Creating a Spin-Off
Starters’ Guide
SPIN-OFFS?

IT’S A CHALLENGE
Dr. Steven Van Hoof

Spin-Offs & Business Tech Transfer Office (TTO)
Director UHasselt Venture Management (UHVM)

steven.vanhoof@uhasselt.be
Topics

✓ What & why
✓ Spin-off project process
  ▪ Ideas
  ▪ Spin-off elements
  ▪ Stages
  ▪ TTO & UHVM Support
✓ Spin-off creation
  ▪ Structure & legal
  ▪ Technology transfer
  ▪ Follow-up
Definition?

**SPIN-OFF:**

LTD LIABILITY COMPANY \[\rightarrow\] NEW UNIVERSITY IP \[\rightarrow\] TECHNOLOGY TRANSFER 1y
Example

Established 30/04/2014

License on UHasselt-IMOB software platform

Contract concluded 16/06/2014
Benefits?

For researchers:
- Experience
- Create your own job
- Share in revenue (30%)

For research group:
- Successful technology transfer
- New business opportunities
- Spin off non-typical activities
- Reputation
- Share in revenue (40%)

For university:
- Mission: Civic university
- Reputation
- Case examples
- Output parameter
- Share in revenue (30%)
Process of spin-off creation

What do we need?

IDEA GENERATION
Sources of ideas

- COMPANIES
- PATENT
- ROADBLOCKS
- ENTREPRENEUR
- MATURATION
- CASE EXAMPLES
- ...
Example

- Unique technology
- Not possible to maintain activity at university
- Market demand

- Unique knowhow
- Not possible to maintain activity at university
- Market demand
Orientation: idea enrichment

✓ Building the idea
✓ Challenging assumptions
✓ Identify gaps
✓ Make action plan
Spin-off building blocks

- Unique technology/expertise
- IP: patent, FTO, no prior art
- Disruptive – innovative
- Early stage*
- Selfstanding*
- Market Opportunity

PROJECT

- Research funding
- Incubation funding
- Investment funding

TEAM

- Entrepreneurial researcher(s)
- Engagement
- Skills
- Expertise
- Experience
- Network

CULTURE

- TTO
- Role models
- Entrepreneurial culture
- Support by policy - investment
- Rewarding when successful, supporting when unsuccessful

*Note: Early stage and Selfstanding indicate stages in the development process of a spin-off project.
Support from TTO & UHVM

- Coaching
- Legal
- Network
- Funding
- Approval
## Support from TTO & UHVM

### COACHING
- Communicate idea to:
  - IOF Business developer
  - TTO Spin-offs
- Feedback – challenging idea
- Coaching in making action plan

### LEGAL
- Intellectual property

### NETWORK
- Companies
- Entrepreneurs
- Events/coaching
- Investors

### FUNDING
- External funding
  - VLAIO
- Internal funding
  - IOF

### APPROVAL
- Prelim. approval BoD university
Process of spin-off creation

OPPORTUNITY
RECOGNITION

ENTREPRENEURIAL
COMMITMENT

INCUBATION

ORIENTATION

ORIENTATION

RESEARCH

RESEARCH

Incubation: action!

- Market exploration
- Technology maturation
- Product definition
- Business model
- Team formation

BUSINESS PLAN!
Market exploration

**WHO?**
- Supplier
- Customer
- Partner
- Investor
- Competitor

**GOAL?**
- Ecosystem
- Value chain
- Jobs to be done
- Market culture
- Investment criteria
Technology maturation

- **TRL1** • Basic principles observed
- **TRL2** • Technological concept described
- **TRL3** • Experimental Proof-of-Concept
- **TRL4** • Technology validated in lab
- **TRL5** • Technology validated in relevant conditions
- **TRL6** • Technology demonstrated in relevant conditions
- **TRL7** • System prototype in operational set-up
- **TRL8** • System complete and certified
- **TRL9** • System successful in operational set-up
Product definition & Business Model

- Product vs Services
- Hardware vs Software
- Partners vs Competitors
- Customers vs End-users

- Value proposition
- Required resources
- Cost structure
- Revenue model

Business Model Canvas
## Business plan: example

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Executive summary</td>
<td>Compact 1-pager</td>
</tr>
<tr>
<td>2. Business scope</td>
<td>Mission and vision of the company</td>
</tr>
<tr>
<td>3. Products &amp; Services</td>
<td>What the company will offer to its clients</td>
</tr>
<tr>
<td>4. Business environment analysis</td>
<td>Competition, Porter analysis, SWOT</td>
</tr>
<tr>
<td>5. Marketing plan</td>
<td>Segmentation, targeting, AIDA model</td>
</tr>
<tr>
<td>6. Business model and strategy</td>
<td>How to grow to sustainable profits</td>
</tr>
<tr>
<td>7. Management and organization</td>
<td>Team composition, roles, responsibilities</td>
</tr>
<tr>
<td>8. Operational plan</td>
<td>Plan of operation, time planning</td>
</tr>
<tr>
<td>9. Financial plan</td>
<td>Financial forecast for 3y</td>
</tr>
</tbody>
</table>
Business plan: not an endpoint

“Everybody has a plan until they get punched in the face.”

— Mike Tyson
Support from TTO & UHVM

- Coaching
- Legal
- Network
- Funding
- Approval
## Support from TTO & UHVM

<table>
<thead>
<tr>
<th>COACHING</th>
<th>LEGAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Project progress</td>
<td>✓ Intellectual property</td>
</tr>
<tr>
<td>✓ Challenging choices made</td>
<td>✓ Technology transfer contract</td>
</tr>
<tr>
<td>✓ Coaching in realizing action plan</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NETWORK</th>
<th>FUNDING</th>
<th>APPROVAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Companies</td>
<td>✓ Investment funding</td>
<td>✓ Final approval BoD university</td>
</tr>
<tr>
<td>✓ Entrepreneurs</td>
<td>✓ Joint projects</td>
<td></td>
</tr>
<tr>
<td>✓ Events/coaching</td>
<td></td>
<td></td>
</tr>
<tr>
<td>✓ Investors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>✓ Incubators</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Process of spin-off creation

OPPORTUNITY RECOGNITION

ENTREPRENEURIAL COMMITMENT

TRESHOLD OF CREDIBILITY

SPIN-OFF COMPANY

Start!
Starting a company

✓ Founders
  - University cannot start a company
  - Entrepreneurs!

✓ Legal form
  - BVBA/CVBA
  - NV

✓ Notary
  - Constitutual documents (‘Oprichtingsakte’)

Starting a company

Luik B

In de bijlagen bij het Belgisch Staatsblad bekend te maken kopie
na neerlegging ter griffie van de akte

Voorbehoeden aan het Belgisch Staatsblad

*15319847*

Neergelegd
26-11-2015
Griffie

Ondernemingsnummer: 0643648646
Benaming (voluit): DriveSimSolutions
( verkort): DSS
Rechtsvorm: Coöperatieve vennootschap met beperkte aansprakelijkheid
Zetel: Amerikalaan 32
(volledig adres) 2440 Geel
Onderwerp akte: Oprichting

Er blijkt uit een akte verleden voor meester Jan Van Ermengem, geassocieerde notaris te Meerhout

Source: Kruispuntbank van Ondernemingen (KBO)
Location

Spin-off is not located at the university!

Many incubators in the region:

No other limitations

More info: Incubatorennetwerk.lrm.be
Who controls the company?

**Bootstrap spin-off**
- 100% Founders

**Investment spin-off**
- 60% Founders
- 20% University
- 20% Investors
Who controls the company?

Bootstrap spin-off

- License-deal based
- Bootstrap strategy
- Fully independent
- Slow growing companies
- Less capital-intensive activities

Investment spin-off

- Transfer/license
- University can receive shares
- University in board of directors
- External capital for growth acceleration
- Capital-intensive activities
- Greater value creation potential
Form of technology transfer

✔ Transfer of ownership
  ▪ Spin-off becomes owner of the IP
  ▪ No limitations of use of the IP

✔ Exclusive license
  ▪ University remains owner of the IP
  ▪ Right to use the IP exclusively
  ▪ Limited in scope/location
Form of technology transfer

Dependent of:
- ✓ Strategy of spin-off
- ✓ Strategy of research group
- ✓ Risk factor
- ✓ Type of intellectual property
- ✓ Demand of investors

Compensated through:
- ✓ Shares and/or certificates
- ✓ Lump sum
- ✓ Milestone payments
- ✓ Royalty (% on revenue)
Post-incorporation follow-up

Collaboration UHasselt – spin-off
- Use of infrastructure
- Joint research projects
- Contracts

University regulations
- Double employment limited in time
- Conflict-of-interest
- Spin-Off Management Committee
UHasselt spin-off

Evolutie spin-offs UHasselt

- Bestaande spin-offs
- Nieuwe spin-offs
- Cumulatief opgericht

Graph showing the number of spin-offs from 1990 to 2016.