

Strategic Guidelines and Operating Policy for Sparking

Entrepreneurship and Spin-Offs at the

University of Milan-Bicocca

[Approved by the Board of Governors on 23 September 2014]

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1. Introduction

The instant document is based, in part, on the best practices as promulgated by the NETVAL (Network for Deploying University Research) of which the University of Milan-Bicocca is a member. The document has a dual purpose:

- ✓ outlining a **“University Strategic Initiative for Fostering the Creation of New, Innovative Businesses”**, founded by parties within the University network (students, doctoral candidates, fellow, instructors, EP technicians, etc.) to take full advantage of the skill set and expertise acquired through educational and scientific programmes offered within the University;
- ✓ creating a **“strategic, operational, and functional hub for proposals to form and accredit spin-offs”**, superseding the application of the “University of Milan-Bicocca Regulation for Investments in Corporations Originating from University Research Activities (Academic Spin-Offs)” promulgated by Rector’s Decree no. 006925 of 23 October 2003 (as subsequently amended), which incorporated the Ministry of Education and Research (MIUR) Decree no. 168 (10 August 2011) for the “setting of standards for university professors and researchers to invest in university spin-offs or start-ups, in accordance with the provisions of Article 6, paragraph 9, of Law no. 240 of 30 December 2010” [Ministerial Decree no. 168/2011].

2. Legislative Framework

- Legislative Decree no. 297 (27 July 1999), which sets forth a “Reorganisation of the Rules, and Streamlining of the Procedures, to Support Scientific Research and Technology, for Researcher Mobility” with specific reference to Art. 2, paragraph 1, subpart (e) thereof;
- Ministerial Decree no. 168/2011 cited in the introduction hereof (point 1).

3. “Fostering New Innovative Enterprises” Strategic Initiative

The University of Milan-Bicocca Charter “The aim of the University is to contribute to the development of society by promoting the cultural and civic growth of individuals and supporting a culture based on the universal values of human rights, peace, international solidarity and environmental protection. The University pursues this aim through scientific research activities, by **transferring** and **deploying the results of its research** and through higher education”.

The University, furthermore, in the pursuit of its institutional goals, may hold invest in an entity (including a corporation) where such interest is fundamental to the pursuit of an institutional goal (Art. 40, paragraph 2, University Charter).

Therefore, amongst its cardinal objectives, the University of Milan-Bicocca has focused on deploying research findings by fostering innovative businesses. These represent added value in terms of taking full advantage of the know-how within the University. They also provide a professional outlet for University students and staff alike, one that both supports and complements work done in the classroom and in the lab. Finally, it provides a concrete contribution to the region's economic development.

In accordance with such standards and objectives, the **“Fostering New Innovative Enterprises” Strategic Initiative** aims to:

- pursue the University's educational and research mission, fostering the development of entrepreneurship within the university community, and among young graduates and PhD's. Through these efforts, the University can promote the creation and development of new businesses sprung from the University's own expertise, knowledge base, and the findings of educational and research activities conducted on campus;
- facilitate connections between University constituents and organisational units with area industry, businesses, and institutions, in order to foster scientific research and to disseminate new knowledge and innovative technology; this will have a ripple effect on the production of goods and services, not to mention on social welfare, within the region;
- facilitate the transition of young graduates, PhD's, and researchers as they leave the University and join the workforce, especially into degree-related fields.

Within the scope of such strategic initiative, the University intends to promote activities and services with the goal of launching new, successful businesses, providing support services and activities tailored to an entrepreneur and a business' specific needs.

The following definitions apply:

- **University of Milan-Bicocca Start-Ups** New, innovative companies which are the brainchildren of students, graduates, and PhD's at the University whose business model is based on goods and/or services conceived and developed by harnessing the expertise and skills they acquired during their academic tenure on campus;
- **University of Milan-Bicocca Spin-Offs** New, innovative companies which are the brainchildren of University personnel (contract or otherwise: instructors, researchers, doctoral candidates, fellows, EP technicians, and the like), whose business model is based on goods and/or services conceived and developed by harnessing the findings of research conducted for the University.

University activities and services provided to support the founding of these types of innovative companies may be launched and managed in coordination with, and in sync with, external partners engaged in incubating start-ups, with a view toward eliminating redundancies and inefficiencies along the chain of production for those services aiming to support and incentivise entrepreneurship and start-ups. Recognising the importance and the added value provided by innovative start-ups and spin-offs that truly take off, the University provides training and information within the university community in order to cultivate an entrepreneurial mindset, to scout innovative ideas, and to raise awareness regarding the keys for success in harnessing new ideas through entrepreneurial initiatives.

4. Spin-Off Plan

Within the scope of the “Fostering New Innovative Enterprises” Strategic Initiative, the University has developed a **Spin-Off Plan** aimed at fostering the creation of Spin-Offs in particular.

4.1. University of Milan-Bicocca - Definition of Spin-Off

Ministerial Decree no. 168/2011, citing Legislative Decree no. 297/1999, defines Spin-Offs as “Recently formed companies, or to-be-formed companies, intended to make industrial use of research findings [...], with the influx of capital or support or other investment by one or all of the following parties: [...] university professors and researchers, [...] doctoral students and university research fellows [...] pursuant to university regulations, or the bylaws of any entities of which the university is a member, which govern authorisation protocols, and unpaid leaves of absence (or permission to continue on the job or in the course of study), as well as issues relating to intellectual-property rights, and which set the limits intending to prevent conflicts of interest with the newly formed, or to-be-formed, companies”.

The following companies are deemed Spin-Offs of the University of

Milan-Bicocca:

- those formed on impetus of the University of Milan-Bicocca and/or University personnel (instructors, researchers, doctoral students, research fellows, EP technicians, etc.)
- those in which University of Milan-Bicocca and/or University personnel has made an investment, either through the provision of capital, or through direct support in the pursuit of the corporate purpose through the use of know-how or skills generated within a research setting;
- those aimed at the industrial use of the findings of research conducted at the University, or for the purpose of developing, manufacturing, or selling innovative goods and services connected to the same and/or which are high-tech in nature, conceived and developed with the crucial support of the University's research resources;
- approved by the University's Board of Governors, by a resolution passed by majority vote of its members, predicated on the favourable support of the Academic Senate, following an established formation (point 4.5) or accreditation (point 4.6) procedure.

These are the types of University of Milan-Bicocca Spin-Offs:

- **Spin-Offs with University Investment:** Spin-Offs formed by, and with investments made by University personnel, with direct capital investments by the University of Milan-Bicocca as well [known as **University of Milan-Bicocca Spin-Offs**]
- **Spin-Offs without University Investment:** Spin-Offs formed by, and with investments made by University personnel, **without** direct capital investments by the University of Milan-Bicocca [known as **University of Milan-Bicocca Accredited Spin-Offs**].

Companies formed before the instant Guidelines were approved, and in which the University currently holds a stake, and which have already been granted "University Spin-Off" status by the governing bodies, are automatically recognised as "**University of Milan-Bicocca Spin-Offs**".

Companies formed before the instant Guidelines were approved, and in which the University currently **DOES NOT** hold a stake, and which have already been granted "University Spin-Off" status by the governing bodies, are automatically recognised as "**University of Milan-Bicocca Accredited Spin-Offs**", provided they meet the definitions, requirements, and eligibility criteria under the instant Guidelines.

4.2. Requirements for University of Milan-Bicocca Spin-Offs (subsidiaries and non-subsidiaries of the University)

The University has identified the following criteria for University Spin-Offs:

- the Spin-Off's **mission** must be for-profit;
- the Spin-Off's **activities** and **objectives** must relate clearly back to the economic exploitation of University research findings, promote University research findings, and may not be a direct competitor of any University or department activity, including third-party consultancy and research as defined under Art. 66 of Presidential Decree no. 382 (11.7.1980);
- the Spin-Off's **business plan** must be clearly identified, credible, and feasible, especially in terms of its financial sustainability, and the management and entrepreneurial abilities of the founding team, the profitability of the target market, and the availability of production resources (human resources, capital, financing/funding, know-how, intellectual property);
- the **relationship between the Spin-Off and the University** (including its offices and organisational units) must be clearly defined, in terms of space, equipment, know-how, research findings, resources intellectual-property rights, "qualification branding", University name/logo for promotional purposes being made available to the same);
- compliance with the **eligibility and disqualification criteria for**

University personnel to **hold and equity interest** in the Spin-Off (par. 4.3);

- (where the University has made an investment in the company) compliance with the criteria set by the University for **capital investments** in Spin-Offs (par. 4.4).

4.3 Eligibility and disqualification criteria for University of Milan – Bicocca staff investments in the Spin-Off

The following rules and regulations shall be binding in terms of the definition and the governance of eligibility requirements and disqualification criteria for university staff investing in the Spin-Off:

- ✓ With respect to instructors and research personnel:
 - Art. 2 and 3, paragraph 2, subpart (f), Ministerial Decree no. 168/2011 (eligibility requirements)
 - the provisions of Art. 4 of Ministerial Decree no. 168/2011 (disqualification criteria)
- ✓ For doctoral students and fellows
 - the provisions of Art. 2, Ministerial Decree no. 168/2011, the University Regulations and the provisions of applicable law (eligibility);
 - the provisions of University Regulations (disqualification)

In terms of any investment made by technical-administrative personnel of the Spin-Off, the provisions of applicable law shall be binding.

In terms of conflict of interest:

- ✓ With respect to teaching and research staff, the provisions of the University's Spin-Off Regulation citing Art. 5 of Ministerial Decree no. 168/2011 shall apply;
- ✓ In terms of doctoral students, fellows, and technical-administrative staff, applicable provisions of law shall apply.

4.4. University equity investments in University of Milan-Bicocca Spin-Offs

Upon request of the applicants, the University may consider becoming a capital investor in the Spin-Offs.

4.5. Procedure to form a University of Milan-Bicocca Spin-Off

The application to form a Spin-Off may be submitted by University staff (instructors, researchers, fellow, EP technicians, etc.). In addition to the founder-applicants, other natural persons (regardless of whether part of the University community), as well as legal entities from the public and private sector, may take part in the business.

During the formation process, all steps necessary to ensure non-disclosure of the business ideas and details shall be taken.

The procedure contemplates certain subsequent steps which will be described in detail in the University's Spin-Off regulation. The subsequent steps are as follows:

4.5.1. Preliminary Assessment

The University Research Deployment Office provides support in the form of a preliminary assessment of the business idea, and its presentation to the University to form a Spin-Off.

4.5.2. Generating a Business Plan

Once the team has passed the preliminary-assessment phase, they will draft a Business Plan providing an illustration, and critical analysis, of all information useful to assess whether to move forward with forming the business. Amongst the elements deemed relevant for submitting a proposal which must be set forth in the business plan is the proposed relationship between the Spin-Off and the University in terms of transferred expertise and know-how, future utilisation of University departments, offices, and staff, and University investments in Spin-Off operations, including with respect to assessing compliance with Art. 6, paragraph 9, of Law no. 240 (30 December 2010): "The role of professor or researcher fundamentally conflicts with running business or industrial operations, with the exception of university spin-offs or start-ups as defined under Art. 2 and 3 of Legislative Decree no. 297 (27 July 1999), including where the professor or researcher takes on an official role therein, within those time limits, and pursuant to the related rules promulgated by their home institution".

4.5.3. Generating a Funding Plan; Liaising with the Applicants' Department or Office

The University of Milan-Bicocca may grant assistance or support to the Spin-Off both in terms of exploiting intellectual property and know-how, as well as in terms of classroom and laboratory use, and by participating

in research projects, etc. Requests for any grants or subsidies must be submitted after they have been reviewed by contact persons within the department from which the grant will be sought.

4.5.4.

Submission to the Spin-Off Committee

The Spin-Off application is reviewed by an ad-hoc Spin-Off Committee formed by three standing members: the Rector or Deputy Rector acting as Chair, a Director from the Research Optimisation Office, and the Head of the Department which is home to the applicants (or a deputy of the same). Upon request of the standing members, the Spin-Off committee may also include parties external to the University with industry-specific knowledge (with respect to the Spin-Off business), acting in an advisory role on the Spin-Off Committee. The applicants themselves may not sit on the Committee, but will instead be invited to attend its meetings to describe their proposal. Directors who are also applicants on the project must recuse from discussions and voting on the same.

All members of the Spin-Off committee will be required to abide by non-disclosure duties regarding any information on the Spin-Off applications and Business Plans to which they become privy.

Within one (1) month of receipt of the documentation, the Spin-Off Committee will provide a detailed opinion on the proposal.

4.5.5. Qualitative Review of University of Milan-Bicocca Spin-Offs

In order to foster a virtuous growth trajectory for University of Milan-Bicocca Spin-Offs, Spin-Off applications will be subject to an assessment based on a rubric of factors relating to essential qualities of the innovative businesses. The Review will yield one of the following assessments: Platinum, Gold, Silver, or Standby. The assessment denotes the development stage, and allows for special access to services to be defined subsequently. The qualitative selection may be carried out at any point following the Spin-Off Committee's review; the assessment awarded shall not be construed as approval overall, nor for submission to the University's Governing Bodies.

4.5.6. Submission of the Proposal to the Academic Entities; Related Resolutions

Should the proposal pass out of the Spin-Off Committee, it will be forwarded onto the Councils for the applicants' home departments, and to the Academic Senate, which must issue its statement on the Spin-Off formation proposal pursuant to Ministerial Decree of 10 August 2011.

Once the Academic Senate's opinion has issued, the Spin-Off formation application will be subject to review by the University's Board of Governors, and shall require majority support (pursuant to Ministerial Decree of 10 August 2011) to pass.

The Board of Governors must discuss and vote on the following:

- approving the Business Plan;
- authorising the formation of the company as a University Spin-Off;
- assessment of any conflict of interests regarding Spin-Off operations, as well as the roles held by each of the applicants, and any other University employee involved in the Spin-Off activities;
- any direct investment by the University in terms of the Spin-Off's share capital, with all details on the same;
- (in instances of a Spin-Off with University Investment), appointment of a member to the Spin-Off's Board of Directors, which shall report on an annual basis regarding the Spin-Off activities;
- any approval of the Subsidy Plan, and authorisation of the conditions for use by the Spin-Off of University spaces, equipment, and other resources (or those of its organisational units), the terms of which usage shall be governed by a specific contract.

Should the Board of Governors provide its approval, the business will be officially labelled a "University of Milan-Bicocca Spin-Off", and the resolution passed by the Board of Governors will be formally enacted.

The applicants must recuse from discussion and voting on the formation of the Spin-Offs.

During the submission process (to the Academic Bodies), and publication of the resulting resolutions, all steps necessary to ensure non-disclosure of the entrepreneurial ideas and details shall be taken. To wit, members of the Academic Bodies involved shall pledge non-disclosure and confidentiality of all information relating to the proposal to form the Spin-Off.

4.6. Accreditation Procedure for Existing Spin-Offs

Companies formed before the instant Guidelines were approved, and in which the University currently holds a stake, and which have already been granted “University Spin-Off” status by the governing bodies, are automatically recognised as “**University of Milan-Bicocca Spin-Offs**”.

Companies formed before the instant Guidelines were approved, and in which the University currently **DOES NOT** holds a stake, and which have already been granted “University Spin-Off” status by the governing bodies, are automatically recognised as “**University of Milan-Bicocca Accredited Spin-Offs**”, provided they meet the definitions, requirements, and eligibility criteria under the instant Guidelines.

For any other existing companies, there is the option to fall into one of the two foregoing categories where they meet the definitions, requirements, and eligibility criteria contemplated under Italian law, and under university regulations. The application shall be subject to all due preliminary assessments by the Research Deployment Office, which process may involve the interested University departments/offices as well, in order to vet the University of Milan-Bicocca Spin-Offs’ compliance with all definitions, requirements, and eligibility criteria.

Should the preliminary assessments and vetting yield positive results, the accreditation application, along with all necessary supporting documentation, will be submitted to the attention of the Spin-Off Committee. Should the proposal pass out of Committee, it is sent for Board of Governors review, with the approval of the Academic Senate. A majority of the Board of Governors’s members must vote in favour of the proposal for it to pass.

Should the Board of Governors provide its approval, the business will be officially labelled a “University of Milan-Bicocca Spin-Off”, and the resolution passed by the Board of Governors will be formally carried out.

4.7. Monitoring University of Milan-Bicocca Spin-Offs

Including for purposes of the University’s compliance with its ministerial duties contemplated under law applicable to the request for information on entities in which the University of Milan-Bicocca holds an equity interest, all University of Milan-Bicocca Spin-Offs shall, by deadlines to be provided hereafter, submit a report to the University (Research Optimisation Office) containing, for example:

- key economic, financial, and equity data (complete financial statements);
- any changes to the company’s share capital and shareholder register, with a detailed explanation of the same;
- the main products and services placed into the market which contributed to company sales;
- identification of the University personnel (employee or non-employee) providing support to the Spin-Off, stating the time spent by each, the compensation received, services/activities performed, and the type of employment or other relationship such person has with the University (when intervening changes have occurred);
- a three-year prospectus on business development (when intervening changes have occurred);
- details on any formal relationships or agreements in terms of collaboration between the Spin-Off and the University or any department/office of the same, from its formation to today, noting any R&D, spaces, equipment, or resources it has agreed to provide (when intervening changes have occurred);

All data disclosed, except those required for the discharge of ministerial duties, shall be kept strictly confidential by the office processing them, and shall be handled solely for internal administrative purposes, and distributed at a campus level in aggregate form only. Any additional use of the same, with the exception of any information which is already public, shall be predicated on advance authorisation from the Spin-Off’s legal representative.

4.8. Exit from subsidiary-spin-offs, and status of University of Milan-Bicocca Spin-Offs

For subsidiary Spin-Offs, the University will have the option (following the company’s initial-launch phase) to withdraw from the Spin-Off. Within such period (approximately six years from the date the Spin-Off is formed), the University undertakes to assess conditions for withdrawing from the Spin-Off. Identifying the right moment, and the right conditions, for withdrawing from the Spin-Off shall be undertaken by the University on a case-by-case basis, bearing in mind the soundness of the investment moving forward, market conditions for an economically rational withdraw by the University, and the special high-tech context in which the Spin-Off operates.

University Spin-Off status is maintained beyond the end of the grant/subsidy period, and beyond the time in which the University of Milan-Bicocca has an equity interest in the same. By the same token, the status may be revoked at any time by the University at its sole discretion if the use of the University of Milan-Bicocca Spin-Off’s status by the company would harm the University.

5. University of Milan-Bicocca Start-Ups

The University, in compliance with applicable law, may also foster new innovative companies which are the brainchildren of students, graduates, and PhD's at the University whose business model is based on goods and/or services conceived and developed by harnessing the expertise and skills they acquired during their academic tenure on campus.

Such new businesses will be defined "University of Milan-Bicocca Start-Ups" (hereinafter, UNIMIB).

The University may foster the creation of such businesses through training and information within the university community in order to cultivate an entrepreneurial mindset, to scout innovative ideas, and to raise awareness regarding the keys for success in harnessing new ideas through entrepreneurial initiatives.

The provisions of the University Spin-Off Regulations and the procedures set forth under point 4.6 of the instant Guidelines shall apply to requests for accreditation of university start-ups.