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ANNUAL
PRESEED
REPORT

ABOUT THIS REPORT

This report from Kiwi Innovation Network Ltd (KiwiNet) is prepared on behalf of 13 public research organisations (PROs). These 13 PROs all received funding through the PreSeed Accelerator Fund (PreSeed) as pooling members of KiwiNet from July 2016 through June 2019. Since its inception, KiwiNet and the wider Commercialisation Partner Network (CPN) has demonstrated the power of bringing together diverse players across the science & innovation ecosystem to work towards a collective vision for New Zealand. Together they are driving towards a globally competitive technology sector that delivers significant economic growth and prosperity. The foremost ingredient for success is collaboration. KiwiNet is a standalone company run by seven universities, six Crown Research Institutes (CRIs), one Crown Entity (Callaghan Innovation) and one independent research organisation (Cawthron Institute). KiwiNet exists to drive prosperity from science and innovation. We achieve this by joining forces to transform scientific discoveries into new business.



KiwiNet's Investment Committee (IC) makes all major PreSeed investment decisions for KiwiNet. The committee brings together independent experts, with extensive business and investment experience, and technology transfer leaders from across 18 research organisations in an environment of openness, transparency, trust and mutual support. The IC is a focal point for collaboration between research organisations where projects are discussed, supported and funded on the merits of their commercial promise. This review summarises the outcomes of the KiwiNet IC PreSeed investments made between 1 July 2016 and 30 June 2019, together with an update on commercialisation outcomes from earlier PreSeed projects (including those preceding or not funded through KiwiNet).

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EXECUTIVE SUMMARY

PreSeed funding is an intervention unique to New Zealand that is successfully driving prosperity from science and innovation by transforming scientific discoveries into new products and services. By incentivising investment from research organisations and business into research commercialisation, PreSeed takes early-stage discoveries with commercial promise from publicly funded research and progresses them to a point where they are 'private-sector-ready'. The KiwiNet Investment Committee invests PreSeed into projects with the greatest potential for creating jobs and generating export revenue for New Zealand business. A total of \$10.3M in PreSeed was invested across 373 projects between 1 July 2016 and 30 June 2019.

Highlights from the Investment Portfolio (most recent contract) include:

- \$10.3M in PreSeed invested across 373 projects
- \$2.3M in business co-investment into PreSeed projects, across 41 companies
- \$11.6M in total PreSeed co-investment from additional sources, including PROs

An important objective of PreSeed investment is to foster greater connections between research organisations and business. These interactions enable New Zealand businesses to directly benefit from publicly funded scientific research by empowering them to develop new products and services while driving improvements in productivity and efficiency and diversifying the economy.

Commercialisation outcomes from projects in the most recent PreSeed contract include:

- 491 businesses meaningfully engaged in PreSeed projects, with 215 international connections
- 128 commercial deals to date, across 31 projects
- 15 New Zealand start-up companies formed, 10 supported by Callaghan Tech Incubators
- \$11.5M in commercial returns to NZ businesses and research organisations to date
- \$646M in potential export earnings over the next five years
- 94 employment opportunities generated or sustained in New Zealand
- Over \$2M of business expenditure in research and development incurred in New Zealand

As PreSeed projects mature, substantial economic returns are generated for New Zealand and productive relationships are formed between research organisations and business.

The following data represent *known* economic returns generated by PreSeed projects since 2003:

- \$40.6M in PreSeed invested across 1,112 projects by KiwiNet pooling partners since 2003
- \$20.1M in business co-investment into PreSeed projects
- Over 1,300 known connections made between research organisations and businesses
- 484 commercial deals across 148 projects
- 49 NZ start-up companies formed
- 441 employment opportunities generated or sustained in New Zealand
- \$340.0M in total known financial returns to NZ, including export revenue to NZ businesses

These figures represent a **return to New Zealand over eight-times greater than the PreSeed invested**. PreSeed is successfully harnessing New Zealand science to drive a globally competitive technology sector that fuels business innovation, job creation and growth in export earnings.

COMMERCIAL HIGHLIGHTS FROM THE KIWINET PRESEED PORTFOLIO

This report summarises some of the commercial benefits realised by projects receiving PreSeed in the Ministry of Business Innovation and Employment (MBIE) contract of 1 July 2016 to 30 June 2019, together with an update on commercial progress on historical projects from within the KiwiNet portfolio. Experience shows that tangible commercial outcomes and impacts resulting from PreSeed investment often take time to mature. For this reason, KiwiNet continues to monitor the commercialisation outcomes of historical PreSeed projects and we are committed to ensuring optimal returns from projects that have received PreSeed from previous contracts.

1.1 INVESTMENT PORTFOLIO

PreSeed investment is a critical government intervention at the point where scientific discoveries can be transformed into investible technologies for uptake by the private sector. Early-stage discoveries that enter the KiwiNet PreSeed process begin with limited commercial & market validation, limited intellectual property protection and limited technical validation. The outcome of a PreSeed project is an investable commercial proposition that can be transferred into the private sector in the form of a start-up company (often *via* a Tech Incubator) or high-value licensing deal – the end-game is an innovative new product or service that is adding value to the economy and delivering impact for New Zealand. Acceleration is the key, and many projects will be ‘fast-failed’ alongside those that are successful – the purpose being to scale the process across a maximum number of early-stage research discoveries. KiwiNet’s rigorous PreSeed investment processes, alongside the Public Research Organisations’ (PROs’) own systems and processes, empower research organisations to accelerate good opportunities to market while maximising benefits to New Zealand.

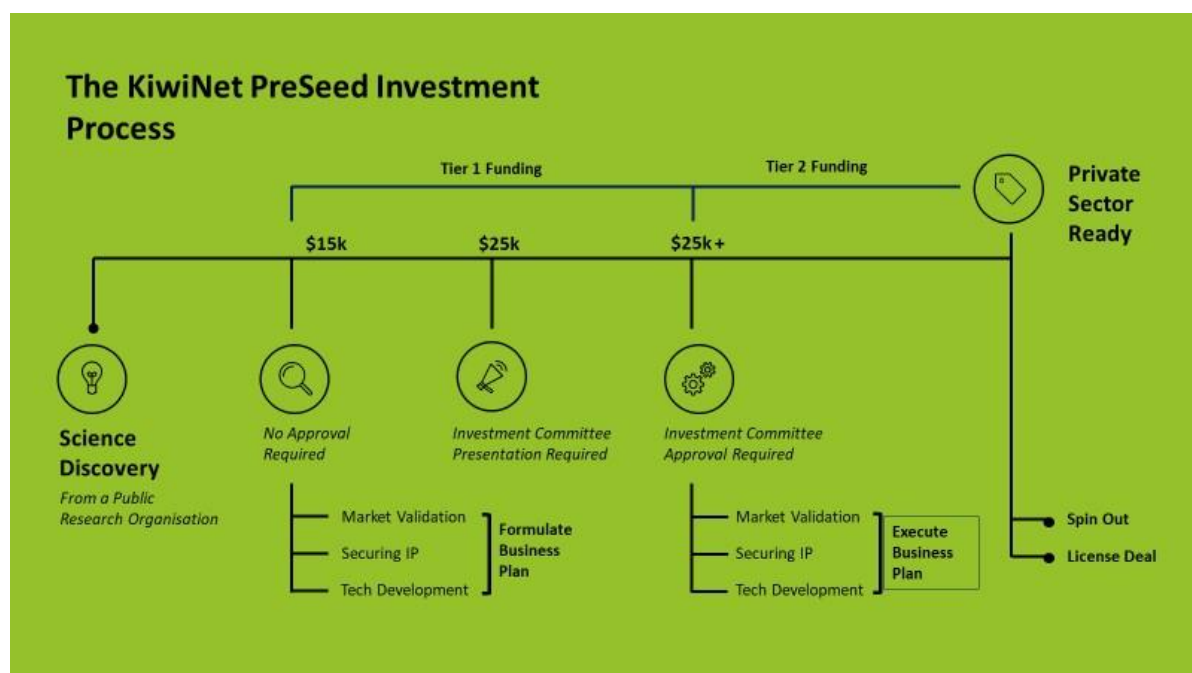


Table 1 summarises total research commercialisation investment into PreSeed projects in both the most recent and earlier contracts, for the 13 research organisations that accessed pooled KiwiNet PreSeed funding through to 30 June 2019. Of the total \$22.9M invested in research commercialisation in the most recent contract to 30 June 2019, 45% is allocated from PreSeed funding, 44% from research organisation co-investment, 10% from business co-investment and 6% from reprioritised MBIE funds.

The large number of abandoned projects reflects the early stage, high risk nature of projects into which PreSeed is initially invested and is a welcome outcome where technology opportunities are accelerated towards ‘fast-fail’ or an alternative (non-commercialisation) impact pathway. This process enables valuable commercialisation resource to be subsequently redeployed within research organisations and a suite of commercialisation opportunities to be rapidly triaged over a given time period. Abandoned projects typically make up a small percentage of the total *quantum* of PreSeed investment, since Tier One investment normally provides enough validation of an opportunity to determine whether further investment will deliver commercial success.

Business co-investment is an important validation for the market opportunity, and it is typically attracted because PreSeed investment lowers the risk for businesses to participate in the commercialisation process earlier than they would normally. Businesses that co-invest alongside PreSeed often become manufacturing or co-development partners, or eventual licensees of resulting technology. The IC approved the continuation of 57 projects from the 2013-2016 PreSeed contract (ending 30 June 2016) into the most recent fund.

Table 1: Commercialisation Investment into KiwiNet PreSeed Projects

	Most recent Contract	Historical* (pre 01/07/16)	TOTAL
Number of PreSeed-Funded Projects	373	740	1113
<i>Of which are:</i>			
<i>Completed</i>	292	656	948
<i>Abandoned</i>	18	84	102
<i>In Progress</i>	63	0	63
PreSeed Funding Allocated	\$12,134,596	\$34,421,968	\$44,487,772
PreSeed Funding Invoiced to Date	\$10,299,500	\$32,320,978	\$40,615,185
PRO Co-Investment into PreSeed	\$10,111,972	\$32,720,953	\$42,832,925
Business Co-Investment into PreSeed	\$2,264,183	\$17,885,037	\$20,149,220
<i>Number of Business Co-Investors</i>	41	135	176
Investment from Reprioritised MBIE Funds	\$1,445,000	\$7,553,508	\$8,998,508
Total Investment into Commercialisation	\$22,928,112	\$84,309,510	\$107,237,622

* NB: data on historical projects will likely be incomplete due to the reliance on historical reporting processes and associated attenuation of project intelligence within research organisations over time.

1.1.1 Business Co-investment

The goal of PreSeed investment is to accelerate the commercialisation of new products and services from our world-class scientific research, benefiting New Zealand through increasing export revenue, employment opportunities and through improving productivity and efficiency of NZ firms. Bringing new innovations from publicly funded research into the world also delivers a pathway to non-economic impact, including social, health & well-being and environmental benefits, while interfacing with *Te Ao Māori* and enriching the Māori economy.

Commercialisation outcomes such as business-PRO interactions, revenue from deals, jobs created, new licensing arrangements and formation of start-up companies are important markers of PreSeed success. Not only can these outcomes be directly measured, they represent important first steps in the journey towards meaningful impact for New Zealand.

Table 2 summarises *known* commercialisation outcomes of KiwiNet PreSeed investments to date. A total of 491 businesses have been meaningfully engaged in PreSeed projects in the most recent contract to date. These interactions led to some form of legal agreement (such as an NDA), co-investment in PreSeed projects, commercial deals and commercial partnerships, some of which led to ongoing strategic relationships.

These interactions empower NZ businesses to directly access scientific knowledge and technology in public research organisations. This in turn fuels the innovation of new products, processes and services, while bringing important private sector expertise and investment to bear on early-stage technology opportunities to maximise their chances of successfully reaching the market. PreSeed investment is working to de-risk the early steps of the innovation process for NZ businesses and investors.

Of the 491 recorded business interactions, 215 international connections have resulted. These have generated export revenue, provided opportunities for our world-class science & innovation on the world stage and have, in some instances, leveraged foreign direct investment into NZ ventures and R&D.

KiwiNet PreSeed investments since July 2016 have so far resulted in 128 commercial deals, across 31 projects. Of these, 15 start-up companies have been formed, 10 of which are being supported by the Callaghan Innovation Technology Incubators. Private investment into new ventures arising from PreSeed projects is \$5.0M to date (this figure includes data from projects that started prior to July 2016 and have flowed into the new contract). This is in addition to the \$3.9M in revenue from contract research, licensing, technology sales and consultancy agreements to date.

It should be noted that commercial returns are typically lower for more recent investments, given the time required for research commercialisation projects to mature (often 5-7 years or even longer). It is encouraging to observe that despite this, business co-investment and private investment into new ventures has already exceeded expectations after only three years (of the most recent fund). Intellectual property protection and business engagement figures are also up significantly compared with historical data, reflecting an increasing focus on forming an IP strategy quickly and engaging with business early.

Table 2: Commercialisation outcomes of PreSeed projects to 30 June 2019

	Most recent Contract	Historical* (pre 01/07/16)	TOTAL
Patents Secured	214	229	443
Other IP Secured (copyright, trademarks, trade secrets)	125	84	209
Total Pieces of IP Secured	339	313	652
Number of Businesses Meaningfully Engaged	491	903	1,394
<i>Including:</i>			
<i>International Connections</i>	215	273	488
Number of Commercial Deals	128	356	484
Number of Projects Generating Deals	31	117	148
<i>Of these:</i>			
<i>Number of Start-ups Formed</i>	15	34	49
<i>Tech Incubator Engagement</i>	39	12	51
<i>Tech Incubator Uptake</i>	10	10	20
<i>% Resulting in Start-ups</i>	48%	29%	33%
<i>% Resulting in Contract Research, Licensing, Technology Sales or Consultancy Deals</i>	52%	71%	67%
Revenue from Licensing, Contract Research, Technology Sales and Consultancy	\$3,902,323	\$91814,612	\$95,716,935
Private Investment into New Ventures	\$5,000,619	\$47,374,273	\$52,374,892
Total Private Investment into New Ventures and PRO Revenue to Date	\$8,902,942	\$139,188,885	\$148,091,827

* NB: data on historical projects will likely be incomplete due to the reliance on historical reporting processes and the attenuation of project intelligence within research organisations over time.

1.2 ECONOMIC RETURNS TO NEW ZEALAND

PreSeed commercialisation projects can have a significant impact on the NZ economy and our research & innovation ecosystem. Revenue to NZ businesses and follow-on investment develops over time as projects mature and technologies reach the market as new products and services. Employment opportunities are created and export revenues grow. New business is created, based on disruptive new technologies, that is helping to diversify the New Zealand economy.

Table 3 summarises the wider impact of PreSeed commercialisation projects to date. This data represents only that disclosed to KiwiNet and will not, therefore, represent a complete picture of the revenue generated by the many private entities that benefit from the innovations arising from PreSeed investment. Research organisations are in some instances made aware of follow-on benefits experienced by the end-users of PreSeed technologies, and these are captured in our data. Outcomes include both domestic and export sales, follow-on private investment in new ventures and an increase in technological capability which can in turn lead to Business Expenditure on R&D (BERD) and further innovation. PreSeed projects receiving investment from the most recent fund have generated \$7.6M in follow-on investment and NZ business revenue. It is expected that this number will rise over time, since downstream returns from research commercialisation do not typically occur until a project has fully matured (often in the range of 5-7 years, if not longer). Known follow-on investment and direct revenue to NZ businesses resulting from the entire KiwiNet PreSeed portfolio (including historical projects) is \$199.1M and is likely to represent only the ‘tip-of-the-iceberg’.

These figures, combined with revenue outlined in Table 2, contribute to a **total known revenue from all KiwiNet pooling partner PreSeed investments of at least \$340.0M**, originating from a total PreSeed investment of \$40.6M and representing a **greater-than eight-fold incremental return to NZ from PreSeed funding**.

Within research organisations, individuals involved in PreSeed commercialisation projects benefit from the resulting expertise and experience gained. This strengthens NZ’s innovation capabilities by providing direct, first-hand experience of research commercialisation, while helping to foster a culture of innovation across our science base. Many individuals go on to form start-up companies, work in high-technology companies or pursue new research commercialisation opportunities. Over 94 FTE employment opportunities have been created as a direct result of recent projects and 441 FTEs since 2003.

Table 3: Known economic impact of PreSeed commercialisation projects

	Most recent Contract	Historical* (pre 01/07/13)	TOTAL
Business Expenditure into Research and Development incurred as a result of the PreSeed project	\$2,002,619	\$37,301,133	\$39,303,752
Number of Jobs Created (FTEs)	96	346	441
Potential Revenue to NZ from Export Earnings in First 5 Years of Sales	\$645,858,000	\$1,883,350,925	\$2,528,935,925
Known Follow-on Investment in New Ventures and NZ Business Revenue	\$6,650,619	\$135,624,189	\$142,274,808
Total Known Revenue to NZ Businesses and PROs from PreSeed Projects to Date	\$11,535,942	\$328,464,665	\$340,000,608

* NB: data on historical projects will likely be incomplete due to the reliance on historical reporting processes and the attenuation of project intelligence within research organisations over time. The number of individuals gaining commercialisation experience and level of follow-on investment will, therefore, likely be higher than that reported.

1.3 FUTURE ASPIRATIONS

KiwiNet’s reputation stands upon its ability to innovate on traditional structures and to be maverick in the face of conformity. The only way to gain momentum is to constantly reset the goal posts. Fortune favours the bold and we have been bold in our ambitions from the outset.

KiwiNet has successfully led the transformation of the NZ research commercialisation landscape into a world-leading collaborative model, where all those involved work together to create scale, enhance capability and leverage unique skillsets across the network. KiwiNet has ‘lifted all the boats in the harbour’ to transform new discoveries from NZ’s publicly-funded research into new product and services – ten years on, the KiwiNet model is mature, integrated within the NZ ecosystem and well-placed to scale.

With a revised mandate from MBIE and further funding through to June 2021, the time is ripe for KiwiNet to move from our initiation phase to growth, to build on our leading position by further scaling our model to drive the step-change in our research and innovation system that NZ is ready for.

By 2023, KiwiNet will bring about a significantly enhanced and diverse research commercialisation ecosystem that is driving forward a globally competitive technology sector and growing NZ for all.

To build the pipeline of investable propositions and our impact, we will tackle key challenges and bottlenecks in the ecosystem, building on KiwiNet’s exceptional track-record and strengths, to unlock the innovation potential of the public research system:

1. We will inspire, incentivise and empower NZ's research community to commercialise their science, with the aim of **doubling the number of researchers engaging with commercialisation through KiwiNet by 2023**. We aim to transform the research community at all levels, into one that fully understand and values the commercialisation pathway-to-impact alongside more traditional academic outcomes.
2. We will grow the size and quality of NZ's commercialisation workforce to drive high-performance and commercial success, with the aim of **increasing the number and quality of successfully funded major PreSeed projects by 2023**. We aim to bring about an empowered and savvy commercialisation profession in NZ, with thriving, fully supported and connected commercialisation units that are world-leading in their performance and approach.
3. We will drive regular and early engagement with mentors, investors, business and Māori interests, with the aim of **doubling the number of high-quality projects undergoing high-quality business & investor due diligence by 2023**. We aim to create extraordinary private sector demand, whereby an engaged and supportive investment & business community is working alongside research organisations to create successful deep-tech ventures and licensing arrangements from kiwi science, in a way that maximises value capture.

By committing to this programme, KiwiNet is committed to a future where all publicly funded research discoveries in NZ with commercial potential are delivering maximal impact. The avalanche of deep-tech ventures that emerge will drive prosperity, enhance and sustain intergenerational wellbeing, and grow NZ for all.

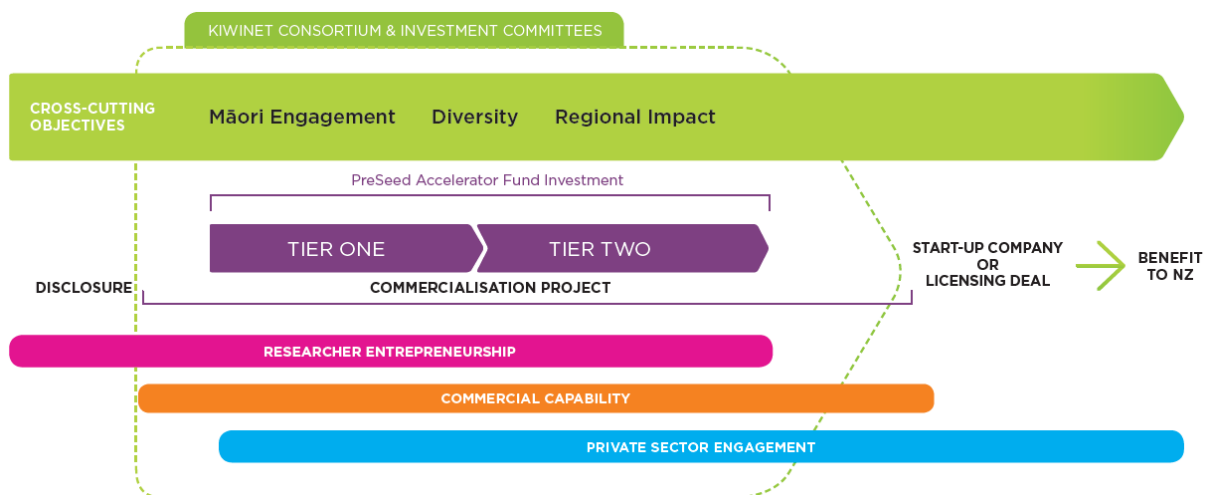
KIWINET OPERATIONS

KiwiNet was established in July 2011, building on the foundation of a consortium of four universities which were awarded a devolved PreSeed contract in 2008 (under KiwiNet’s precursor, UniCom). The group now comprises 15 shareholder organisations and 16 organisations (from July 2019) that access pooled PreSeed Accelerator Funding through KiwiNet, working together in an open environment of trust and collaboration, as part of the Commercialisation Partner Network (CPN).

KiwiNet now represents the combined power of 18 of New Zealand’s Universities, Crown Research Institutes and other research organisations who receive public funding. They are dedicated to taking a collaborative approach to transforming scientific discoveries into new business. Together these research organisations represent a total combined research expenditure of over \$715 million per annum and represent over 80% of the publicly funded researchers in New Zealand.

The KiwiNet IC includes 20 commercialisation experts, supported by 6 KiwiNet Management staff and numerous external experts. This provides a support network with extensive technical and commercial expertise to grow the pipeline and deliver impact. KiwiNet’s Investment Committee (IC) fills the gap between public research organisations and the private sector, bringing together research organisations to strengthen commercialisation and acting as a focal point for collaboration and co-ordination. Together the consortium has a proven track-record of investing PreSeed to deliver significant benefits to New Zealand.

MBIE provides Commercialisation Partner Network (CPN) funding for KiwiNet activities outside of the IC including the Board of Directors and Management team. CPN funding has enabled KiwiNet’s scope of activities to expand beyond the operation of an IC to a much broader facilitation role within the research commercialisation ecosystem. KiwiNet invests CPN funding from MBIE into delivering a programme of activities and initiatives across five strategic themes that are aimed at powering-up research commercialisation across the ecosystem.



KiwiNet's strategic themes are:

1. **Investment Committee and PreSeed Pipeline** – The KiwiNet Investment Committee (IC) is the engine room and the focal point of KiwiNet's collaborative model. The IC invests Government PreSeed Accelerator Funding (PreSeed) into early-stage research discoveries with commercial potential, progressing them to a point where they can be taken on by the private sector.

GOAL: a PreSeed pipeline that is delivering massive impact for New Zealand and a thriving CPN community, collectively accelerating deep-tech opportunities to market.

2. **Researcher Entrepreneurship** – Inspiring, incentivising and empowering researchers to pursue commercialisation of their discoveries to create new business, alongside more traditional academic or tech-transfer routes

GOAL: Researchers that are engaged with the commercialisation pathway and have social license to commercialise

3. **Commercial Capability** – Increasing the quality and quantity of commercialisation activity at research organisations aimed at creating new business, by strengthening tech transfer capability and expertise.

GOAL: An Empowered and Savvy Commercialisation Profession

4. **Private Sector Engagement** – Engaging early and often with the private sector to build the best possible expertise around technologies to maximise chances of success.

GOAL: Extraordinary Private Sector Demand

5. **Cross-cutting Themes** – The cross-cutting areas outlined below are critical to our success and are integrated across the objectives and delivery of our core strategic areas. They include Māori engagement, Diversity, Advocacy and the KiwiNet Awards.

GOAL: A thriving and diverse CPN community embracing Te Ao Māori and collectively accelerating deep-tech opportunities to market

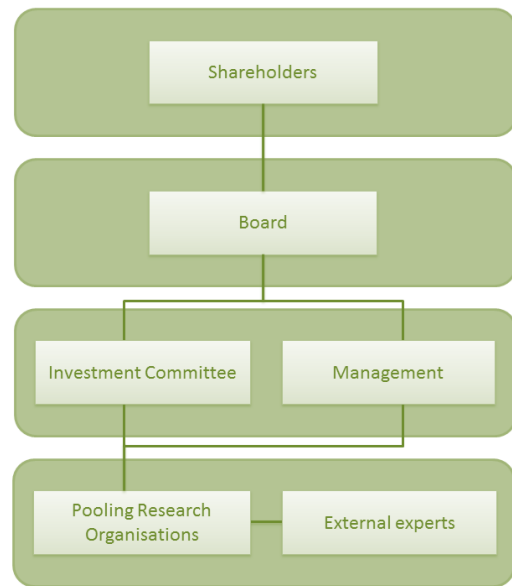
The KiwiNet structure is depicted below. The Investment Committee (IC), not the KiwiNet Board or Management, is entirely responsible for the governance of PreSeed investment, including all investment decisions.

KiwiNet Shareholders

KiwiNet shareholders currently include seven universities, six Crown Research Institutes, a Crown Entity and an independent research organisation (see Appendix Two for a full list of shareholders and PreSeed pooling research organisations).

KiwiNet Board of Directors

The Board reports to the shareholders and MBIE. The Board members are chosen for their considerable business experience, understanding of early-stage commercialisation and personal interest in growing New Zealand’s economy. The Board has six members, including four independent directors (Ngaio Merrick – Chair, Andrew Turnbull, Will Barker and Debra Hall), one CRI representative (Steve Lorimer, Manaaki Whenua Landcare Research) and one university representative (Anne Barnett, Victoria University of Wellington). The Board is not funded using PreSeed funds.



3.1 KIWINET INVESTMENT COMMITTEE

The KiwiNet IC is responsible for the allocation of MBIE PreSeed investment. The committee is governed by an Operations Policy (available upon request) that has been ratified by the KiwiNet Board and Shareholders. The IC Operations Policy is amended to ensure compliance with MBIE and the objectives of KiwiNet. The committee is scheduled to meet face-to-face 8 times per year and is a forum open to all PROs to share ideas and opportunities. All people attending are under strict confidentiality agreements and conflicts of interest are managed for every project. The IC’s functions include:

- **Investment allocation** – Approving investment allocation into projects, monitoring project progress and reviewing portfolio outcomes and impact.
- **Expert guidance** – Leveraging the combined expertise and networks of each committee member to provide expert technical and commercial advice.
- **Networking between PROs** – Creating a forum for senior technology transfer staff to build relationships and identify collaboration opportunities.
- **Capability development** – Provide an open forum for PRO staff to attend as observers and watch projects being discussed (under confidentiality).
- **Shared connections** - Share industry and investor connections between PROs to help each other pursue commercial opportunities.
- **Vision Mātauranga** – Consider opportunities to involve Māori knowledge, resources and people in the commercialisation process as channel-to-market partners and/or end-users.

3.1.1 Investment Committee Members

The Committee has 19 members comprising four independents and a representative from each of the 13 shareholder organisations. The independent members are:

- Debra Hall (18 Limited) – IC Chair
- Daniela (Dana) McKenzie (Yolana Limited)
- Chris Nave (MRCF, Australia)
- Andrew Kelly (BioPacific Partners)

The KiwiNet shareholder representatives bring with them a wealth of personal expertise as well as deep knowledge of the activities and capabilities of their respective organisations:

- Simon Lovatt (WaikatoLink, University of Waikato)
- Steve Corbett (AUT Ventures, Auckland University of Technology)
- Andrew Kay (Callaghan Innovation)
- Kevin Hurren (Lincoln University)
- Steve Lorimer (Landcare Research)
- Paul Hoskin (GNS Science)
- Mark Cleaver (Massey Ventures)
- Brooke Marshall (AgResearch)
- Gavin Ross (Plant & Food Research)
- Anne Barnett (Viclink, Victoria University of Wellington)
- David Christensen (Otago Innovation, University of Otago)
- Elizabeth Hopkins (University of Canterbury)
- Brett Cowan (ESR)
- Arron Judson (SCION)
- Robert Matheson (Cawthron Institute)

The committee encourages openness and involvement between all PROs and MBIE. Representatives from these organisations are encouraged to attend IC meetings as observers. The IC is an MBIE approved CPN Investment Committee, meaning it is open to any PRO seeking feedback and advice or seeking approval for PreSeed investment greater than \$60k.

3.1.2 Decision Independence

The Investment Committee includes representatives from the PROs. The IC operations policy contains the following rules to ensure independent decision-making:

- The Chair must be an independent member;
- Investment allocation requires a majority vote, including a majority of independent members;
- Presenting organisations cannot vote on their own projects and must leave the room during final decision making.

3.2 PRESEED INVESTMENT PROCESSES

The KiwiNet investment process strikes a balance between empowering the PRO partners and ensuring IC oversight. It is essential that PROs can make quick decisions to pursue opportunities as they emerge. However, the partners recognise the importance of independent oversight and guidance from the IC.

KiwiNet invests PreSeed using a two-tiered system, with each tier unlocking greater PreSeed investment, but requiring increasing diligence and greater scrutiny by the IC. This system is reviewed and amended regularly to ensure it is fit for purpose.

3.2.1 Tier One

Up to \$25,000 PreSeed investment per project (threshold up to \$40,000 from 1 July 2019)

Tier One PreSeed funding is invested in earlier-stage commercialisation activities and small project commercialisation. Tier One activities can include market validation, recruitment of experts, business plan preparation, IP protection and preliminary prototype development.

PROs do not need IC approval to allocate Tier 1 to a project; they just need to notify of project commencement by submitting a Project Notification Form. Each PRO has their own internal decision-making processes for Tier 1 investment. However, to ensure the IC has visibility of these projects, PROs must present the project for feedback before more than \$15,000 of PreSeed is invested.

Small scale projects may reach “investor ready” stage within the Tier 1 budget. For projects that require more than \$25,000 PreSeed, Tier One enables PROs to prepare a Project Development Plan that is submitted to the IC for Tier 2 investment.

3.2.2 Tier Two

Above \$25,000 PreSeed investment (threshold above \$40,000 from 1 July 2019)

Investment in Tier Two projects must be authorised by the IC. PreSeed funding is approved to execute a Commercial Development Plan based on a business plan, milestone plan and budget. The plan should map the full pathway to an ‘investor-ready’ outcome and research organisations are expected to provide quarterly progress reports.

The IC requires the level of due diligence carried out for each project to appropriately reflect the level of PreSeed funding requested.

3.2.3 Other Allocations

- Up to 6.75% of the investment pool may be used to fund costs of portfolio management and the operation of the investment committee.
- Up to \$5k PreSeed per organisation to run a Tech Jumpstart competition and carry out basic market assessment on the resulting opportunities.
- The IC will also at times approve contribution to the costs of registration fees and eligible travel expenses incurred in sending staff members to events and courses that will help further their professional development in the technology transfer area.

3.2.4 Reporting

The IC monitors the outcomes from all PreSeed investments. The following on-going reporting requirements are expected by the IC:

- **Quarterly Progress Reporting** – PROs present a written and verbal progress report to the IC for all Tier Two projects each quarter. These reports give the IC the opportunity to provide further support and guidance as the project progresses.

- **Fund Management Report** – KiwiNet provides a quarterly report on the PreSeed project portfolio, which is reviewed by the IC.
- **Project Status Changes** – Research organisations must submit a Project Change Request to the IC for all proposed PreSeed investment or project end-date changes.
- **Annual outcomes reports** – Completed projects are periodically reviewed by the IC to monitor their ongoing progress and outcomes, including all Tier One projects.

3.3 KIWINET MANAGEMENT

The KiwiNet management team (see Appendix Two) works alongside technology transfer staff from PROs and other external organisations. The management team does not lead commercialisation projects *per se*, but it does provide substantial support around project planning. The role of the KiwiNet management team can be grouped into three main functions:

- Administration of the investment portfolio and reporting to MBIE to ensure a high standard of portfolio management and impact tracking.
- Supporting research organisation staff who are engaging with the investment committee to prepare and implement high quality commercialisation plans.
- Implementing initiatives to power-up research commercialisation across the network, in-line with the KiwiNet strategy, to maximise the size and impact of the PreSeed investment portfolio.

KiwiNet management is mostly funded with CPN funding. Only costs directly associated with IC governance and portfolio management are claimed from the PreSeed fund.

3.4 INVESTMENT COMMITTEE OUTCOMES JULY 2016 – JUNE 2019

The KiwiNet Investment Committee met 27 times between July 2016 and June 2019 to provide feedback on projects and approve investment into proposed PreSeed projects. During this period, the KiwiNet IC has invested \$10.3M in PreSeed investment across 404 projects from 13 pooling research organisations. This includes:

- 43 major projects where project plans were approved by the committee (Tier Two), totalling \$5.3M PreSeed;
- 361 projects where the decision to invest was devolved to the research organisation (Tier One), totalling \$5.0M PreSeed;
- 45 projects that were started in the previous contract (prior to July 2016) and for which the IC made the decision to continue their investment into the recent contract, totalling \$3.0M PreSeed.
- \$499,927 in PreSeed compliance and operational costs, including operation of the IC.

A total of 244 projects from 22 research organisations have been presented to the IC for feedback and approval over the 36 months to 30 June 2019, including:

- 56 full proposals for PreSeed funding reviewed by the KiwiNet IC, 49 of which were eventually approved for Tier 2 investment. This equated to \$8.3M PreSeed allocated to Tier Two projects by the KiwiNet IC, \$5.3M of which came from the KiwiNet PreSeed pool.
- 140 project previews were presented for feedback from the committee.

APPENDIX ONE: KIWINET MANAGEMENT AND SHAREHOLDERS

KiwiNet receives Commercialisation Partner Network (CPN) funding from MBIE to operate a national network that promotes greater collaboration and increased impact from commercialisation of public research.

Staff and management are employed by WaikatoLink Ltd (WLL) and seconded to KiwiNet under a management services agreement to maximise the efficient use of CPN funding. All staff seconded into KiwiNet report directly to the KiwiNet CEO. Consultants are contracted where appropriate to bring specialist independent expertise onto projects.

Key Personnel

Name	Position
Dr James Hutchinson (WLL)	CEO
Natalie Ward (WLL)	Marketing and Events Manager
Glen Beattie (contractor)	Commercialisation Manager
Dr Seumas McCroskery (WLL)	Commercialisation Manager
May Low (WLL)	Operations Manager

* KiwiNet is currently recruiting for three further FTEs to join the team – a Commercialisation Manager (based in Christchurch), a Private Sector Engagement Specialist and a Marketing and Communications Specialist.

Current KiwiNet Shareholders

KiwiNet is wholly owned by the following organisations through equal shareholdings:

- AUT Ventures Ltd (Auckland University of Technology)
- WaikatoLink Ltd (University of Waikato)
- Victoria Link Ltd (Victoria University of Wellington)
- University of Canterbury
- Lincoln University
- Institute of Environmental Science and Research Ltd (ESR)
- New Zealand Forest Research Institute Ltd (SCION)
- Massey Ventures Ltd (Massey University)
- Otago Innovation Ltd (University of Otago)
- AgResearch Ltd
- The New Zealand Institute for Plant & Food Research Ltd
- Landcare Research New Zealand Ltd
- Callaghan Innovation
- Institute of Geological and Nuclear Sciences Ltd (GNS Science)
- Cawthron Institute Ltd

KiwiNet PreSeed Pooling Partners

The following organisations accessed pooled PreSeed funding through MBE's devolved contract with KiwiNet (1 July 2016 – 30 June 2019):

- AUT Ventures Ltd (Auckland University of Technology)
- WaikatoLink Ltd (University of Waikato)
- Victoria Link Ltd (Victoria University of Wellington)
- University of Canterbury
- Lincoln University
- Institute of Environmental Science and Research Ltd (ESR)
- Institute of Geological and Nuclear Sciences Limited (GNS Science)
- National Institute of Water and Atmospheric Research Ltd (NIWA)
- Malaghan Institute of Medical Research
- The New Zealand Institute for Plant & Food Research Ltd
- Landcare Research New Zealand Ltd
- Callaghan Innovation
- Cawthron Institute Ltd

From 1 July 2019, AgResearch Ltd and Massey Ventures Ltd will also access KiwiNet's devolved PreSeed fun.