than other solutions to the problem?		
Is the concept clearly defined and does it have a clear plan to demonstrate it?		
Are the products and services defined and is there a plan to demonstrate them?		

Does the solution require a unique ecosystem or is that already in place?		
The market		
Who will the customers be and how big is the market opportunity?		
What is the total available market, the segment you plan to service, and a timeline that shows how you plan to enter and capture that market, over time?		
What is the return on investment?		

The competition		
What current or future solutions, technologies, or companies may compete in the market?		
How is the current proposal differentiated; what's its unique value proposition relative to the competition; why will this solution win?		
What intellectual property or other barriers to entry will keep you ahead of the competition?		
How strong is the IP and are there any Freedom to Operate issues?		
What regulatory barriers are preventing competitors or providing barriers to market entry?		

The team		
<p>Who is in the management team, what is their background and why are they uniquely qualified to run this venture and deliver the solution to market?</p>		
<p>Are there any significant gaps? What is the plan to fill them?</p>		
The business		
<p>What is the business plan? Has a business plan been created?</p>		
<p>Is there a multi-year income statement and capitalisation plan that includes how much money they plan to raise, when they will need it and what will it be used for?</p>		

What key assumptions are they basing their plan on?		
Return on investment for Fund		
What is the current return on investment? Risk adjusted Net Present Value?		
Is there an industry comparable?		
Is there a likely exit?		

Documentation		
Business plan	()	
Development/Commercialisation plan	()	
Financial model	()	
Investment term-sheet/terms	()	
Legal review	()	
Chain of title review	()	

Part B Proof of Concept Scoring Summary (1-5; 5-strongly supportive, 4-supportive, 3-neither, 2-unsupportive, 1-strongly unsupportive)

Key Questions	Comments	Score
The problem		
What is the market need, or customer issue is being addressed?		
Why is it important to fulfil this particular need?		
The solution		
What is the proposed proof of concept solution to the problem, how does it work, and how is it better than other solutions to the problem?		
Is the proof of concept clearly defined and does it have a clear plan to demonstrate it? Is there a clear pathway to market?		
The market		
Who will the customers be and how big is the market opportunity?		

What is the total available market, the segment you plan to service, and a timeline that shows how you plan to enter and capture that market, over time?		
The competition		
What current or future solutions, technologies, or companies may compete in the market?		
How is the current proposal differentiated; what's its unique value proposition relative to the competition; why will this solution win?		
What intellectual property or other barriers to entry will keep you ahead of the competition?		

<p>How strong is the IP and are there any Freedom to Operate issues?</p>		
The team		
<p>Who is in the management team, what is their background and why are they uniquely qualified to run this proof of concept and deliver the Proof of Concept solution?</p>		
The business		
<p>What is the plan once the Proof of Concept is demonstrated?</p>		
<p>Is there a plan that includes how much money will need to be raised, when will it need to be raised and what will it be used for?</p>		
<p>What are the key assumptions the plan is based on?</p>		

Return on investment for FUND		
What is the likely return on investment from the POC? Eg. reputation? Follow on investment? First generation product/service?		
Is POC a critical step in the path to commercialisation? Can funding be obtained through other avenues?		
What is the likelihood of external follow-on investment at the completion of Proof of Concept work?		
Documentation		
R&D plan	()	
Investment term-sheet/terms	()	
Legal review	()	
Chain of title review	()	

Part C Other Scoring Summary (1-5; 5-strongly supportive, 4-supportive, 3-neither, 2-unsupportive, 1-strongly unsupportive)

Key Questions	Comments	Score
The Opportunity		
What is the nature of the opportunity?		
What is the importance of this particular opportunity?		
The proposal		
What will the proposal deliver?		
Is the approach clearly defined and does it include a clear plan to market?		
The market		
Who will the customers be and how big is the market opportunity?		

What is the total available market, the segment you plan to service, and a timeline that shows how you plan to enter and capture that market, over time?		
The competition		
What is the nature of the competition?		
How is the current proposal differentiated; what's its unique value proposition relative to the competition?		
If relevant, what intellectual property or other barriers to entry will keep you ahead of the competition?		

<p>If relevant, how strong is the IP and are there any Freedom to Operate issues?</p>		
The team		
<p>Who is in the project team, what is their background and why are they uniquely qualified to run this project?</p>		
The business		
<p>Describe the plan for delivery of the project.</p>		
<p>Is there a plan that includes how much money will need to be raised, when will it need to be raised and what will it be used for?</p>		

What are the key assumptions the plan is based on?		
Return on investment for FUND		
What is the likely return on investment from the project? Eg. reputation? Follow on investment? First generation product/service?		
Can funding be obtained through other avenues?		
What is the likelihood of external follow-on investment at the completion of the project?		
Documentation		
Project plan	()	
Investment term-sheet/terms	()	
Legal review	()	
Chain of title review	()	