

La Trobe University Commercialisation Plan 2022 – 2030

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EXECUTIVE SUMMARY

The Commercialisation Plan is aligned to and delivers the Research and Industry Engagement Plan 2020 – 2024: Research 2030 and has identified opportunities to grow commercialisation in a more strategic and considered manner. La Trobe University has committed to a strategic plan which emphasises meaningful impact from research. A strategic approach to supporting research commercialisation and impact is necessary to achieve La Trobe’s strategic objectives and fulfil community expectations of returning value from public investment in research. Commercialisation is only one approach among many to achieving impact. As an approach it can lead to diversification of revenues, engagement with commercialisation partners that become long term investors across the University and can support entrepreneurial researchers to achieve impact in different ways.

La Trobe’s current research activity encompasses a broad range of disciplines and research areas, providing a base to establish impact and commercialisation activities. La Trobe’s current maturity level is low as we are ad hoc in terms of systems, people, processes and therefore we have limited track record in research commercialisation. More mature processes, including incentives to engage researchers, are needed to build a stronger pipeline of potential ideas and impact-focused projects.

A new approach to research commercialisation is an opportunity to create innovative pathways to impact for research-based ideas. The guiding principles for this plan are:

- Focusing on impact and shared value as the central outcomes from research commercialisation and related activities
- Encouraging and supporting diversity and breadth of ideas through to impact outcomes
- Focusing investment from La Trobe into early-stage development
- Engaging across the ecosystem to leverage support.

By targeting interventions across three-phases – Generating Pipeline, Targeted Support and Delivering to Market - we aim to create a culture and innovation ecosystem that supports entrepreneurial founders and researchers to achieve impact through commercialisation and increase commercialisation outcomes for La Trobe. These interventions involve identifying resources and new models of rewarding and incentivising researchers and partnering with La Trobe’s ecosystem of industry partners, mentors and alumni and funding providers.

The target outcomes from this plan are:

- Increased awareness and engagement in impact planning by La Trobe researchers to grow the pipeline of ideas with commercialisation potential.
- Increase the number of invention disclosures and through targeted support increase the number taken up by the market.
- Grow revenue from commercialisation returns by actively managing the technology pipeline.
- Grow the impact of La Trobe research.
- Contribute to sustainability of La Trobe research activity through seeking co-investment and optimising returns from research ideas (where relevant).

CONTEXT AND CURRENT SITUATION

This Commercialisation Plan is aligned to and delivers the Research and Industry Engagement Plan 2020 – 2024: Research 2030 and has identified opportunities to grow commercialisation in a more strategic and considered manner. This plan is an extension of the La Trobe University Industry Engagement plan 2020 – 2024 with the vision, 'We are connected across our innovation ecosystem and work collaboratively across La Trobe in partnering with industry to drive the translation of our research for impact, to shape our students and to enable economic development. We strive to be a partner of choice.' Within the IE Plan, the objective is to grow the La Trobe University Industry Engagement Pipeline, including identification of areas of research innovation, working with researchers to identify new technologies and build the intellectual property portfolio and the pipeline for commercialisation.

The Commercialisation Plan is developed to deliver on this objective and within the context of La Trobe University's current industry engagement activities and performance, which includes the development of commercial ventures, industry partnerships, and intellectual property management activities (such as patenting) leading to licensing or other financial agreements. La Trobe currently invests approximately \$216m annually in research activity, including activity specifically funded by for-profit Australian companies (approximately \$16m, based on published higher education statistics).

Comparatively, La Trobe performs well within industry engagement (in terms of directly funded research), but new intellectual property disclosures have reduced, and it has had few start-up/spin-out companies. LTU has five research commercialisation staff (FTE) and is delivering commercialisation revenue of approximately \$400k per annum, from total research income of approximately \$90M. Between 2018 and 2020, La Trobe's research income and expenditure increased year-on-year, however invention disclosures dropped from 10 to 3, non-patented IP fell from 14 to 4 and no new patent applications were filed. Based on the SCOPR (Survey for Commercialisation Outcomes from Public Research) invention disclosures should be up around the 30-40 per annum mark.

Stakeholder consultation has clearly identified that a focus on research impact needs to be taken for commercialisation activities at La Trobe. Value from research-based innovation and ideas should include social, environmental, and financial outcomes, and acknowledge the benefits for both La Trobe, community stakeholders, and the broader social and community context.

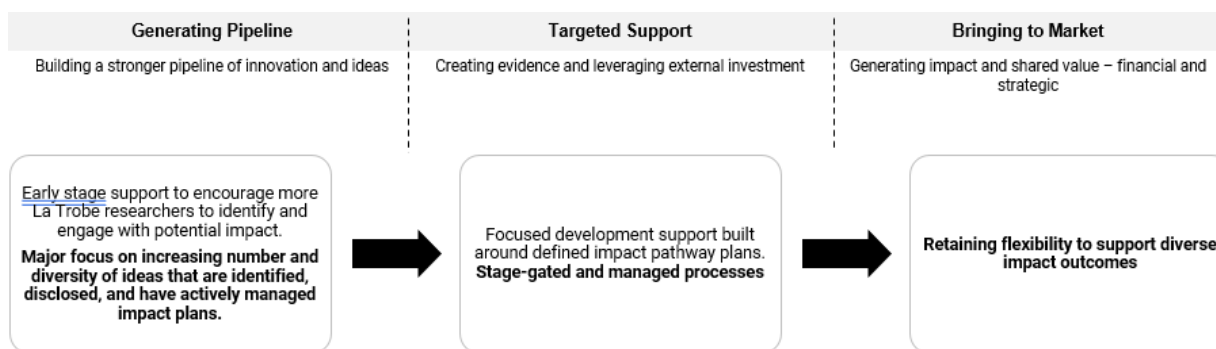
La Trobe's current strategic investment process does include a relatively broad range of support mechanisms e.g., the current Strategic Innovation Fund (SIF). However, the current decision-making framework does not provide direction or clarity to make decisions across different types of commercialisation or pilot concepts, and it is not necessarily clear what types of outcomes are envisaged from each pilot or early-stage investment.

Externally it is likely that there will continue to be support for industry partnerships, co-investment, and commercialisation activities arising from research organisations as evidenced for example by the federally funded University Research Commercialisation Package. La Trobe needs to ensure that it is open to a diverse range of potential external funding sources.

LA TROBE COMMERCIALISATION APPROACH AND OBJECTIVES

Three phase approach to targeted interventions

We have identified a three-phase approach to building the pipeline and bringing to market of commercialisation ideas. These phases are not linear - we expect opportunities to be able to enter any of these phases at any time and receive the support they need to move ahead.



The objective of this approach is to:

- Focus on early-stage intervention within La Trobe, supporting the identification and development of a greater number of potential commercialisation ideas.
- Ensure that there is a clear purpose and differentiation for La Trobe’s direct investment in commercialisation ideas. This means that La Trobe will have a clear basis on how to allocate funding and support to early-stage pilot or proof-of-concept projects.
- Leverage La Trobe’s expertise and assets beyond financial support, including the value of its alumni networks, its corporate and business infrastructure, and its connection to a broad range of stakeholders across sectors.

Under each of these phases we have identified specific interventions aimed at building and progressing opportunities through the three phases. The immediate priority is to focus on generating a pipeline of opportunities whilst in parallel develop the supporting mechanisms under each phase.

Commercialisation objectives

The Commercialisation Plan has been developed to deliver on the Research 2030 Strategy and aligned with the Industry Engagement plan with the specific objective to identify areas of research innovation, work with researchers to identify new technologies, build the intellectual property portfolio and the pipeline for commercialisation. *This will enable us to grow the resources for our research and the impact of our research.*

The target outcomes from the Commercialisation Plan are:

- Increased awareness and engagement in impact planning by La Trobe researchers to grow the pipeline of ideas with commercialisation potential.
- Increase the number of invention disclosures and through targeted support increase the number taken up by the market.
- Increase revenue from commercialisation by actively managing the technology pipeline.
- Grow the impact of La Trobe research.
- Contribute to the sustainability of La Trobe research activity through seeking co-investment and optimising returns from research ideas (where relevant)

LA TROBE COMMERCIALISATION PLAN FRAMEWORK

Growing commercialisation through active management

The Commercialisation Plan is developed within the three-phase framework described above. Further detail on each phase is provided below.

Phase 1: Generating pipeline

This phase will focus on generating a pipeline of commercialisation opportunities by providing targeted training and support to assist researchers to evaluate their current and planned research through an impact lens and to ensure that commercialisation is one of the pathways for impact that they consider.

We will achieve this by working closely with the research performance team who currently assist researchers with impact planning and by working with the Research Education and Development team to develop and deliver training courses aimed at helping researchers understand how to factor in industry connections in their research.

The Business Development and Commercialisation team will work with School leadership teams to identify prospective researchers and research teams and engage with them directly to identify opportunities. The team will have access to internal proof of concept funding that can be deployed into specific projects aimed at proving the concept in the context of identifying market gaps.

Generating Pipeline – Specific Interventions

Impact planning

Innovation Challenges

Undertake Regular IP audits.

Provide research education programs that highlight the benefit of impact planning

Internal sessions with researchers who have successfully commercialised research.

Integrate commercialisation into AWP and Career Performance frameworks.

Proof of Concept funding

Phase 2: Targeted support

This phase focuses on building the evidence to ensure the opportunity has the attributes such as novelty and industry demand that could lead to bringing the concept to market. We will achieve this by seeking industry validation through our existing partners or through other contacts in the innovation sector and identifying gaps in knowledge that could be funded through targeted funding. We will seek mentors and/or existing programs (e.g., accelerators/incubators) to support researchers in the early stages of concept design.

The Business Development and Commercialisation team will actively manage these opportunities bringing industry and market insights into the discussion and identifying and securing early-stage funding to support the concept development along with regular stage-gate monitoring.

Targeted Support – Specific Interventions

Industry validation workshops

Concept Development Fund (BVF/LTU Co-Investment Funding)

External commercialisation funding (AEA; VC Funds etc.)

Pipeline management through stage gates

Connecting researchers to Mentors and Programs

Phase 3: Bringing to Market

This phase is highly externally focused and is supported by engagement with the aligned innovation ecosystem to access accelerator programs, mentoring support, venture capital and other sources of funding. The expectation is that industry will be deeply involved during this phase working with researchers in collaborative research efforts, co-developing, and co-defining ideas.

La Trobe will focus on leveraging its existing corporate capacity and institutional resources to lower barriers, particularly for new or emerging companies. We will utilise the LTU/BVF Concept Development fund to provide early-stage funding to new ventures.

The Business Development and Commercialisation team will work alongside the researcher(s) to develop the investment case to access external funding.

Bringing to Market – Specific Interventions

Commercialisation funding (AEA funding; BVF)

Quantifying specific support LTU can provide to ease early-stage expenditure e.g., access to labs, clinical trials, corporate support.

Support to access external venture funding (MRCF, MSQ, Skalata, IP Group etc.)

ACHIEVING OUR GOALS - IMPLEMENTATION

Development and implementation of the Commercialisation Plan will be undertaken in collaboration with the Provost Office, Schools, Themes and key portfolios including HR and Finance

Supporting policy measures

The recently amended IP Policy provides for 50% revenue sharing of commercialisation proceeds with La Trobe inventors. This places La Trobe at the top end of revenue sharing arrangements within Australia and globally and no changes are recommended.

The published IP Principles reported on our website under industry engagement, provide a framework to ensure fit for purpose IP ownership and licensing arrangements for our partners. During 2023 we will develop standardised licensing templates that will provide certainty to partners and investors as well as improve timeliness of commercialisation contracting. See https://www.latrobe.edu.au/_data/assets/pdf_file/0005/1355198/La-Trobe-University-IP-Management-Principles.pdf

Supporting research staff to undertake commercialisation activities

The translation of research through commercialisation presents new challenges to researchers, necessitating a dedicated effort over what can be a significant period, along with mentoring and professional development. Our Academic Workforce Planning (AWP) and promotions frameworks need to provide sufficient flexibility and incentives to encourage researchers to undertake commercialisation activities. In addition, establishing and working within a spin-out company creates a risk particularly for established researchers who, at the same time, wish to remain highly competitive in traditional national grant schemes. To date these issues have been addressed on a case-by-case basis by negotiating bespoke arrangements with Deans but it is acknowledged that this needs to be dealt with in a more systematic way to give staff support – and confidence in – the commercialisation pathway at La Trobe.

During 2023 a working group will be formed to review and make recommendations on relevant policies, workforce planning and performance measures, as they apply at different stages of the commercialisation pathway.

A stakeholder engagement and communications plan will be developed in parallel to support the implementation of the commercialisation plan. A key component will be sharing the stories of La Trobe academics who are successfully commercialising their research and can demonstrate the value this brings to their work, careers and the impact that can be generated.

Commercialisation funding

The funding profile for commercialisation will change under this plan. We will stand up two internal funds that will be targeted at the first two phases – Generating Pipeline and Targeted Support. Those funds are: -

Proof of concept fund = \$1M per annum to be included in the operations budget of the DVCRIE portfolio with allocations made to projects following recommendation to the DVCRIE executive by the PV Industry Engagement. Up to \$350K per project with the aim being to develop projects along the commercialisation pathway to test whether there is a market need, industry partner, funding source available.

Concept Development Fund = \$15M over 5 years – leveraged with Breakthrough Victoria Fund. Pre- seed funding of up to \$500K for commercialisation start-ups. Founder(s) form the company and assume responsibility for finding funding, partners, team etc. with support from Business Development and Commercialisation team. Founders negotiate upfront terms with the University for access to IP via a SAFE note giving them certainty.

Additional investment for the above programs is expected to be minimal as the current funding used for SIF will be repurposed to the Concept Development Fund. Breakthrough Victoria is expected to provide some cash contributions to operating costs and La Trobe's contribution to operating costs will come from existing resources.

Access to funding support post the Concept stage will come from external funding sources from our partners such as BVF, MRCF, Skalata, Thrive etc. as well as other funds such as Main Sequence, IP Group, AEA etc. As spin-out companies develop there will be an opportunity for La Trobe to provide further investment to avoid dilution of its equity.

Leveraging the Strategic Innovation Fund with Breakthrough Victoria Fund to establish a \$15M Commercialisation Concept Development Fund.

The La Trobe University Strategic Innovation Fund is an early-stage investment fund that makes proof of concept, seed and follow-on investments into the intellectual property developed at La Trobe. The \$5 million Fund was established by La Trobe Vice-Chancellor Professor John Dewar from returns on the University's long-term investment portfolio. It is designed to help maximise the economic, social, or cultural impact derived from the research and teaching conducted at La Trobe.

We have an opportunity to leverage this Fund by working with Breakthrough Victoria Fund through its recently announced \$100M University Commercialisation Fund to develop the Fund into a research commercialisation fund that can invest across the lifetime of commercialisation from early stage through to investor ready.

Current discussions indicate a \$18M fund (\$15M + \$3M opex) – including a co-investment by LTU of \$9M (\$7.5M cash \$1.5M in-kind)- will be established to invest in early-stage concept developments in the form of start-ups created by founders to seek external funding, market validation etc. These start-ups will negotiate the terms of IP license from the University and the terms will be encapsulated via SAFE note mechanism. We expect 3-4 investments per annum with not all these investments proceeding to investable stage. Appropriate governance arrangements will be put in place with decisions made jointly by LTU and BVF.

Once the BVF/LTU fund is established the Strategic Innovation Fund will be dissolved.

Risks

There is a risk with this plan that we are unable to develop a commercialisation pipeline that can meet the targets. Only a small minority of current LTU researchers are experienced in commercialisation with many not appreciating the potential benefits it can bring in. The rate of invention disclosures is very low – well under the benchmark – and there is little incentive for researchers to change this. There is also a perception that commercialisation efforts are not recognized in terms of career advancement.

The DVCRIE portfolio will work to mitigate this risk by providing focused funding aimed at improving the numbers of invention disclosures received and by continuing ongoing training for researchers so that they understand how engaging with industry can improve the impact of their research and be a potential source of funding. As noted above a working group will be established to come up with recommendations to reward and incentivise researchers who wish to develop commercialisation opportunities.

Support for increasing commercialisation outcomes exists from the top down of the organisation and will be promoted at every opportunity.

What does success look like?

We will know we have been successful when:

- Have an integrated process to support researchers to commercialise their research where this is the best approach to achieving maximum impact.
- Diversified and increased revenue to invest in our research and its translation.
- Achieved invention disclosure rates of close to 30 per annum.
- Increased the number of technologies licensed & number of start-ups.
- Developed a thriving R&I Precinct for industry, students and academics that supports our commercialisation activities.
- Recognised as a Partner of Choice by industry partners.
- Recognised as leading in engagement, innovation and entrepreneurialism by industry, community and government.