

ISIS SOFTWARE INCUBATOR

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These guidelines have been written for researchers at the University of Oxford to guide you through the process of establishing an entrepreneurial software venture, through the Isis Software Incubator.

This booklet is one of a series of five Guidelines to Researchers available from Isis Innovation Ltd (and at www.isis-innovation.com). These are:

- Intellectual Property, Patents and Licences
- Starting a Spinout Company
- University Proof of Concept and Seed Fund
- Consulting Agreements
- Isis Software Incubator

I welcome any comments you have on how these guidelines could be made more helpful.

TOM HOCKADAY, MANAGING DIRECTOR

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INTRODUCTION TO ISIS

Isis Innovation Ltd is the University of Oxford's wholly owned technology transfer company. Isis was established in 1988 and in 1997 started a major expansion phase. Isis manages the University's intellectual property portfolio, working with University researchers on identifying, protecting and marketing technologies through licensing, spin-out company formation, consulting and material sales.

Isis provides researchers with commercial advice, funds patent applications and legal costs, negotiates exploitation and spin-out company agreements, and identifies and manages consultancy opportunities. Isis works on projects from all areas of the University's research activities: life sciences, physical sciences, social sciences and humanities.

Patents & Licensing Isis files, on average, one patent application each week and manages over 400 patent application families and 200 licence agreements. Isis licenses technologies to companies who invest in developing and selling products in a timely and ethical manner. Licensees are sought from all technology and business sectors on an international basis.

Creating New Companies Isis has assisted in the formation of more than 60 University spin-out companies since 1997, generating significant value in equity holdings for the University of Oxford. Isis works with University researchers to develop new business opportunities, identifying and sourcing investment, management and professional services.

Consulting Oxford University Consulting (OUC) offers access to the expert knowledge of University researchers and departmental services within the University. OUC is part of Isis, providing a professional service dedicated to finding cost effective solutions to consultancy needs. Areas of expertise include problem solving, data analysis, expert evaluation, due diligence, management and business development. OUC's activities meet the ISO 9001:2008 quality assurance standard.

Material Sales Isis manages the negotiation of sales agreements for biological and physical science materials developed within the University.

The **Oxford Innovation Society**, founded in 1990, enables industrial companies to benefit from Isis' activities by having a 'window' on Oxford science. Members enjoy advance notification of all patent applications marketed by Isis, a regular newsletter, customised benefits, including seminars and needs analysis, and attend meetings and dinners, which provide a unique environment for constructive interaction between business leaders, investors and top University scientists.

The **Isis Angels Network** introduces private investors and seed/venture capitalists interested in investing in spin-out companies from the University of Oxford to investment opportunities. IAN is a not-for-profit company limited by guarantee, established by Isis in 1999. Members of IAN may also be interested in serving as non-executive directors, nominated by the University, on the boards of the new spin-out companies.

Isis has strong **University links** with all the parts of the University involved in technology commercialisation and enterprise. These include Research Services; Begbroke Science Park; Oxford Science Enterprise Centre; and Entrepreneurship Saïd at the Saïd Business School.

Isis Enterprise is a division of Isis, offering consulting expertise and advice in technology transfer, based upon Isis Innovation Ltd's success as Oxford University's technology transfer company. Isis Enterprise helps universities, research organisations and governments develop their technology transfer activities.

ISIS SOFTWARE INCUBATOR

HELPING YOU TO BUILD YOUR OWN SOFTWARE BUSINESS

Isis Innovation has an outstanding record of commercialisation of Intellectual Property (IP) from the University of Oxford. This includes helping University researchers establish a steady stream of spin-out companies where Isis' role involves attracting competent CEO's and management teams and supportive investors to exploit IP in a dedicated venture.

Isis recognises that with the rise of software IP based on copyright and know-how only, and the growing ambition of young researchers to develop their own business, an additional path to a spin-out may be appropriate in circumstances when a potential venture:

- builds on a combination of nascent IP and a credible business concept;
- but requires substantial work to develop further IP and build a realistic commercial prospect;
- has entrepreneur founders who are willing to invest the significant necessary effort to develop the idea into a venture in their own time;
- but does not require immediate external investment or a dedicated full-time CEO.

In particular software-based IP needs neither the expensive protection of a patent nor expensive research facilities or product design, validation or trials. However, there is often a need to carry out some significant technical or commercial development to create the business opportunity, e.g. building a user-friendly front end for the software or building a customer base; this work is time-intensive but does not (at least in the first instance) require external financial investment.

The Isis Software Incubator was established in autumn 2010 designed by Isis to offer appropriate support for such ventures to develop products or services and begin to trade without external investment. If you have an idea, software that can be developed into a product and the time and energy to start your own Oxford University venture, then please consider the new Isis Software Incubator.

IS MY VENTURE ELIGIBLE FOR THE INCUBATOR?

The Incubator intends to assist with the creation and development of a software business opportunity, whether or not a limited company has yet been incorporated. The goal of the Incubator is to minimise overhead costs and risks in the most fragile stage of the venture creation and help to bring the venture to a state where it can stand on its own feet, make an attractive investment proposition or even be ready for a trade-sale. For a business venture that has not yet been formed into a company, the Isis Software Incubator will accommodate early trade if appropriate.

The key characteristics of the candidate ventures at the point of entry to the Incubator are:

- **Oxford input IP** - The venture is based on a kernel of intellectual property (IP) which originated at the University and serves as a platform for a potential product or service, but does not wholly constitute it; in other words the entrepreneur founders are expected to add further value by developing more IP, transforming IP into products or services and implementing the business concept.
- **No patents** – Because patent protection requires substantial financial resources and is time-consuming to manage, the software Incubator will only accept ventures based on intellectual property that consists of copyright, know-how or data or a combination of these.
- **No investor** – The software Incubator is targeted at ventures that need no initial financial investment to achieve trade revenue that can sustain the venture or to develop a product or service or make it a viable trade-sale target. No initial investment requirement dramatically lowers the need for upfront professional support but it also means that no cash is available upon the launch of the venture and that no fully-paid employees or CEO can yet be afforded. The entrepreneur founders will therefore carry the lion's share of the technical and business development work.
- **Entrepreneur founders** – The venture's success will depend crucially on substantial input from the entrepreneur founders to add value to the original IP and develop new IP. It is expected that the entrepreneur founders are willing and able to commit very significant time and effort to the development of the venture. This contribution by the entrepreneur founders throughout the incubation phases is recognised in the equity held by the entrepreneur founders in the venture.

It is possible therefore that researchers who contributed to the input IP have no involvement in the development of the venture and do not participate in its equity (though they may have a financial interest through the licence to the venture of the originating IP).

The Isis Incubator is targeted at entrepreneur founders that have a connection with the University of Oxford and it would welcome in particular students and ex-students as well as researchers. A typical entrepreneur founder may be coming towards the end of their time studying at the University, or reaching the end of a University post such as a post-doc position, and wishing to use the opportunity to develop their work into commercial reality.

It is important that any entrepreneur considers the effort involved and ensures that their University and academic obligations are no impediment to their involvement with the venture. Finally participants should expect to have no or very few earnings during the development phase. Their reward will be in equity which may not always prove as valuable as hoped and is often not tradeable for a very long period.

- **Compliance with funding obligations** - As for any commercialisation project, the originating Oxford input IP may carry obligations to the funding bodies that sponsored the original research and these obligations must be observed. Hence, it is possible that in certain cases these obligations may not align with commercialisation of IP through this Software Incubator. Isis will advise researchers of such situations at the time of the completion of the due diligence of the input IP via Research Services.
- The Incubator is open **only for software-based ventures**.

The table on the following page summarises the key differences between a venture that is likely to be eligible for the Incubator, and a traditional University spin-out. This table is for guidance and your Isis Technology Transfer Manager will be able to help you assess the appropriate choice:

Software Incubator venture	University of Oxford & Isis conventional spin-out
No initial investor is required, meaning that the Incubator venture does not require the same extent of project management and support as a traditional spin-out, as illustrated on the right. Note that Incubator ventures may eventually develop to a point where external investment is required, and the Incubator can help with this through mode 3 (see page 9).	Significant external investment is required. This means investor networking and presentations, a business prospectus, shareholder agreement negotiations, extensive legal support, a CEO, service contracts, a formal board and governance procedures and much more are required to create a legal structure that protects the interests of the investor, the University and the Founders (i.e. the absent minority shareholders)
Originating IP is a starting point for a potential product or service but must be added to substantially. The starting IP has no commercial prospect without development and this development can neither happen in the University nor is an investor prepared to invest in it yet.	Exploitation of the originating IP to fulfil its commercial potential is the major impetus of the company.
No patents/patent applications	Predominantly patent based
Entrepreneur founders commit very substantial time to growing the business themselves through software and/or business development, including once they have left their University position. The entrepreneur founders are the primary resource for the new business. The Isis Software Incubator anticipates that entrepreneur founders will be, for example, DPhil students reaching the end of their studies, or post-doctoral researchers reaching the end of their contracts.	Founding academics are employees of the University and are supportive of the development of the spin-out opportunity within the constraints of their academic and teaching responsibilities. Once the spin-out is established they most likely retain their academic positions with an 'arms length' relationship to the spin-out, often providing consultancy services and/or acting as non-executive directors, although researchers may leave to join the company. Further resource for the business is provided through external recruitment of all operational staff once investment is in place.
University infrastructure and environment are not essential for generating a viable venture business opportunity; the development of the venture cannot realistically happen within the University.	The spin-out opportunity cannot be developed to a point where it is able to attract external investment without University infrastructure, support and environment
The business develops through trading, though investment may one day be required to fuel growth.	The business does not trade before first round investment, and often for many years after this as the underlying technology is developed for market.
The venture operates in Mode 1 and/or 2 first (see page 9), through which the founder entrepreneur 'invests' considerable time and effort to develop the business through the Incubator to make the venture attractive to external investors. The venture would usually trade in advance of investment and the incorporation of the company is not linked with investment.	In the Isis conventional spin-out, the incorporation and first investment/dilution are linked events. The spin-out does not trade before investment.

WHAT DOES IT MEAN FOR ME?

Once your software business venture has joined the Isis Software Incubator as an 'Incubator Project', you will benefit from advice and support during the time your venture spends in the Incubator (see section 'Services and Support' below).

Isis has experienced and able staff with a long track record of successful commercialisation; we hope that working together, the founder entrepreneurs and Isis will be able to focus on creating the product and customers and will build a business with a much greater chance of success than would be possible without Isis' help.

We will work together to decide whether a venture is appropriate to enter the Isis Software Incubator and the timing of this. All entrepreneur founders will be asked to enter into an agreement with Isis to ensure that each party understands the terms and conditions of the Incubator.

There are different Modes for projects in the Incubator; these are described on page 9.

Services and Support

Depending on the specific needs of each individual venture and the Mode in which it is operating, the Isis Software Incubator aims to offer the following to entrepreneurs:

- commercial mentoring;
- negotiating expertise to help achieve good pricing and legal terms for the venture's first deals;
- IP advice and management (including access to the Due Diligence services of the University for IP assigned to the University);
- Confidential Disclosure Agreements;
- in Mode 1 (see page 9) services such as Accounting, Insurance and Legal services; but NB Isis' legal support acts on behalf of the University and Isis only and is not able to give formal legal advice to others.;
- a 'shop window' including facilitation for an internet presence;
- business enquiry handling;
- assistance with applications for translational funding, where appropriate
- search for additional management and investors if appropriate;
- advice on the creation of a limited company and help with necessary legal documents e.g. shareholder agreements, articles, service contracts, option agreements*;
- assist with identifying (sub-)licensees;
- Isis representation on the Board (as observer or director) once the venture is incorporated in Mode 2 or 3;
- connection to the Said Business School & Centre for Innovation and Entrepreneurship;
- facilitation of the use of 'Oxford' in the venture's name or brand (a formal trademark licence from the University is required for this);
- access to meeting rooms, phone access;
- shared IT facilities for development and operations (subject to availability)
- access to the Isis/Oxford investor and professional advisor network including banks, lawyers, accountants, tax advisors, marketing agencies and more;

- access to Isis/University sponsored events, e.g. the Venture Fest or Oxford Innovation Society meetings;
- facilitate the sharing of resources between incubatees where such opportunities arise.

As well as offering the listed support, the Isis Software Incubator allows the ventures to trade before the costs and risks of full incorporation and with the commercial assistance of experienced Isis Technology Transfer Managers.

Isis will also endeavour to make available specific software development and trading resources but as the requirements are likely to differ between ventures and will change over time, such resources cannot be guaranteed but will be communicated to the incubatees when they are available.

INCUBATION MODES

The Incubator is able to help ventures in three distinct stages of development, or Modes:

1. Pre-incorporation - the venture is not yet registered as a limited company
2. Incorporated without external investment - the venture is registered as a limited company and has no initial need for external investment
3. Incorporated with need for external investment - the venture is registered as a limited company and has now reached a stage where it requires external investment.

Note that a venture may only enter Mode 3 through development within Modes 1 and 2 of the Incubator, i.e. a venture will not join the Incubator directly into Mode 3.

A fuller description of each Mode follows below:

Mode 1: pre-incorporation

In the **earliest stages of the development** of a software based product or service based on the input IP, the costs and burdens of an incorporated company may not yet be justifiable. Isis will allow and enable a venture to operate from within the corporate framework of Isis Innovation Ltd.

Within certain practical limits and whilst observing strict legal and financial controls similar to any internal Isis project, the venture can at this stage work to develop, market and trade its products and services through the Incubator.

The entrepreneur founder cannot yet be an employee of the company (as it is not yet incorporated) and so has to be a member of staff of the University, a student of the University or be self-employed.

An Isis Technology Transfer Manager will oversee the operations of the venture and, as it operates as part of Isis, Isis has exclusive signing authority on behalf of the venture.

During Mode 1 there will be regular 'board' meetings between the entrepreneur founders and the Isis Software Incubator managers no less than every 3 months.

It is appropriate for the venture to enter Mode 1 when there are no or insufficient revenues or reserves to sustain the costs to be a company. However, the venture trades equity in the future company for the services of the Incubator (i.e. Isis) to create an incentive for the venture to exit this Mode as soon as it is able to do so.

Mode 2: company is incorporated

In Mode 2 **a company is created** thus allowing the venture to assume its own responsibilities as a legal entity. This will require incorporation but also insurance, accounts and formal company returns to Companies House, employer's duties and similar obligations. At this stage the venture is a fully fledged business.

At this stage the initial equity has been allocated and it would not be practical to continue issuing equity as a means of payment for services to Isis. Instead the Incubator will charge a cash levy for its services. For the entrepreneur founders it is attractive to transfer from Mode 1 to Mode 2 as there is no longer a requirement to pay for Incubator services with equity; the Mode 2 activities are only available if there is revenue or other access to cash.

Mode 3: company is incorporated and requires investment

The venture may reach a point where **external investment is required** or desirable to accelerate growth and the Incubator can assist with this through Mode 3. There are important differences between the routes to reach investment in Mode 3 and first round investment for a traditional spin-out. In the traditional spin-out the incorporation and first investment/dilution are linked events and the spin-out does not trade before investment. In the Incubator, the venture operates in Mode 1 and/or 2 first, the founder 'invest' considerable time and effort to make the venture investable and the venture would usually trade in advance of investment. Because of this, a venture is not eligible for the Incubator if there is an immediate need to raise investment and ventures may not enter the Incubator directly into Mode 3 in order to raise investment.

It is normally expected that the venture will exit the Incubator once an investment is made, but in exceptional cases the venture may continue in the Incubator in this Mode 3.

Transitions between Modes

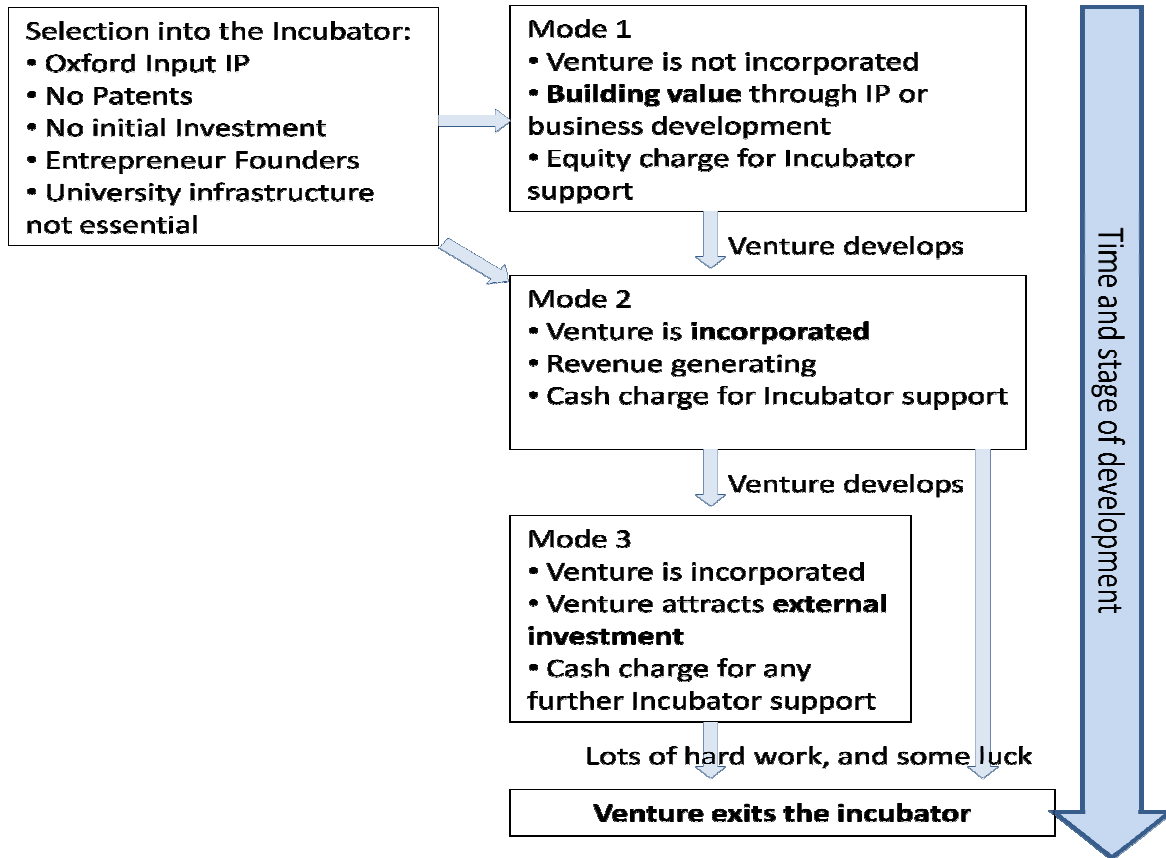
Whilst a venture is in Mode 1 the equity claim on behalf of Isis grows in lieu of charges as detailed on page 15 in the section "What will it cost: Charges and Equity". When the venture incorporates that equity claim is exercised and shares are issued to Isis.

Once incorporated the venture may leave the Incubator or enter into Mode 2 and continue to receive ongoing support in return for a monthly cash service charge.

If a venture incorporates immediately upon entering the Incubator (i.e. enters into the Incubator in Mode 2), the minimum equity claim for Isis still applies as a reward for the assistance from Isis to incorporate and the framework provided by the University and Isis.

If the venture transits from Mode 1 or 2 into Mode 3, i.e. incorporates with the help of an external investor (and CEO) identified with the help of the Incubator, then the Isis Technology Transfer Manager will provide all necessary support. Nevertheless this does not attract an automatic additional equity claim: Isis already has an interest and this will gain in value upon investment. On the other hand, a rapid Mode 1 to Mode 3 transition should never be confused with a traditional spin-out as only a venture that evidently uses the Incubator for pre-investment development and value growth is eligible.

If the venture exits the Incubator and subsequently finds external investment or an acquisition independently, Isis has no additional claim beyond the equity previously awarded (and any rights attached to those shares).



INTELLECTUAL PROPERTY

Intellectual Property (IP) is ideas, information and knowledge; in the University context IP can be viewed as the results and outcomes of research. “Intellectual” because it is creative output; and “Property” because it is viewed as a tradable commodity.

Intellectual Property Rights (IPR) are specific legal rights which protect the owners of IP. IPR can be subdivided into 6 major categories, summarised in the table below:

IPR Category	Covers	Formal application process	Maximum duration
Patent	Inventions	Yes	20 years
Copyright	Literary, musical, artistic works, & software	No	70 years after death of author
Registered Design	Image; look & feel	Yes	25 years
Registered Trade Mark	Name, logo	Yes	Unlimited
Confidential Information	Unpublished secret information	No	Unlimited
Database Right	Databases	No	15 Years

See the Isis Researcher Booklet ‘Intellectual Property, Patents and Licensing’ for further information (available from Isis and www.isis-innovation.com).

HOW IP IS MANAGED IN THE INCUBATOR

Pre-venture IP

Oxford input IP with which the venture starts will be licensed to the venture via Isis on reasonable commercial terms. IP developed externally from Oxford but prior to entry of the venture into the Incubator will need to be assigned to Isis to ensure that all IP required for the venture is gathered together in one place.

IP developed whilst the Venture is in Mode 1

If the developer is still a student or employee of the University then IP developed in the venture whilst in Mode 1 will be owned by the University according to University Statute. There is no automatic pre-emptive right by the venture on this IP. However, Isis will seek the most appropriate route for commercialisation of that IP, and this may well be the venture if all is going well. The IP will be assigned to Isis and licensed via Isis in the usual manner.

IP developed in the venture whilst in Mode 1 by a developer who is NOT a student or employee of the University cannot be owned directly by the venture because it is not yet a legal entity. Therefore in Mode 1 it will be assigned to the University with the intention to license the IP back to the venture upon incorporation. This has the advantage that the IP is in a ‘safe’ place should the venture not succeed and could be licensed to another entity, with benefits to the developer.

IP developed whilst the Venture is in Mode 2 or 3

IP developed in the Venture whilst in Mode 2 or 3 will follow the University Statutes and Regulations: If developed by a student or employee of the University it will be owned by the University. Isis will seek the most appropriate route for commercialisation of that IP and this may well be the venture if all is going well.

IP developed in Mode 2 or 3 by staff of the venture (assuming they are NOT students or employees of the University) will be owned by the venture (subject to any existing other arrangements), because the venture is now incorporated and as such it is able to own property.

All IP that is owned by or assigned to the University will undergo the usual due diligence and subsequently be assigned to Isis for commercialisation.

OXFORD UNIVERSITY RULES

Although Isis Innovation is a wholly owned subsidiary of the University of Oxford, the conditions of employment of University staff are a matter for the University, and Isis cannot adjudicate on them. Nevertheless, Isis has been given responsibility for presenting new venture opportunities to the University for approval. We can direct you towards the relevant University Statutes, Decrees and Regulations if you need advice. Isis will make every effort to guide you through the relevant procedures, in conjunction with the appropriate University officers.

LEGAL, TAX AND ACCOUNTING

Legal

In Mode 1 all activities by the venture will be under the legal 'umbrella' of Isis and therefore it will be subject to control by Isis management and procedures.

In Mode 2 and Mode 3 the venture will be a limited liability company incorporated under English law. A limited liability company protects the owners from creditors; it will be a separate legal person that can sue and be sued in its own right. As a legally responsible entity it will be responsible for its own decisions. The Isis Technology Transfer Manager will guide the venture through its incorporation and ensure that it makes adequate provisions for legal advice, insurance and management awareness of its responsibilities.

Board of Directors

The directors of the company (of which there must be at least one) will be appointed by the shareholders. The directors are responsible for strategic management of the company and will be personally liable for their actions as directors of the company. The Directors elect one of themselves to be the Chairman. As a shareholder Isis Innovation requires certain information rights and also the right to nominate a non-executive director to the Board. This may initially be (as director or observer) a member of Isis Innovation, or, as the venture develops Isis may nominate an external non-executive director by agreement with the venture, in order to bring a useful skill-set to the Board.

Directors' responsibilities

The legal responsibilities placed on each director protect creditors from the owners. A limited company must have directors; directors must not continue trading when the company is insolvent; directors must keep accounts which reflect accurately; the company's financial condition; directors are like trustees of the company, and must not benefit personally at the company's expense. Directors can be **PERSONALLY LIABLE** for the activities of the business.

Tax affairs

There is a plethora of taxes, tax schemes and benefits relevant to the various aspects of company formation:

Company	Individuals
Value Added Tax	Capital Gains Tax
Corporation Tax	Income Tax
National Insurance	Enterprise Investment Scheme
R&D Tax Credits	Enterprise Management Incentives
	Inheritance Tax

These change frequently as do the optimal ways of managing the tax liabilities. Up to date professional advice is essential.

At the time of writing it is possible that Mode 1 may not be as tax efficient as Mode 2. It is usually advisable to incorporate a new company as soon as possible so at the time the shareholders receive their equity its value is minimal and thus their exposure to income tax is minimal.

Upon entry in the Incubator the Isis Technology Transfer Manager will be able to make introductions (but not recommendations) to tax advisors.

Accounts

In Mode 1 all transactions will be via the Isis accounts and the Technology Transfer Manager will work closely with the entrepreneur and the University's Financial Department to ensure that all matters are properly accounted for. In Mode 2 the venture will require its own accounts and the Isis Technology Transfer Manager will be able to make introductions to potential advisors (and Banks). At all times whilst in the Incubator, the Isis Technology Transfer Manager must have access to all accounts.

LEAVING THE INCUBATOR

If all goes well the venture will exit the incubator when it is able to sustain itself and when the support and services provided by the Incubator have had their benefit but are now of diminished relevance or can be provided from within the, now mature, venture itself. Upon exit any outstanding credits and debits will be settled or a mutually agreeable repayment plan will be arranged.

Despite best efforts from all parties sometimes not everything goes to plan and circumstances change such that the venture proves to be unviable. If work on the software business venture comes to an end whilst in Mode 1 this will not leave any residual charges to the entrepreneur but all IP will be retained by Isis so that it may still be commercialised.

If the venture reaches a stage where it is to be suspended or closed down whilst in Mode 2, there will be a number of administrative arrangements to be made with Companies House. All IP should be assigned to Isis. This creates the possibility to still commercialise the IP through a licence to another party, creating benefit for the inventors and developers. Any venture in the Incubator in whichever Mode must undertake not to create a situation of insolvency. Isis must have access to the venture's accounts at all times.

WHAT WILL IT COST: CHARGES AND EQUITY

In return for the Incubator services listed on page 7, the charges to the software business venture in the Incubator are:

Mode 1

The initial minimum charge is 10% of pre-money equity in the Venture.

If the Venture is still in the Incubator Mode 1 after 8 months, the equity shareholding for the University increases by 1% for each subsequent month or part-month.

No Venture will exceed a further 10 months in Mode 1 (18 months in total) thus limiting the shareholding of Isis to below 20%.

Modes 2 and 3

If entering the Incubator in Mode 2 or 3, the initial minimum charge is 10% of equity in the Venture. There will be no further equity charge in Mode 2 and Mode 3 but the Incubator will make a cash charge, giving due regard to the importance of cash for any start-up: the Incubator charge will be limited to the higher of £250 per month or 10% of Revenue up to a limit of £10,000 per annum.

No incubatee may stay in the Incubator for longer than three years.

These charges described above are in return for the Incubator services on page 7. There is no additional charge for Isis staff time or for reasonable use of Isis facilities such as meeting rooms or photocopying.

The shares in ventures arising through the Isis Software Incubator will be held in the name of Isis Innovation Ltd and managed by Isis Innovation Ltd.

If there is a need for any external expenditure incurred by Isis on behalf of the venture, this will be treated on a 'cash+10%' recharge basis to the venture. Any external expenditure by Isis will be agreed by Isis and those involved in the venture. For example, external expense may be

required for preparation of marketing materials, website design, application for a trademark, commercial software, IT hardware or services and more. If a venture has already accumulated revenues that can cover such expenses then the additional 10% charge will not apply.

WHAT DO I NEED TO DO NEXT?

Please contact Isis to discuss your proposed software business venture. You will need to complete the Information Record which is available from the Isis website and you will find on the next pages of this Guideline booklet.

Contact details

www.isis-innovation.com

Tel: 01865 280830

Fax: 01865 280831

Email: innovation@isis.ox.ac.uk

ISIS SOFTWARE INCUBATOR

INFORMATION RECORD

Project number(s):

The application record is a written description of your proposed venture. It helps Isis and you to assess whether the Incubator is the best next step for your software opportunity;

IMPORTANT: Discussions between you and Isis about your invention and your commercial plans are confidential. To avoid any inadvertent public disclosure please consider all discussions about the invention and the venture confidential. Please use Confidential Disclosure Agreements to protect discussions with anyone outside the University and your Isis Technology Transfer Manager will be pleased to help.

Please answer the following questions, either on these pages or on separate sheets.

Business idea

Please describe the proposed venture briefly.

Intellectual Property

Please briefly describe the IP involved in this project.

If IP has been disclosed already to Isis please provide the project number(s) if known.

Please indicate briefly the role of this existing IP in the venture.

Inventors, Founders and Equity

Please list contributors (e.g. authors, inventors or developers) to the original IP (as per the original IP1 and IP2 forms if applicable). Also list individuals who will be part of the new venture but who have not been contributors to the existing IP. Please list their proposed role in the venture (if any), their current and future role in the University (if any) their obligations to any existing roles and your considerations with regards to equity shares.

Please provide some information on who will lead the venture whilst in the Incubator (please attach CVs if you wish).

Entry mode

In which mode will the proposed venture enter the Incubator: pre-incorporation (Mode 1) or already incorporated (Mode 2). If already incorporated, please provide details of the existing venture including directors and shareholders, trading history (if any), registration name and number and trading name.

Development plans and resources

Please outline the business opportunity and plans for the venture:

- What is the proposed service or product?
- Which market is it aimed at? Who are the customers, clients?
- Which channels for sales or delivery will it use? How will it be sold?
- What are the main stages of development?
- What is the end-of-incubation target: independent trading, investment, trade-sale?
- Timeline – how long do you think it will take to develop?
- When do you wish to start the venture in the Incubator?
- What resources are required to fulfil the plan?

Agreement

This Agreement is made between Isis Innovation Ltd and those named below.

Please confirm that you have read the Isis Software Incubator Guidelines to Researchers booklet and understand its terms including:

- Being a member of the venture in the Incubator does not imply that you are an employee of Isis or the University and you will be responsible for your arrangements with regards to all employment matters;
- Whilst you are an employee or student of the University of Oxford you acknowledge that ownership of all intellectual property developed by you will reside with the University in accordance with University Statutes;
- If you are a member of the venture in the Incubator but not an employee or student of the University then, until the venture is incorporated, you agree that all arising intellectual property developed by you in connection with the venture will be, and hereby is, assigned to Isis, provided that Isis agrees to license the arising intellectual property back to the venture once the venture is incorporated as a legal entity;
- The venture will issue equity to the University upon incorporation in an amount calculated according to the amount of time for which the venture has used the Incubator's services prior to its incorporation as set out in the 'Charges and Equity' section of Guidelines to Researchers – Isis Software Incubator;
- The venture will adopt a standard Isis Software Incubator shareholders' agreement which will include reserved minority and pre-emption rights for Isis, the opportunity for Isis to transfer its shares to the University and the right to appoint a board director or observer subject to a minimum shareholding;
- IP assigned to Isis will be licensed to the venture on commercial Isis terms.

For each participant/equity holder in the proposed venture please sign and date below:

Name:

Signature:

Date:

Name:

Signature:

Date:

Name:

Signature:

Date:

Name:

Signature:

Date:

Also attach a copy of the Guidelines to Researchers - Isis Software Incubator

The completed forms should be returned to:

Isis Innovation Ltd, Ewert House, Ewert Place, Summertown, Oxford OX2 7SG.

The next steps are for an Isis Technology Transfer Manager to discuss the opportunity with you. Further detailed forms are required to establish correct legal ownership of the intellectual property rights.

For Isis office use

Intellectual Property

Eligibility criteria:

- The IP has been disclosed and has been given a project number(s)
- The IP has been assigned to Isis
- The IP originates (partially) from Oxford University
- the IP rights do not require a patent
- The IP has no funding obligations that include equity entitlements
- The IP is not subject to any obligations that prevent exploitation in the proposed venture

Founders and Equity

Eligibility criteria:

- Inventors and contributors are available where required for ongoing support,
- Equity is awarded with regard to the contribution in the development of the venture's value, not the input IP
- There are no conflicting obligations for the entrepreneur/developer(s) and they are prepared to undertake the value development of the venture and is capable to deliver
- The venture does not require an external investor
- All participants have signed the application record, the introductory notes and schedule

Entry Mode into Incubator

Does an incorporated company already exist?

- Yes
- No

Eligibility criteria:

- If entering in Mode 2 the venture is capable to meet its financial and legal obligations including the monthly Incubator charges
- If entering in Mode 2 verify that the existing members are prepared to adopt a new shareholders agreement, transfer equity and warrant that there has been no previous trading and there are no existing debts, obligations or undertakings etc

Development plans and resources

Eligibility criteria:

- The proposal is commercially credible
- The product or service can be developed to market/investor/trade sale readiness without external investment
- Required resources to achieve the end-of-incubation-target are available?
- The product or service does not raise reputational or Conflict of Interest issues for the University