

# Mentre®

**Creating sustainable businesses  
from Australian research**



# Mentre®

Some Policy Considerations

The Mentre® solution

The Mentre® program



# Licensing vs. Spin-offs

- To 1991 from US research\*
  - Probability of producing a significant licensing income 1.5 parts in 10,000 per person year of research effort
  - Probability of producing a significant spin-off income 5 parts per 1,000 per person year of research effort
- Only a small subset of invention disclosures generate any licensing interest; of those that do, very few generate sizeable net returns. The distribution of licensing revenues is highly skewed with a few big commercial successes generating large returns for a small number of universities.\*\*
- Recent downwards trends in Australian BERD make finding a partner more difficult\*\*\*

\*Source: Gregory and Sheahan, 1991

\*\*Source: M. Feldman et al 2002

\*\*\*Higgins, DISR, 2001



# Australia has a net loss from licensing

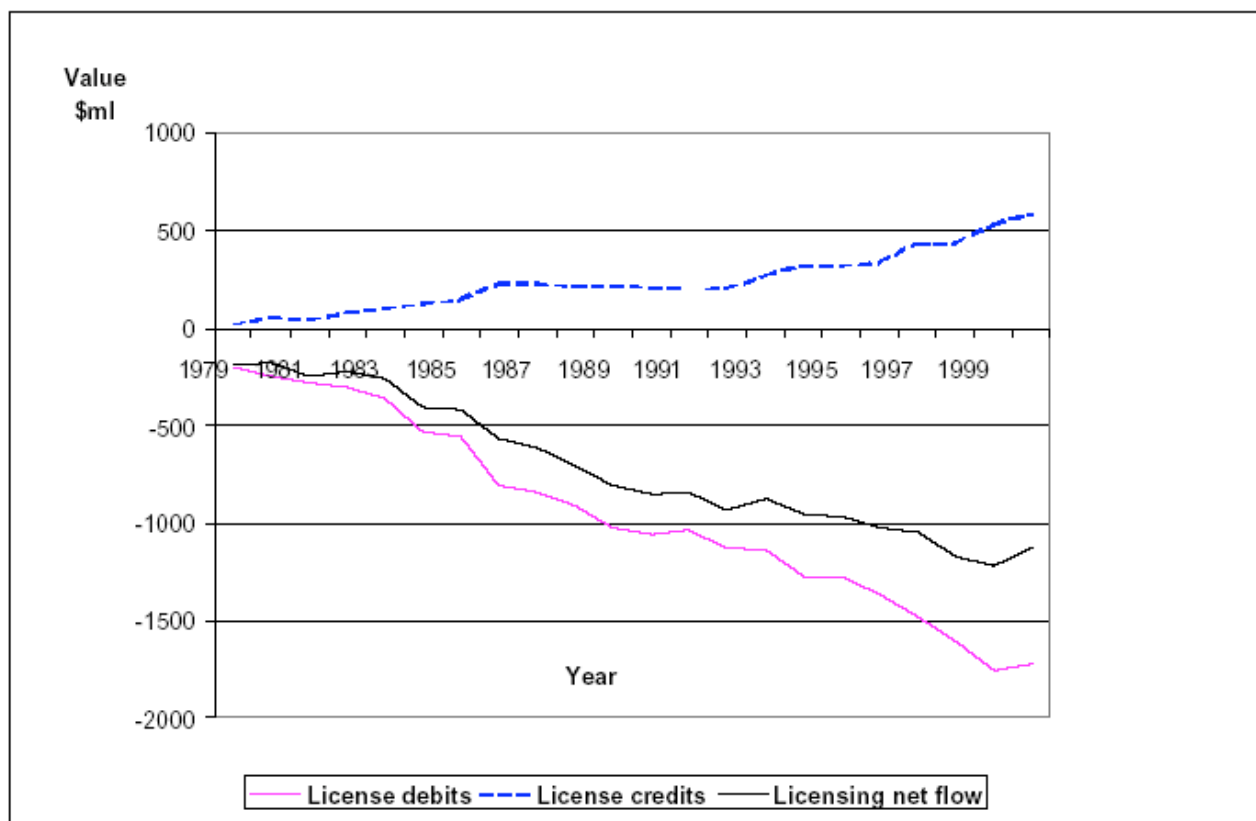


Figure A5.1 Royalties and licensing flows-trade balance.

Source: PMSEIC 2001

# Australia's track record at spin-offs



Institution	\$100 m's per spin off			
	2000	2001	2002	2003
Stanford**	5			
UBC****		12.6		
CRCs"	23.3			
UK Universities***				27.3
University of Queensland*	54.8			
University of Sydney*	58.1			
Overall USA**	100			108
Large Australian Universities*	113			
CSIRO*	222			
Small Australian Universities*	303			

## Sources:

\*Yencken and Gillin

\*\*PMSEIC

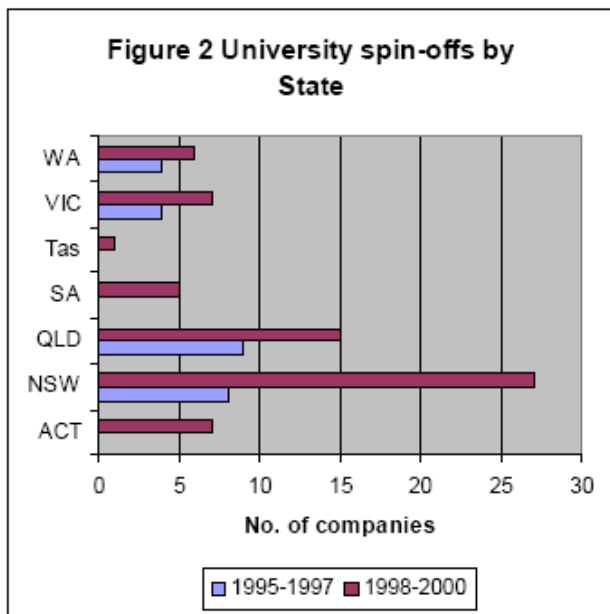
\*\*\* Higher Education Business Interaction Survey

[http://www.hefce.ac.uk/pubs/hefce/2003/03\\_11/03\\_11.pdf](http://www.hefce.ac.uk/pubs/hefce/2003/03_11/03_11.pdf)

\*\*\*\*Managing and Commercialising Intellectual Property



# Victoria is punching below its weight



Source: Yencken and Gillin, 2002

Institution	Research Expenditure (\$thousands)	Spin-offs
Melbourne	291,734	0
Monash	124,259	3
La Trobe	74,229	2
RMIT	41,288	1
Deakin	39,269	1
Swinburne	37,264	0
VUT	17,987	0
Ballarat	5,878	0
Australian Catholic University	9,033	0
WEHI	31,010	0
Murdoch	17,322	0
Howard Florey	11,697	0
Macfarlane Burnet	10,546	0
Peter MacCallum	9,771	0
Melbourne Health	5,235	0
<b>Totals</b>	<b>726,521</b>	<b>7</b>

Source: ARC, National Survey of Research Commercialisation, 2001



# Different approaches

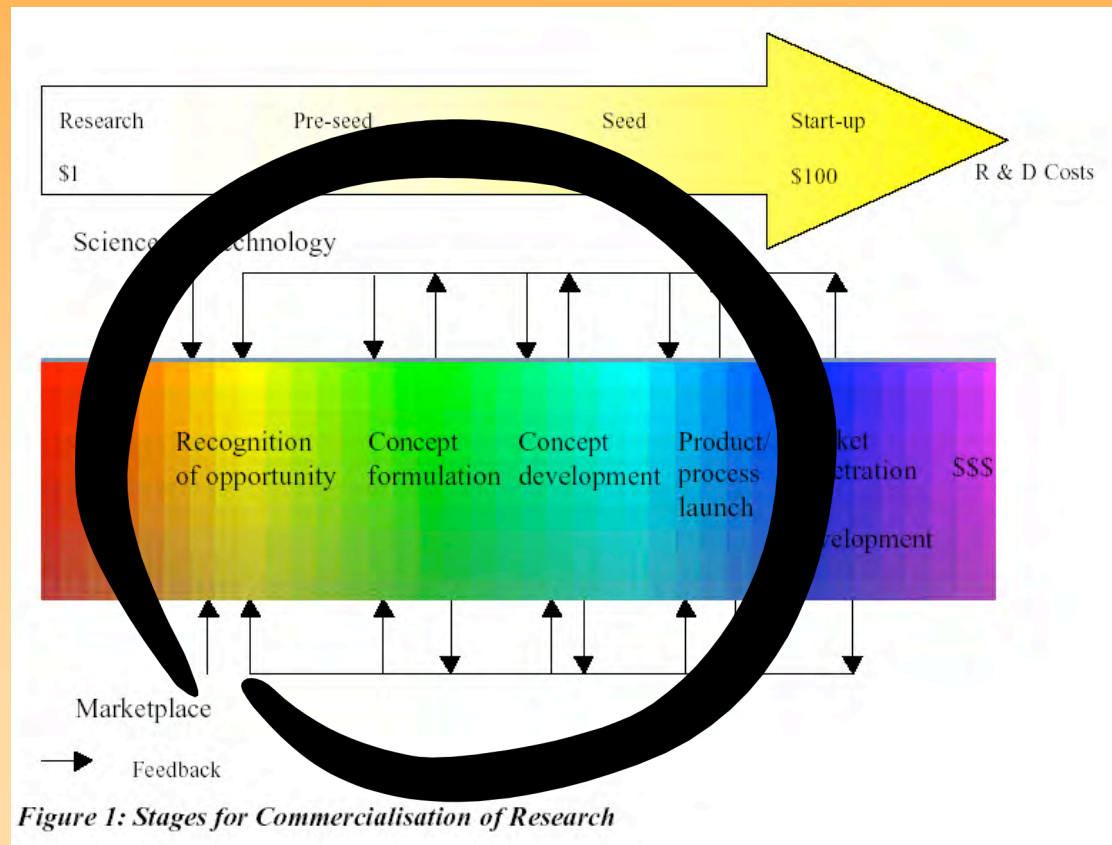
- Venture capital
  - management fees cannot fund the intense work in taking business out of public sector environment
  - VCs cannot fund most academic ventures
  - Many academics see VC mechanisms as irrelevant to them
- Advisory programs
  - Does not address the issues of delivering after the advice is received

 With Mentre® we just do it!



# The Rate Limiting Factors

- Entrepreneurs, effective processes and support



Source: PMSEIC 2001



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# Mentre® provides entrepreneurial leadership

- Entrepreneurial leadership is the primary capability required by a commercialisation entity
- UK experience shows that the 10 research institutions most successful in spinning out entities in a sample of 57 were significantly more predisposed to use “surrogate entrepreneurs”. The main difficulty is attracting such individuals<sup>1</sup>
- Inexperienced management wastes large amount of management resources in innovating SMEs<sup>2</sup>

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<sup>1</sup> Franklin, Wright and Lockett, <http://www.mgmt.purdue.edu/centers/tti/franklin.pdf>

<sup>2</sup> Howard Gwynne, (1999) [http://www.industry.gov.au/archive/summit/ois/IndInnovWG\\_SME.doc](http://www.industry.gov.au/archive/summit/ois/IndInnovWG_SME.doc)



# The Mentre® Network

- 50+ individuals with experience in building and managing high-tech businesses
- 25-30 years experience in senior management both in major corporates and starting-up new ventures
- 90% Graduates & 70% Post-Graduates
- Experience in Asia, Europe, North and South America, and the Middle East
- Broad industry sectors: IT&T, engineering, biotechnology and energy



# Mentre® - supported by Information City Victoria

- Information City Victoria is a technology incubator/accelerator funded in June 2000 by \$8m from the Federal Government's BITS program, leveraged by private sector contributions Supported by the Melbourne City Council, with a funding contribution to the Melbourne City incubator facility
- Incubator / business accelerator facilities "open for business" December 2000
- The Mentre® program was developed during 2002 to create new business out of research and innovation.



# Who are our partners?



- Shareholders:
  - Joint Technology Partners Pty Ltd
  - Melbourne IT Ltd
  - Ericsson Australia
  - Ballarat University Greenhill Enterprise Centre
- Early stage funding relationships; angel networks (incl. Enterprise Angels), Technology Development Investments (TDI), Allen and Buckeridge and Newport Capital
- Strategic partners: Sun Microsystems, Ericsson, Melbourne IT, Redcentre Photonics





# Incubation<sup>1</sup>

- Pre-incubation services – Diagnostic and Management Tools
  - Indices, Marketing and Technology Assessment
  - sync (an integrated suite of web-based services that support key areas of incubator management)
- Access to experienced leadership
  - Mentre®
- Networks, resources and capabilities
  - Government, business, investment community
- Stakeholder relations

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<sup>1</sup> See Centre for Strategy and Evaluation Services, European Commission Enterprise Directorate-General (2002), **Benchmarking of Business Incubators**

[http://www.europa.eu.int/comm/enterprise/entrepreneurship/support\\_measures/incubators/index.htm](http://www.europa.eu.int/comm/enterprise/entrepreneurship/support_measures/incubators/index.htm)



# Mentre®

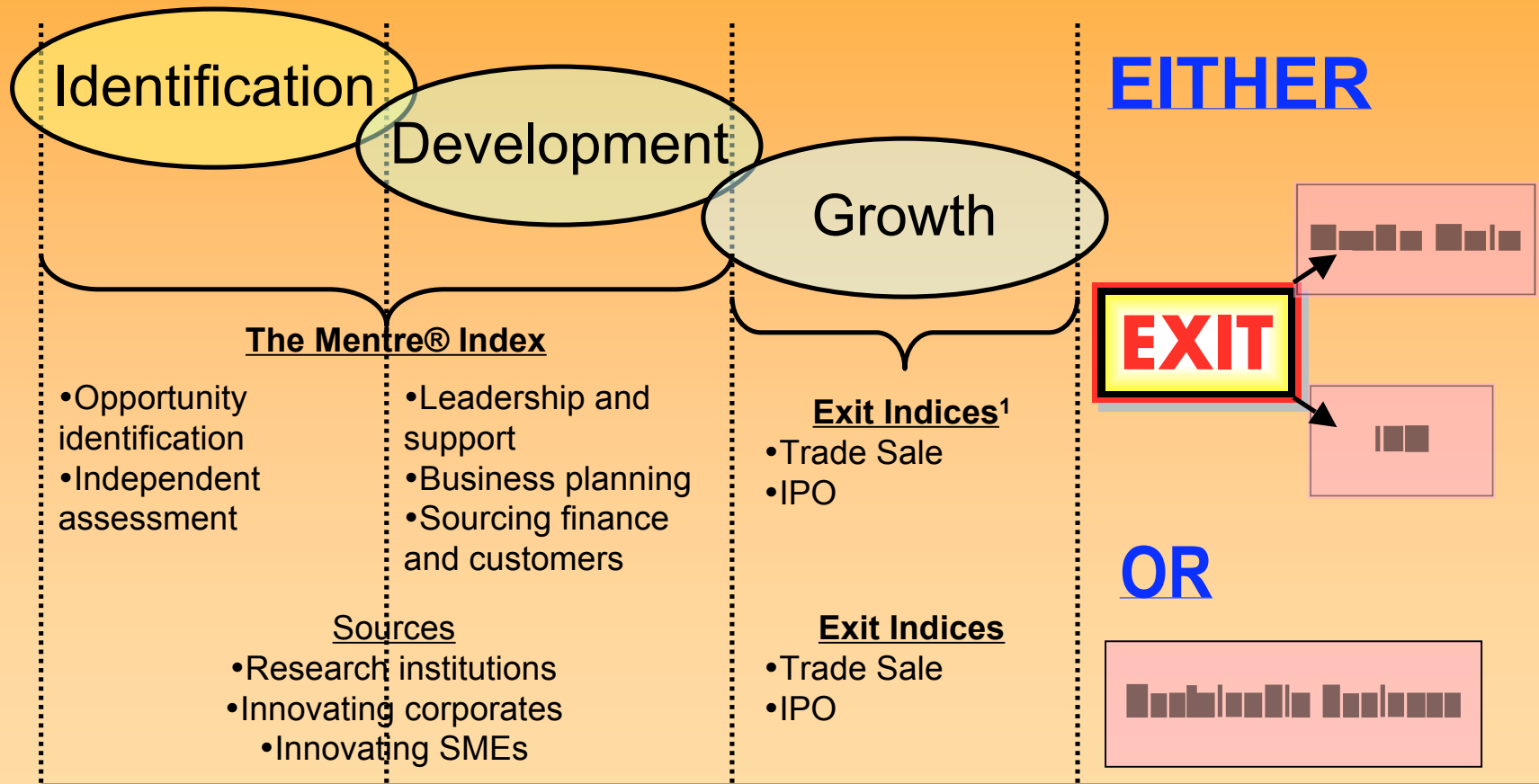
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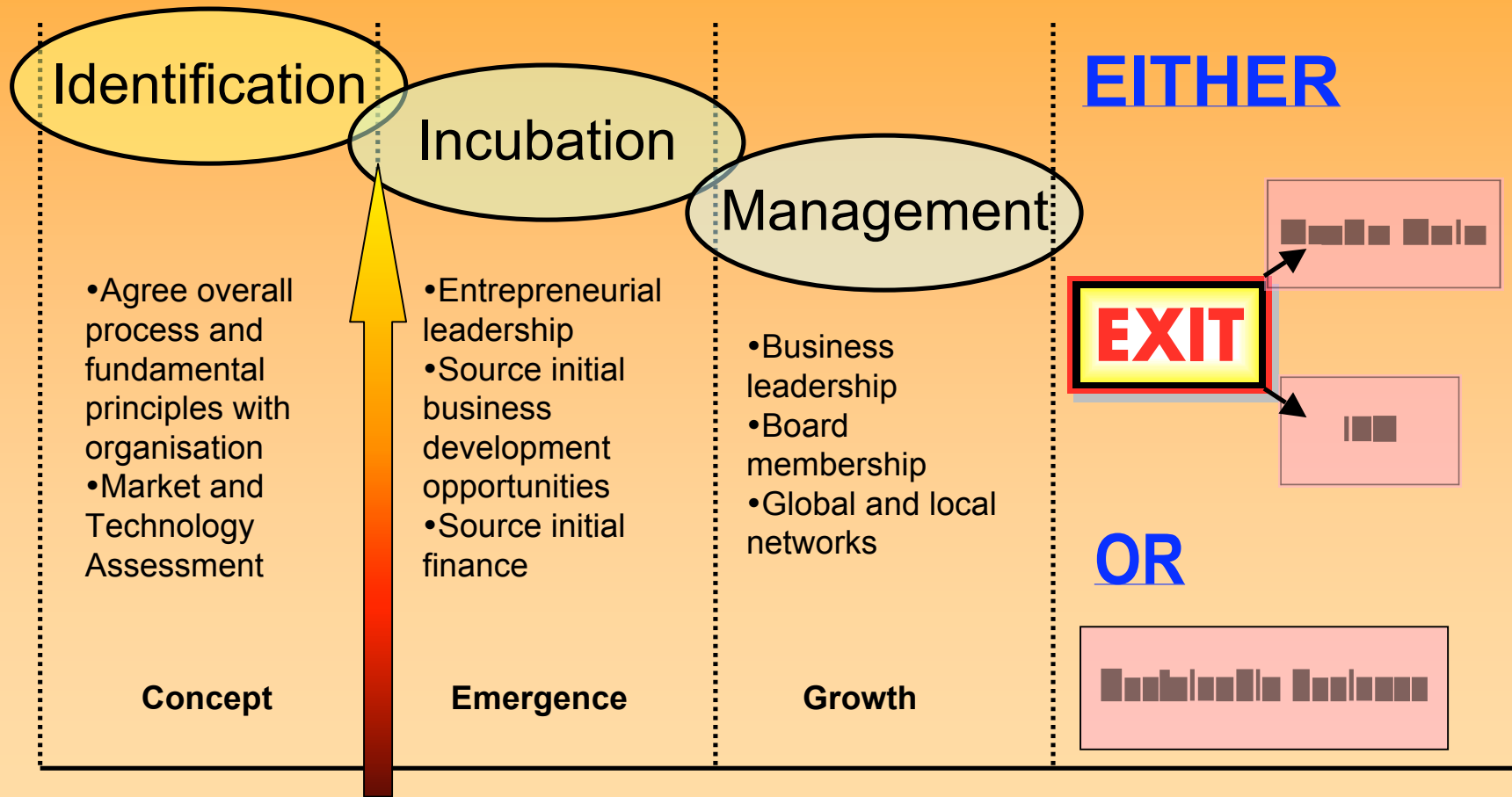
# The Mentre® Tools



1. Developed by Professor Tom McKaskill, AGSE, Swinburne



# The Mentre® Process



Experienced entrepreneurs

Living IT



# Mentre® Index Tool

- Reviews, assesses and helps develop plans to address (if possible):
  - The strength of the IP position
  - Experience, expertise and attitudes of researchers
  - Culture, capabilities, policies, processes and willingness to deal of the research organisation
  - The commercial potential of the business opportunity



# Marketing and Technology Assessment Panel

- Researcher presents to an independent expert assessment panel selected from more than 80 volunteers
- The Panel reviews:
  - Is there a clear problem in a well defined segment of the market?
  - Does this technology have a superior answer to that problem?
  - Is there a clearly defined path to deliver the product/service to the customer?
- The Panel then workshops the first three milestones the business should undertake



# The Commercialisation Path

- Principles must be agreed with organisation and researchers prior to start:
  - Items that the business plan address to be acceptable to all parties
  - The approvals process, and that the institution is responsible for managing that process
  - Organising the intellectual property to be in a form useable by a business
  - The equity arrangements in the start up vehicle
  - The timetable – selection and incubation should be no longer than 9 months



# Status and Promise

- Over last 12 months
  - Two business operational from Peter Mac
  - Two business under development with RMIT
- Next 12 months
  - Five to 10 business with public sector including one business now selected from Swinburne
- Effect on spin-off rate could be to go from \$103 million research funding per spin-off to between \$33 and \$42 million



# Corporate sector

- The programs outlined above are equally suitable for corporate sector research and we are developing programs with Telstra, Powercor and others.