**Background**

Discoveries and inventions frequently require financial support for further development prior to seeking commercial investment. The University of Oxford provides proof-of-concept funds for this purpose, through Oxford University Innovation (OUI):

**University Challenge Seed Fund -** The Oxford University Challenge Seed Fund was established in 1999. The UCSF aim was to accelerate the exploitation of scientific and engineering research outcomes from the UK’s research base through overcoming the classic “valley of death” encountered by early stage businesses seeking equity finance. The original UCSF was for £3.85m supported by the UK Government, Wellcome Trust, Gatsby Foundation and the University of Oxford. Over the twenty-year life of the UCSF, the fund has awarded £11.3m of investment across 163 projects of which 62 spinout companies were formed. This has been possible through the conversion of grants into equity at the formation of spinout companies. The financial returns from these companies are recycled into future UCSF awards.

The Oxford Invention Fund (“OIF”) launched in 2010 was an alumni-based donation fund of £1.5m created through a combination of support from the University of Oxford and donations from the broad University of Oxford alumni. As it shared a common goal in developing innovative research to commercial success across the four University divisions, in December 2018, it was agreed to combine the UCSF and OIF into a single UCSF fund.

In September 2019, the University entered into a new funding partnership with Oxford Sciences Innovation, whereby OSI would provide funding alongside the University in the UCSF. OSI provided £5m of funding alongside £1.5m of existing UCSF funds. As a result of the partnership OSI will provide funding on a 3:1 ratio (OSI:UCSF) and will appoint a member to the UCSF committee.

**Awards**

It is anticipated that investments in individual projects would normally be in the £10k - £100k range and that the maximum investment in any one venture would not exceed £250k. More than one investment may be made in a particular venture, if it continues to show promise, up to the maximum noted above.

Finance beyond this stage should be provided from other sources e.g. business angels, venture capitalists, industrial partners or licensees. UCSFs may be used to supplement other sources of funds, even if these sources are in the form of investments as opposed to donations.

**UCSF/OIF Application timelines**

Applications are received four to six times a year. The application timetable is centred on the timing of the UCSF committee meeting.

The application is a twelve-week process. The UCSF committee meeting is held in Week 10. Below is an outline of the application timetable:

|  |  |
| --- | --- |
| **Task** | **Week Number** |
| **Remind L&V Managers of UCSF meeting and request for projects** | Week 1 |
| **Expression of interest for projects presenting to UCSF** | Week 1-2 |
| **Issue application forms to applicants** | Week 3 |
| **Draft applications received** | Week 7 |
| **Pitch practices with PIs and teams** | Week 8-9 |
| **Final applications with Signatures from PIs and HoD** | Week 8 |
| **Issue board pack to UCSF committee** | Week 9 |
| **UCSF committee meeting** | Week 10 |
| **Issue feedback letters and offer letters to PIs** | Week 12 |

**Confirmation of Projects**

Fund investments must offer the prospect of a financial return. Each award is made under the terms set out in the pro forma Award Letter. The normal Decrees and Statutes will apply when dealing with the exploitation of Intellectual Property. In the case of spin-outs, the equity split is agreed between the University and the researcher(s) on a case by case basis, assisted by Oxford University Innovation.

Investments may only be made in projects arising from research carried out in the University. Researchers wishing to apply to UCSF for funding must contact their Licensing & Ventures Manager at OUI. The project will be reviewed by the L&V Manager, who will discuss the project with the Head of Investments and New Ventures (INV) following a request for projects. If the Head of INV believes that the application meets the UCSF criteria, the application will be placed on a list of Principle Investigators (PIs) who have expressed an interest (EoI). All PIs who have submitted an EoI will be invited to submit an application to the next UCSF committee available.

Three to four applications are typically presented during a UCSF committee. The Head of INV will determine how many applications the UCSF can review in any committee meeting. A PI will only be guaranteed their position at the next UCSF committee when a final application form completed to the satisfaction of the Head of INV has been received. The Head of INV has the right to withdraw applications prior to the meeting if he feels that they do not meet the minimum threshold criteria. Applications will be received on a first come first serve basis. If there are no more available slots for the UCSF meeting, then the application can be allocated to a future UCSF meeting date.

**Completing Applications**

All applicants are expected to complete a written application form. A copy of the application form can be found in Appendix A.

Applications should be completed by the PI and not the L&V Manager. The L&V Manager can be used to give advice to the researcher on the criteria of the UCSF. The INV team will provide feedback to applicants but will not draft applications.

Applications must be approved by the applicant’s Head of Department. This is evidenced through a signature on the completed application form. An application will not be presented to the UCSF committee if it has not been signed by the Head of Department.

**UCSF Committee meeting**

The UCSF committee is a subset of the full OUI board. Details of the OUI board can be found at:

<https://innovation.ox.ac.uk/about/board-overview/>

Applicants will be expected to give a 10-minute presentation on their application to the UCSF committee and are encouraged to practice their presentation with the INV team prior to the UCSF committee meeting. A time slot for practice should be arranged by the L&V Manager. The presentation should cover the project background, market opportunity, the invention, IP position, team overview, commercial engagement, project timeline and why UCSF funding is being sought.

Prior to the UCSF committee, the INV team will confirm the agenda timings with applicants and the L&V Manager. Applicants are expected to be available between 9am and 12am on the morning of the UCSF committee meeting.

**UCSF Offer letter and feedback letter**

After each committee meeting all applicants will either receive an award letter or a feedback letter detailing the reasons why funding has not been offered. The decision of the UCSF committee is final. There is no right of appeal. An example of an offer letter can be found in Appendix B

If the requested funds are not awarded, applicants may be invited to resubmit their application to a future UCSF committee, however, we cannot guarantee that an unsuccessful applicant will be able to resubmit at the next committee meeting. The reapplication date will be dependent on a slot being available.

Once an award letter is received, the PI and the Departmental Finance Office will need to sign the letter and return it to OUI. The Department to which funds will be paid will also need to raise a cost centre for the project. The award letter and application will then be sent for approval for payment to the University Finance Office (Ben Heath).

The signed documents will then be handed over to the OUI Finance Department (Senior Accountant, Gemma Allnutt) for payment.

**Programme Management**

Due to the availability of L&V Managers and the INV team to provide a supportive role, the programme provides dedicated coaches to work alongside each applicant in order to manage them through the funding process with the aim of a high success rate of applications.

**Appendix A – UCSF application form**

|  |  |
| --- | --- |
|  |  |
| **Project Title:** |  | **OUI Project No:** |  |
| **OUI Technology Transfer Manager:** |  |
| **Researcher name (s):** |  |
| **Department (s):** |  |
| **Correspondence Address:** |  |
| **Email address:**  |  |
|  |
| **Funding sources** | **Total value of project:**  | **£**  |
| **Value requested from UCSF** | **£** |
| **Project Dates:**  | ***[Start date]***  | ***[End date]*** |
| **Project Stage:** *(delete as appropriate)* | **Initial proof of concept** | **Pre-patent research** | **Reduction to practice** | **Commercial demonstration** |
|  |  |  |
| **Brief description of technology/invention** *(100 words)* |
|  |
| **Market opportunity and industrial engagement** *(200 words)**(include information relating to gaps in market, market size, customer interaction, possible route to market (e.g. license))* |
|  |
| **Innovation of the science** *(200 words)**(What is it, how does it work, why is it novel?)* |
|  |
| **IP position** *(150 words)**(include views of patent agents and/or OUI regarding prior art searches, patent/ competition landscape, patentability)* |
|  |
|  |
| **Project plan** *(please add additional rows where necessary)* |
| **Task breakdown** | **Description** | **Start date** | **End date** | **Cost** |
| **Work Package 1** |  |  |  | **£** |
| Sub-task 1a |  |  |  | **£** |
| Sub-task 1b |  |  |  | **£** |
| **Work Package 2** |  |  |  | **£** |
| Sub-task 2a |  |  |  | **£** |
| Sub-task 2b |  |  |  | **£** |
| **Work Package 3** |  |  |  | **£** |
| Sub-task 3a |  |  |  | **£** |
| Sub-task 3b |  |  |  | **£** |
|  |
| **Project deliverables**: *(what you hope to achieve) (100 words)* |
| **Brief description of deliverable** |
| **Work Package 1** |  |
| **Work Package 2** |  |
| **Work Package 3** |  |
|  |
| **Background to research group/ management team** *(200 words)* |
|  |
|  |
| *N.B. UCSF / OIF projects within the University are relatively short term and small scale and are treated as incremental activity for Departments. They must be costed on a marginal basis and only additional costs to the University will be granted by the funds. Thus there are no indirect costs to be added to the direct costs you identify below.* |
| **Item** | **Amount (£)** | **\* Please provide details.** NB include VAT for any external purchases or bought-in services. |
| **UCSF** | **Match**  |
| **Salaries** *(incl employer’s costs)* |  |  |  |
| **Consumables\*** |  |  |  |
| **Equipment\*** |  |  |  |
| **Computer Hardware\*** |  |  |  |
| **Computer Software\*** |  |  |  |
| **Bought-in services\*** |  |  |  |
| **Other\*** |  |  |  |
| **Sub-total** |  |  |  |
| **TOTAL (UCSF + Other sources)** | **£** |
| **CONTRIBUTIONS FROM MATCH SOURCES** *(Detail source of contributions and their value as appropriate)* |
| **SOURCE** | **TYPE***Grant/ in kind?* | **AMOUNT**  |
|  |  |  |
|  |  |  |
|  |  |  |
| **Please explain why the UCSF/OIF is the most appropriate funding source for this project.***Please indicate why other sources of funding cannot be used e.g. IAA, MRC CiC, OSI. (100 words)* |
|  |
|  |
| **Next steps after UCSF funding:** *(100 words)**(e.g. license technology, further research, form company)* |
|  |
|

|  |  |  |  |
| --- | --- | --- | --- |
| **Form completed by:** *(Researcher)* | *(sign and print name)* | **Date:** |  |
| **Application authorised by:***(Head/Administrator of Department(s) to which funds will be paid)* |  | **Date:** |  |
| **Cost Centre:** |  |
| **Approved for payment by:** *(for the University)* |  | **Date:** |  |
| **Recommended to the University by:***(for the UCSF/ OIF Investment Advisory Committee)* |  | **Date:** |  |

 |

**Appendix B – UCSF Award letter**

|  |  |
| --- | --- |
| Professor Institute of Biomedical Engineering, Engineering ScienceOld Road Campus Research BuildingOld Road Campus, University of OxfordHeadingtonOxford OX3 7DQ | 24 June 2019 |

Dear Prof

University Challenge Seed Fund (the ‘Fund’)

**ref: UCSF –**

I am pleased to confirm that, in response to your application, the Investment Advisory Committee of the Fund is prepared to recommend an award of up to £under the following conditions.

1. The money will be used exclusively for the work described in your application. Prior to the transfer of the award to the Department a project code will be created on the Department’s finance systems. This is required to ensure transparency of expenditure on the project.
2. Any intellectual property generated as a result of work financed by the grant will remain the property of the University.
3. If a new company results from work financed by the grant, the grant will be treated as an equity investment in that company and the Fund will be allotted ordinary shares in the company subscribed for by the University for the account of the Fund at nominal value, in such number as is equivalent to the value of the grant at the price paid by the first round cash investors. In addition, at formation of the company, the Fund has the right to subscribe for further shares at the same price as, and on a basis no less favourable than, the first round cash investors up to a limit of £250,000 per venture. If the company is spun out without first round cash investors, the company will agree a side letter with the Fund at the time of spinning out which sets out a mechanism under which shares will be issued to the University for the account of the Fund if there is no cash investment within six months of spinning out.
4. If, rather than a new company, results from work financed by the grant generate licensing income, a portion of the net revenue will be allocated to the Fund in accordance with the University’s Regulations. The researcher(s) share will not be affected.
5. In order to help monitor the success of the project, Oxford University Innovation will expect project close out reports to be completed by the Principal Investigator and Finance Department at the end of the project. If the reports are not returned the Principal Investigator will be unable to apply for future funding until the project close out reports are returned.
6. If a project has not commenced within six months of the award date OUI reserves the right to terminate the project and request the return of the funds.
7. At the end of the project any residual funds should be transferred back to OUI if a new company has not been created. If a new company has been created any residual funds should be transferred to the new company following the allocation of shares. Any assets purchased by the award should be transferred to the new company following the allocation of shares.
8. This offer will remain open for four weeks from the above date.

 Yours sincerely

 Adam Workman

 UCSF/OIF Investment Advisory Committee

Please sign and return this letter to Adam Workman, Oxford University Innovation, Buxton Court, 3 West Way, Oxford, OX2 0JB to indicate your acceptance of these conditions.

Accepted: Accepted:

Principal Investigator(s) Departmental Finance Office

Date: Date: