



Commercialisation – fact or fiction? Time for a rethink.

Flinders Partners

As with all innovation, necessity becomes the driver of new ways. Worldwide we are seeing a change in how research and innovation is funded, initiating a shift to make Universities more responsible for their relevance to, and impact on, society. So, Universities are being asked to measure and enhance their impact.

While we've been doing our best to achieve commercialisation success, the traditional way of fostering and developing commercialisation activities at Universities has not provided the outcomes we are longing for. We can even go so far as to say that we have it wrong. Commercialisation is still largely a random process.

Picking commercialisation winners is something that is more akin to gambling than science, as it takes chances by ignoring the important success factors. Not only don't we get to see all potential winners from the outside, actual success factors are difficult to identify. Rather than taking a gambling approach, we need to recognize and treat commercialisation both as a science, requiring the identification and employment of success factors, as well as an art, with creativity around commercial development being a necessary ingredient.

The question remains, how this can be done most efficiently and effectively to make better use of few resources. At the moment, the sad truth is that all the processes and efforts implemented by commercialisation offices are still not good enough. While focusing on the detail in processes - trying to improve them to increase the success rate - it is easy to miss the "elephant in the room". Before we get to this, let's have a look at the case of Flinders Partners first.

The case of Flinders Partners

Let's focus on the position of Flinders Partners for a while, to help illustrate the dilemma. We have built a successful business that is primed for great commercial success; but we still have a long way to go, for several reasons.

In our business, we've got a very high "disclosure rate" – which is simply IP speak for people sharing their ideas with us to see how we can help. We've done this by actively seeking projects and ideas from our faculties, from training and from providing a software tool for disclosure and subsequent management of commercialisation opportunities. Given that the researchers are our customers, proactive engagement is at the core of our business and a high disclosure rate is not surprising; one wonders why it's so low in some other places.

All of this activity increases the demand for our services. Inevitably we won't be able to keep up, at least in the current form and with the current resources. This is especially true as we are a self funded company of the University that is expected to deliver other commercial services for the University, such as IP management and contract support, as well. If we aren't a bottleneck yet, we soon will be.

In our portfolio we have a couple of older investments (spin offs and licenses) that pay a healthy return to us, retaining 50% of IP revenue and a base fee from the University. They've survived the process and through a series of almost happy accidents have become successful. It almost would be impossible to determine the success factors here apart from great people and an appetite for risk.

What we've found though is that our shareholder, the University, struggles to understand how all this works. They are not necessarily inclined to understand the integrated nature of the development and perhaps believe that we just need to weave some magic at the end to make it come together. Well, despite our best efforts we know:

- Our services to academics could be better and faster.
- The University wants us to maximise impact but doesn't know how to develop a business model that allows this to happen.
- Research is always lean in terms of cost and resources and typically sees related services and fees as a "tax" rather than a value add.
- We still routinely miss much of the innovation in our University.
- Industry has a view that offices like ours are slow and cumbersome – in the end they just want to deal with the researcher – they are the drivers of value to the relationship.

So, the question is how we can solve these challenges. Industry has had similar challenges; as they had to continuously provide better and faster services, build relevant business models, deal with limited resources, ensure a comprehensive overview over innovation activities and establish relationships with the people that matter. So, how did they solve it?

In industry, the whole process of innovation is developed based around the owners of the innovation driving the process with service providers, with mentors providing help to owners where required.

Sounds simple and sounds like what we do ... well yes and no. There is a subtle but significant difference. Thinking about it, we can't actually do this where we currently sit.

The Change

Universities, and indeed corporations, try to apply their processes to innovation, or activate their innovation processes, as an idea becomes apparent. In Universities, the process begins by the commercialisation office assessing an idea. Once assessed and deemed valuable, it then follows a path of IP protection/assessment, market validation etc. All of this is then done in the hope of attracting an industry partner or purchaser, and/or maximizing the economic value to the University.

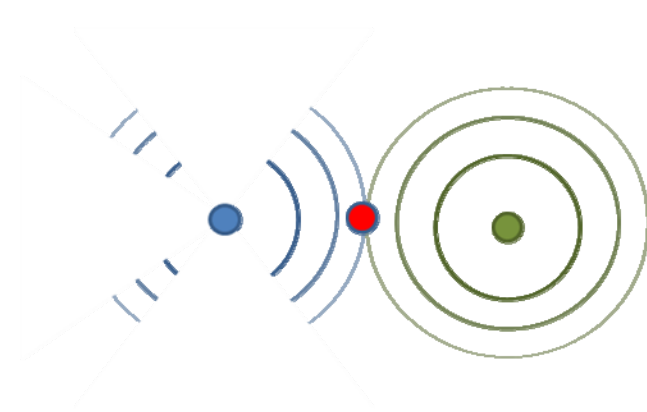
Think of this process as a "catch and release". Somehow we catch the innovation from the researchers, assess and protect it, try to improve it (or commercialise it) and then release it to industry. At the origin of the idea (the blue inner circle in the figure), the options of where the idea goes are open and there's a strong case for developing the technology for different applications and different markets.

However, where a technology transfer office (the red point in the figure) is normally positioned, the research is underway and the path has already been set to some degree. Hence, you have to catch it and then try to value add, often by positioning it differently,

allowing you to release a relevant idea or package to a partner (green). This means, we don't act as a mentor, allowing the owner to champion their idea. Rather, we take at least part ownership, potentially disrupting the commercialisation process. While we know that commercialisation winners come from people, and from their ability to bridge the gap from the initial idea or research to sales, we don't allow the people to take charge.

Thinking also about the distance the technology transfer office has to travel to see all of the opportunities at the University, we can see that it is almost impossible to cover the whole circle at that point and it's almost certain that the office is not seeing a lot of the innovation that is occurring. While some of the missed innovation is never considered as such, some ideas might be commercialised by the inventor without the relevant support, leaving him/her in a less than perfect position. Hence, the commercialisation only ever deals with a fraction of the total innovation at the University. So, no matter how efficient they become, it will never be able to do justice to the overall University and its researchers.

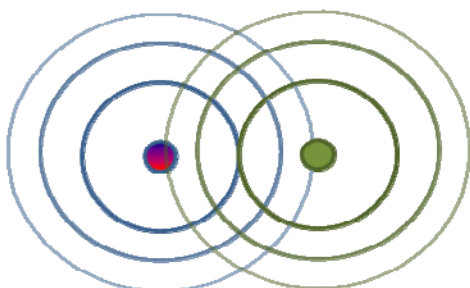
Figure 1. The Traditional Approach



So, how can we ensure that we have a comprehensive overview of the ideas, or even stimulate new ideas, at a time where all application options are open, enabling us to provide a mentoring role to the champions of their ideas? What about sitting at the core of where it all happens?

Think of being at the centre and supporting the researcher to take the journey (Figure 2). It allows the commercial arm to (1) provide better and faster services and (2) deal with limited resources by mentoring researchers rather than taking over ownership of their ideas, (3) ensure a comprehensive overview over ideas and innovation activities at the University, and (4) help establish relationships between the people that should work together, namely university and industry champions. Hence, it allows us to solve those issues we identified earlier as holding us back from commercialisation success.

Figure 2. The Change



It's time for an overhaul, and one that needs to happen over time. How do we position ourselves at the centre and become the catalyst for partnerships to almost naturally evolve?

TTO's need to think of themselves as service providers and coaches of people. We need products and services to line up with value at this point.

If we do make this better, how do we start? To enable researchers to own their idea and drive the commercialisation efforts, we need to

- Train researchers
- Provide tools for self management
- Reward impact as success
- Establish industry broker networks to gain wide-reaching access and develop research-industry links as soon as possible by means of partnering

At the same time, to increase the impact of commercialisation, we need to

- Work on time to revenue for innovation – increasing the speed of success.
- Provide programs and finance early steps.

In essence, the office should learn how to position for best success...that is try to position itself at the origin – by doing things that support the innovator. Rather than positioning for a small impact and a few partnerships, position for a large impact and allow the innovators to develop the partnerships.

Think of every innovator being 5% commercial or better still “partner-able”. Think about the number of researchers and then apply that to 5% - it would beat the numbers in a TTO by a long way! Across a University this means a lot more resources at the right time and not just at the end of the process.

It also makes sense from the researcher's and the industry partner's view. Innovators want someone to help them, not to take it over. Companies want the innovator to help them, not a “middle person”. So by positioning us behind our researchers (sometimes in front for a reason), we are there to ensure everyone gets what they want.

Maybe in time we could be even more radical: Let's look at alleviating IP issues at the Uni level and promoting an open source innovation platform fostering partnerships. Maybe that's for later!

An FP initiative

Stay tuned