



Technology Transfer from  
the University of Oxford  
Annual Report 2005



## ✖ Chairman's introduction

*"...what is widely regarded as one of the best technology transfer offices in the country"*

Lambert Review of Business University Collaboration

Isis Innovation Ltd is the University of Oxford's wholly owned technology transfer company. Isis manages the University's intellectual property portfolio, working with University researchers on identifying, protecting and marketing technologies through licensing, consulting, material sales and spin-out company formation.

Isis was described in the 2003 Lambert Review of Business University Collaboration as *"...what is widely regarded as one of the best technology transfer offices in the country"*. The results presented in this report show that we continue to meet this high standard. We have invested from the outset in our management systems and formalising the training and developing of our staff, and we are now starting to reap the benefits of this investment.

Isis has grown steadily since 1997 and now employs 35 staff. Isis activities extend to running the Oxford Innovation Society, the Isis Angels Network, involvement in OxSEC, the University's Science Enterprise Centre and Oxford's Venturefest.

Highlights of the year include our strongest financial performance to date; establishing Isis Enterprise as a new division to advise outside research establishments and other universities about technology transfer; and helping to lobby government to remove newly created tax barriers to spin-out company formation.

Technology transfer has the potential to play an increasing role in supporting the University in its core objectives by taking the benefits of the use of its intellectual property outside the University and by generating new funds for the University to use within.

I would like to thank all our employees for their considerable hard work and commitment over the last year; without these none of the Company's successes would have been possible.



Bernard Taylor.

Bernard Taylor, Chairman

# ✳ Directors review of the year



Dr Tim Cook (left) and Tom Hockaday (right).

## Business Summary

In the twelve months to March 2005 Isis Innovation achieved sales of £2.7 million, (2004: £2.3m) spent £1.2 million (2004: £1.5m) on patents in the University's name and returned royalty shares of over £1.1 million (2004: £0.9m) to the University.

New business came from:

- ✳ 38 licence and option agreements (2004: 31);
- ✳ 11 material sales contracts;
- ✳ 48 consulting or service agreements (2004: 50);
- ✳ 4 new spin-out companies (2004: 3).

*Isis performed strongly in its three main business activities:*

## Licences

Isis protects University intellectual property, typically through patent applications, and identifies commercial partners to whom we license use of the protected technologies. Our aim is to identify partners who will invest in the commercial development of the technology, ensuring technologies reach the market in a timely and ethical manner. This involves exclusive and non-exclusive licence and option agreements with businesses internationally. In 2005 we signed new licence agreements on 38 technologies.

## Spin-outs

Creating spin-out companies which attract experienced management and cash investors is sometimes the best way to achieve technology transfer goals. In 2005 we helped Oxford researchers establish four new businesses: Oxford Medical Diagnostics Ltd, G-Nostics Ltd, Surface Therapeutics Ltd, EKB Technology Ltd. Changes to tax legislation in 2003 discouraged researchers from establishing spin-outs; these have now been reversed and we expect to rebuild spin-out company formation to previous levels.

## Consultancy

We offer access to the expert knowledge of University researchers through 'Oxford University Consulting' which is a division of Isis. Since 2002 we have concluded 132 consulting agreements, 48 in 2005. We help University researchers find consulting opportunities, successfully negotiate realistic market rates for them, and help businesses find expert consultants. Our consulting activities are accredited to the ISO 9001 quality assurance standard.

*... and created a new business division:*

## Isis Enterprise

Since its foundation in 1988 Isis Innovation has worked exclusively to commercialise inventions made in, and owned by the University of Oxford. In response to demand to provide advice on technology transfer and IP management in general, we established Isis Enterprise within Isis to provide advice on technology transfer to clients outside Oxford University.

*Isis continued to develop its two key business networks:*

### **Oxford Innovation Society**

Since 1990 a cornerstone of Isis Innovation's activity has been the management and promotion of the Oxford Innovation Society. The OIS consists of 30 companies who enjoy a close relationship with Isis and receive privileged access to the IP that Isis manages, as well as invitations to special events organised for the Members of the Society.

### **Isis Angels Network**

Most Oxford spin-out companies receive their initial funding from Business Angels before going on to raise Seed/Venture Capital or IPO. In 1999 Isis Innovation established the Isis Angels Network to provide a co-ordination and support service for private investors interested in Oxford spin-out companies. IAN has 80 members who receive details of investment opportunities and attend events each year to hear presentations on projects seeking investment.

*... and maintained its involvement in:*

### **Oxford Science Enterprise Centre**

Tim Cook is Chairman of OxSEC which is part of the Saïd Business School. OxSEC provides business and intellectual property education for researchers: running the popular Building a Business course, with average attendances of 200 researchers learning about business planning, marketing, cashflow etc., and piloting the Intellectual Property awareness programme for researchers.

### **Venturefest Oxford**

Isis Innovation was one of the founding partners in Venturefest Oxford when it started in 1999 and has always been represented on its board of Directors. Venturefest is a two-day event involving over 1500 entrepreneurs, inventors, investors and support organisations. Isis manages the Universities Technology Seminar, at Venturefest, highlighting Universities as a source of commercial opportunities.

Dr Tim Cook, Managing Director

Tom Hockaday, Executive Director

# \* Extracts from audited accounts year ended March 2005

## Turnover

£2.7 million



- Other income
- Oxford Innovation Society
- Consulting income
- Patent costs repaid by licensees
- Income from projects

## Cost of sales

£2.5 million



- Other direct costs
- Distributed to University
- Patent spend

## Profit and Loss Account<sup>1</sup>

Year to 31 March

	2005	2004
	£	£
<b>Turnover</b>	2,717,812	2,285,634
Cost of sales	(2,497,535)	(2,364,479)
Gross profit / (loss)	220,277	(78,845)
Administrative expenses	(1,664,112)	(1,541,397)
Other operating income	1,708,243	1,222,120
<b>Operating profit / (loss)</b>	264,408	(398,122)
Other interest receivable and similar charges	31,107	9,076
Deed of covenant paid to University of Oxford	(31,107)	0
<b>Profit on ordinary activities before tax</b>	264,408	(389,046)

## Patent costs

The University provides Isis with £1.24 million per annum, which pays the direct costs of patents filed in the University's name. This expenditure is in Cost of sales and the income is shown under Other operating income.

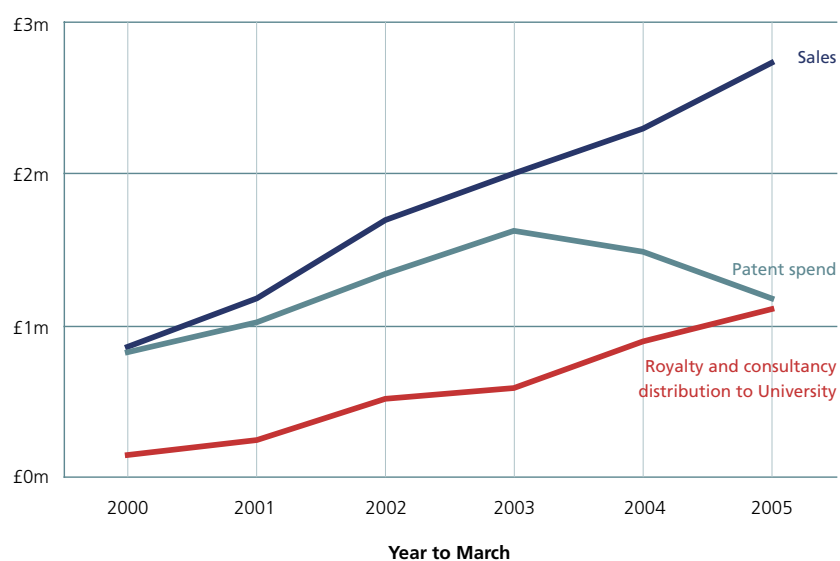
# Balance Sheet<sup>1</sup>

Year to 31 March

	2005	2004
	£	£
<b>Current assets</b>		
Debtors	475,412	606,603
Cash at bank and in hand	1,150,263	324,103
	<u>1,625,675</u>	<u>930,707</u>
<b>Creditors: amounts falling due within one year</b>	<u>(1,057,885)</u>	<u>(1,127,325)</u>
<b>Net assets / liabilities</b>	567,790	(196,618)
<b>Capital and reserves</b>		
Called up share capital	1,400,000	900,000
Profit and Loss account	(832,210)	(1,096,618)
<b>Equity shareholders funds/ (deficit)</b>	567,790	(196,618)

Isis Innovation Limited is wholly owned by the University of Oxford.

## Five Year Record



<sup>1</sup>: A full set of accounts is available from Isis Innovation Limited

## Business activity

### *Selected examples of Isis Innovation's technology transfer activities*

#### **Diagnostic for Neurological Disease**

Myasthenia gravis is a disease caused by impaired transmission of nerve impulses which is characterized by progressive fatigue and generalized weakness of skeletal muscles. **Athena Diagnostics** is now marketing a diagnostic test for myasthenia gravis developed by Professor Angela Vincent, Professor of Neuro-Immunology in Oxford's Clinical Neurology Department. Athena's involvement is as a result of an earlier licence agreement Isis signed with Cardiff-based Rees Smith Research Ltd which agreed to manufacture the protein and sell it on to Athena via US distributor Kronos.

#### **In Silico Drug Discovery**

The enormous diversity of chemical compounds available and imagined, together with the complexity of human biological systems, makes drug discovery using practical laboratory methods both time consuming and costly. Until recently software based approaches have been limited in their capacity to cope with sufficient detail to generate meaningful results. However, work in Oxford's Chemistry Department by Professor Graham Richards and others has led to the development of a technology that provides an efficient automated method for determining the binding sites on proteins for small molecule ligands (potential drug candidates). In May 2004 we licensed Molecular Docking Software to **Inhibox Ltd**. Inhibox specialises in computational approaches for the virtual screening of compounds. This technology combined with Inhibox's molecular database of 35 million compounds will drive a new era in 'in-silico' drug discovery.

#### **Natural Killer Cells**

**Novo Nordisk** has signed an exclusive license agreement with Isis for technology developed in Oxford's Institute for Molecular Medicine relating to the Natural Killer cell surface membrane. Novo Nordisk's main goal is to generate therapeutic compounds specific for human CD94/NKG2A to be used for the treatment of cancer and possibly viral infections.

## Bioprocessing

**EKB Technology Ltd** was created in December 2004 by the University of Oxford to commercialise a revolutionary Bioprocessing Technology developed by Professor Chris Knowles in conjunction with C-Tech Innovation Ltd. Bioprocessing technologies involve the use of biological systems such as plant and animal cells and microorganisms to modify, produce or purify chemical intermediates and are a critical part of the chemical industry's £1.2bn annual sales.

## Sunscreens

**Oxonica**, a spin out company formed in 1999, and **Boots Group Plc** announced the incorporation of Optisol™ UV Absorber within Boots' range of Soltan's Facial Suncare products. Optisol™ is a class-leading UVA protection system ideal for quality sunscreens and anti-ageing products. The technology was developed in the University of Oxford and was licensed to Oxonica on formation of the company. In addition to enhanced UVA protection, Optisol™ has also been proven to reduce free radicals which in turn have been shown to contribute to long term damage in the skin. Boots is fast-tracking the adoption of Optisol™ for inclusion in their new Soltan Facial Suncare range, in store in April 2005.

## National Audit Office

At the beginning of the year, Oxford University Consulting signed a three-year contract with the **National Audit Office** (NAO) to review a wide selection of their "Value for Money" (VfM) reports. Assisted by an editorial board, OUC has arranged for over 60 VfM reports to be reviewed by Oxford academics on subjects as diverse as defence procurement and self-assessment income tax forms.

# \* Isis Enterprise



Isis Enterprise offers consulting expertise and advice in technology transfer, the process of managing intellectual property and its transfer from research to commercialisation.

It was established as a division of Isis in December 2004 to help universities, research establishments, regional and national governments develop their technology transfer activities, on an international basis.

Isis Enterprise signed a consultancy contract in February 2005 with the UK's Natural Environment Research Council (NERC) for a 15-month pilot study. NERC operates four wholly owned Research Centres on 12 sites across the UK, employing over 1,000 scientists and with an annual research budget of more than £100 million. The NERC Centres include such famous names as the British Antarctic Survey in Cambridge, British Geological Survey, the Centre for Ecology and Hydrology in Oxfordshire, and Proudman Oceanographic Laboratory in Liverpool. Isis is working with NERC management in Swindon and the Research Centres to help support and develop the existing technology transfer activities.

Isis Enterprise has a contract with Oxford Brookes University to help its Research and Business Development Office with its technology transfer programme.

In addition we are working with universities and institutes in many countries, overseas governments, and UK companies to deliver benefits to them from our experience in technology transfer and also to learn from the application of our methods in other environments.



## Directors

Chairman	Mr Bernard Taylor	Vice Chairman, J P Morgan plc
Managing Director	Dr Tim Cook	
Executive Director	Mr Tom Hockaday	
Non-Executive Directors	Professor John Bell Professor Sir Mike Brady Professor Graham Richards Professor Raymond Dwek Professor Sir Gareth Roberts Dr Peter Fellner Mr Giles Kerr Mr Phil Smith	Regius Professor of Medicine Professor of Information Engineering Chairman, Chemistry Department Head of Department, Biochemistry President, Wolfson College Chairman, Vernalis plc Finance Director, University of Oxford Deputy Finance Director, University of Oxford



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