KiwiNet

A - Z of Commercialisation

A quick reference guide to the language of research commercialisation and spin-outs

Angel Investor/Group	An individual (or organised group) who invests their own money into early-stage companies. Angel investors often bring more than funding — providing advice, experience, and valuable networks.
Anti-Dilution	Protection for investors if the company raises future funding at a lower valuation than before (known as a “down round”). Anti-dilution provisions adjust an investor’s shareholding to preserve their ownership percentage or investment value.
Burn Rate	The speed at which a company spends its available cash. For example, a burn rate of $1 million per year means the company spends $1 million more than it earns each year.
Cap table	A record of who owns what in a company. It shows all shareholdings including founders, investors, and employees.
Co-Investment	When multiple investors invest in the same company, usually sharing risk and expertise. Also known as syndication.
Commercialisation	The process of turning research into real-world impact through a new product, service, or business. This involves securing intellectual property, understanding the market opportunity, and developing the technology into something ready for use or investment.
Common Stock	The standard type of company shares, typically held by founders, employees, and management. These usually carry voting rights but fewer protections than preferred shares. Also known as ordinary shares.
Conditions Precedent	Specific requirements that must be met before a transaction can be completed. For example, funding may only proceed once contracts are signed or approvals obtained.
Confidentiality Agreements / Non-Disclosure Agreements (NDAs)	Legal agreements that prevent confidential information from being shared or misused outside an agreed purpose.
Consent Rights	Rights that require investor approval before certain major decisions can be made, such as issuing new shares or selling the company.
Consolidation	A growth strategy where several smaller companies are merged into one larger entity to gain efficiencies, scale, or market power.

Convertible Equity or Debt	An investment that starts as a loan or special share and later converts into ordinary shares, usually during a future funding round. SAFEs and convertible notes are common examples.
Corporate Venture Capital	A large company investing in startups or emerging businesses, often for both strategic and financial reasons. Investments are typically made through dedicated funds with distinct investment philosophies.
Dilution	The reduction in an existing shareholder's ownership percentage when new shares are issued, usually as a result of raising additional funding.
Disclosure	The point at which a researcher formally notifies their research organization of an invention or piece of intellectual property that may have commercial potential.
Down Round	A funding round where the company is valued lower than in previous rounds, often resulting in dilution for earlier shareholders.
Drag-Along Rights	A provision that allows majority shareholders to force minority shareholders to sell their shares if the company is sold, ensuring the deal can proceed.
Due Diligence	A detailed review of a company carried out before an investment. It typically covers financials, operations, legal matters, market position, and management capability.
Early Stage / Startup	A newly formed business developing its product and beginning initial sales or market entry. These companies are usually not yet profitable and often require external funding.
Earn Out	A portion of a purchase price that is paid later, depending on how well the company performs after a sale.
Equity	Ownership in a company, usually represented by shares. Determines how much of the company someone owns and how value is shared if the company grows or is sold.
Exercise Price	The price at which an option or warrant holder can buy shares in a company.
Exit / Exit Mechanisms	Ways investors realise the value of their investment, such as: • Selling the company to another business • Selling shares to another investor • Listing on a stock exchange (IPO) • Share buy-back by the company
Follow-on	Additional investment made into a company after an initial funding round.
Fund	A pool of capital raised from multiple investors and managed professionally to invest in companies. Venture funds typically operate over a 10-year period.

Initial Public Offering (IPO)	When a private company becomes publicly listed by offering its shares on a stock exchange.
Intellectual Property (IP)	Ideas or creations developed through a creative or inventive process. IP can be legally protected and is often the core asset when a technology is commercialised.
Investment Philosophy	An investor's guiding approach or investment strategy, such as focusing on early-stage companies, specific industries, or long-term growth.
Lead Investor	The main investor in a funding round. They often negotiate terms, set valuation expectations, and coordinate other investors.
Licence Agreement (IP Licensing)	A legal agreement that gives a company the right to use and commercialise intellectual property (IP) owned by another party, such as a research organisation. It sets out how the IP can be used and on what terms.
Liquidation Preference	Rules determining who gets paid first if a company is sold or wound up. Investors with preferences are paid before ordinary shareholders.
Lock-Up	A restriction preventing shareholders from selling their shares for a period after an IPO.
Milestones	Key achievements that trigger additional funding or payments, such as product completion or revenue targets.
Option	A right (but not an obligation) to buy or sell shares at a set price within a defined period.
Ordinary Shares	The standard type of company shares. They typically rank last in priority if the company is sold or liquidated, but benefit from upside growth.
Post-Money Valuation	The value of a company after new investment has been added.
Pre-Money Valuation	The value of a company before new investment is added.
Pre-Emptive Rights	Rights that allow existing shareholders to buy new shares before they are offered to others, helping maintain ownership percentage.
Private Equity	Investment in companies that are not publicly listed on a stock exchange, often involving active management and long-term value creation.
Pro Rata Rights	Rights allowing investors to maintain their ownership percentage in future funding rounds.
Redemption Rights	Rights allowing investors to require the company to buy back their shares under certain conditions.

Return	The gain or loss on an investment, usually expressed as a percentage.
Rights Issue	An offer allowing existing shareholders to purchase additional shares, often at a discount.
Secondary Sale	The sale of existing shares from one investor to another, rather than the company issuing new shares.
Seed Capital	Early funding used to develop an idea, product, or initial business operations.
Series A	The first major institutional funding round, typically used to scale the business.
Series B	A later funding round used to accelerate growth and expand operations.
Shareholders' Agreement	A contract setting out how a company is governed, including decision-making, shareholder rights and obligations, and exit processes.
Spin-out	A new company created to develop and commercialise intellectual property from a parent organisation (such as a university or public research organisation).
Technology Readiness Level (TRL)	A scale use to describe how developed a technology is, from early research (TRL 1) through to a fully commercial product (TRL 9).
Technology Transfer Office (TTO)	The team in a university or research organisation that helps researchers take scientific discoveries towards commercial use. They support things like intellectual property protection, exploring pathways to market and developing a commercialisation strategy.
Term Sheet	A non-binding document outlining the key commercial terms of an investment before legal contracts are drafted.
Tranche	A portion of funding released in stages, often linked to milestones.
Valuation	An estimate of a company's economic value.
Venture Capital	A form of private equity investment focused on high-growth, early-stage companies.
Vesting	A process where equity ownership is earned over time, often used to retain founders and employees.
Warrant	A right to buy shares at a set price within a defined time period.