

# CPN INVESTMENT COMMITTEE PROCESS GUIDE

FOR DEVOLVED PSAF CONTRACT HOLDERS

JULY 2013

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## INTRODUCTION

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The current PSAF RFP released by MBIE requires all organisations that access PSAF investment to engage with a CPN Investment Committee (CPN IC). This document summarises the process for engaging with the CPN ICs.

The PSAF RFP from MBIE states: *“Successful applicants [for devolved PSAF funding] will allocate their funds to commercialisation projects of their own choosing in conjunction with recommendations and/or approval from a Commercialisation Partner Network (CPN: formerly known as National Network of Commercialisation Centres, NNCC) investment committee as outlined in section 4.8”.*

KiwiNet and Return on Science have worked together, in consultation with MBIE, to design processes to meet the following principles:

- **MBIE compliance** – Satisfying the requirements set out in the PSAF RFP issued by MBIE.
- **Common processes** - The same processes apply across each CPN IC.
- **Shared visibility** – Notifications and agendas will be shared between CPN ICs to maximise the opportunity to identify collaboration opportunities regardless of which IC is engaged.
- **Minimise overhead** - Processes should minimise unnecessary extra work over and above normal opportunity assessment and business planning activities associated with research commercialisation.
- **Commercial sensitivity** – Ensuring processes preserve confidential and/or commercially sensitive information.

MBIE has established two project levels depending on amount of PSAF investment required. The key characteristics of the proposed process are:

- Level 1, <\$60k PSAF - When a project starts using PSAF investment, a CPN IC must be notified. This information will be shared under confidentiality between CPN ICs and MBIE.
- Level 2, >\$60k PSAF - Projects that will require more than \$60,000 PSAF must prepare a Project Development Plan that is approved by a CPN IC.
- It is recommended that projects are presented for feedback (for Level 1 projects) or approval (for Level 2 projects) prior to investing over \$30,000 PSAF into a project.

This document summarises the process and associated forms around the CPN ICs.

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## INSTRUCTIONS FROM MBIE

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*Below is section 4.8, "Use of CPN Investment Committees" taken from the PSAF RFP published by MBIE .*

PSAF investment will be devolved to the contract holder; however expenditure beyond a certain level will require approval from a CPN investment committee. This requirement is to ensure high-quality decisions, to enhance the connectivity between public sector providers, entrepreneurs and firms, and to increase the visibility of commercialisation projects in the national pipeline.

The CPN was formulated to achieve the following outcomes:

- operate efficient and effective processes for the selection of and investment in portfolios of commercialisation projects;
- improve commercialisation capabilities in and across commercialisation units;
- ensure that commercialisation units have access to the best domestic and international expertise to help them manage commercialisation projects;
- build domestic and international linkages with incubators, commercial investors, entrepreneurs, business and industry groups so that commercialisation offices can tap into supportive networks.

There are three members of the CPN: Kiwi Innovation Network Limited (KiwiNet), Auckland UniServices Limited (Return on Science), and Canterbury Regional Innovation System. Kiwinet and Return on Science run investment committees which can be used for review, assistance, and approval of PSAF projects.

There are four approved investment committees; however MBIE reserves the right to approve others or withdraw support. The committees are:

- KiwiNet Investment Committee
- Return on Science Life Sciences Investment Committee
- Return on Science ICT/Software Investment Committee
- Return on Science Physical Sciences Investment Committee.

Contract holders will be able to select any one of the committees to obtain feedback or approval for funding. The process for using the CPN investment committees is outlined below.

CPN investment committee process		
Level	PSAF Amount	Process
1	Total PSAF claim less than \$60,000 for a specific project	<p>Contract holders must notify a CPN investment committee of the decision to fund a project when the project commences.</p> <p>A brief outcomes report must also be provided to a CPN investment committee on completion of the project.</p> <p>Once the total project spend is approaching \$30,000, it is recommended that the project be presented to a CPN investment committee for feedback and guidance</p>
2	Total PSAF claim equal to or greater than \$60,000 for a specific project	<p>A CPN investment committee must provide approval for projects that are budgeted to claim equal to or greater than \$60,000.</p> <p>The CPN investment committee will not provide approval in arrears for costs that have been incurred without prior investment committee input.</p>
CPN investment committees will be expected to ensure adequate provisions are made for confidentiality and conflicts of interest when they are gathering information about projects.		

## SUMMARY TABLE

The table below provides a summary of the key aspects related to each level of funding.

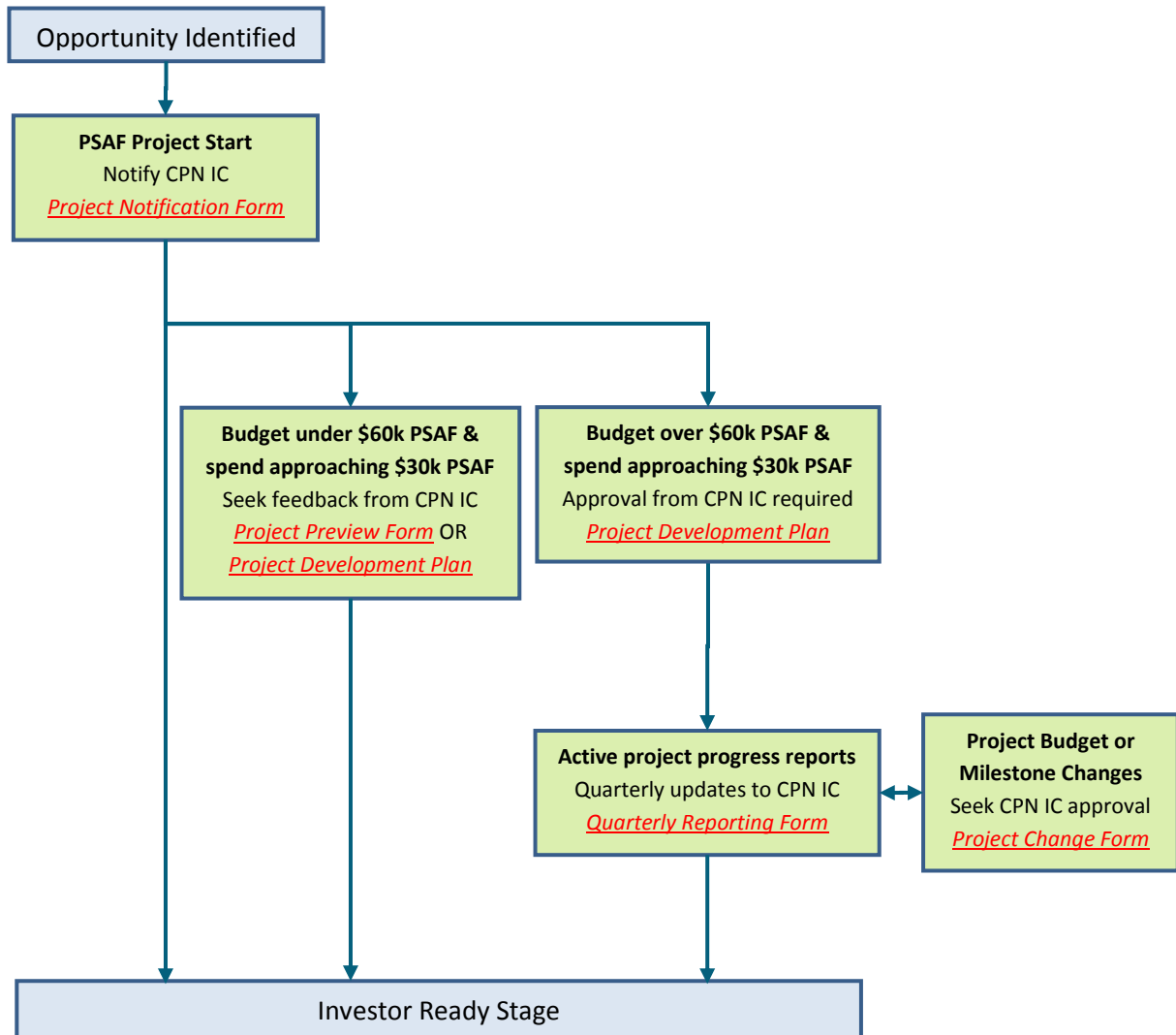
	Level 1, budget under \$30k PSAF	Level 1, budget = \$30k-\$60k PSAF	Level 2, budget over \$60k
<b>Description</b>	For small projects that require less than \$30k PSAF to reach investor ready.	For small projects that are budgeted to require \$30k to \$60k of PSAF to reach investor ready.	For bigger projects that are budgeted to require more than \$60k PSAF to reach investor ready.
<b>CPN Investment Committee (CPN IC) engagement</b>	A CPN IC must be notified. No approval is not required.	A CPN IC must be notified. No approval is required, however MBIE recommends presenting the project to a CPN IC for feedback and recommendations before investing more than \$30k PSAF into a project.	A CPN IC must provide approval. MBIE recommends seeking approval from a CPN IC prior to investing more than \$30k PSAF into a project.
<b>Process forms and reporting requirements</b>	<ol style="list-style-type: none"> <li>1. Submit <b>Project Notification Form</b> to a CPN IC on starting the project.</li> <li>2. A unique identification number will be issued for that project</li> </ol>	<ol style="list-style-type: none"> <li>1. Submit <b>Project Notification Form</b> to a CPN IC on starting the project.</li> <li>2. <b>[Optional]</b> Submit a <b>Project Preview Form</b> to get feedback from the committee.</li> <li>3. If continuing to Level 2 submit a <b>Project Development Plan</b>.</li> </ol>	<ol style="list-style-type: none"> <li>1. Written exception reporting to the Investment Committee at any time if milestones and budget are no longer achievable.</li> <li>2. Submit <b>Quarterly Project Progress Report</b> &amp; verbal presentation to Investment Committee at end of each quarter.</li> <li>3. Submit invoice with <b>Quarterly Project Progress Report</b> to a CPN IC at the end of each quarter.</li> <li>4. Submit a <b>Project Change Form</b> to a CPN IC if the project requires a change in budget, end date, or major change of outcomes.</li> </ol>

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## PROCESS DIAGRAM

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The diagram below illustrates the stages of the process and associated forms.



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## PROCESS FORMS

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The following process forms will be used by the KiwiNet and Return on Science CPN Investment Committees.

### Project Notification Form

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All organisations wanting to access PSAF funding for a specific project must notify a CPN Investment Committee by submitting a [Project Notification Form](#).

#### PROCESS:

1. Complete a [Project Notification Form](#) and submit it to a CPN Investment Committee.
2. The CPN Investment Committee will issue a unique identification number for that project. This identification number must be included for each project when claiming PSAF from MBIE. The CPN ICs will maintain a database of projects with their corresponding identification numbers.
3. Upon receiving a [Project Notification Form](#), the CPN IC that receives the notification will pass the information on to the other CPN ICs and MBIE.

### Project Preview Form

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A project preview is an optional process for any organisation that wishes to introduce a project to a CPN IC for feedback. This form can be used to get feedback from a CPN IC before investing more than \$30,000 PSAF into a project, as recommended by MBIE. The Project Preview is not an application for investment.

#### PROCESS:

1. An organisation wishing to present a preview to the Investment Committee must submit a [Project Preview Form](#) at least 10 days prior to a meeting.
2. Present either via teleconference or in person at a CPN IC meeting.
3. After an organisation presents a preview at an Investment Committee meeting, they will be notified of the response through an [IC Response Form](#).

### Project Development Plan Template

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Projects that require more than \$60,000 of PSAF investment must first submit a [Project Development Plan](#) template to a CPN Investment Committee. MBIE recommends submitting this plan before investing more than \$30,000 PSAF into a project.

#### PROCESS:

1. An organisation wishing to present a preview to the Investment Committee must submit a [Project Development Plan](#) at least 10 days prior to a meeting.
2. Present either via teleconference or in person at a CPN IC meeting.
3. After an organisation presents a preview at an Investment Committee meeting, they will be notified of the response through an [IC Response Form](#). Each organisation who presents a project can expect a verbal response within 24 hours followed by written confirmation.
4. All full proposals that are approved by a CPN investment committee require quarterly [Project Progress Report](#) be submitted following the end of the quarter.
5. Changes to project end dates, budget, or substantial changes to milestones require CPN IC approval by submitting a [Project Change Request Form](#).

## Project Progress Report Form

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All full proposals that are approved by a CPN investment committee require quarterly Project Progress Report be submitted following the end of the quarter. The Project Progress Report contains an update on the project, a summary of expenditure during the previous quarter and the amount of PSAF claimed. The focus is on exception reporting, so limited information is required if the project is on track.

### PROCESS:

1. The deadlines for submitting Project Progress Reports are 21<sup>st</sup> January, 15<sup>th</sup> April, 15<sup>th</sup> July and 15<sup>th</sup> October.
2. Present either via teleconference or in person at a CPN IC meeting on the progress of the project.

## Project Change Request Form

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Once a project has been approved by a CPN IC, changes to the budget, end date and major changes to milestones must be submitted and approved by the CPN IC using the Project Change Request Form. In particular, projects falling behind on milestones, not meeting financial targets, or where there is any new information that might affect the IC's judgement of the project must be highlighted to the IC as soon as practicable using this form.

### PROCESS:

1. The Project Change Request Form must be submitted to a CPN IC at least 10 days prior to a meeting.
2. Present either via teleconference or in person at a CPN IC meeting.
3. After an organisation presents a preview at an Investment Committee meeting, they will be notified of the response through an IC Response Form. Responses are often given immediately, however an organisation that presents a project can expect a verbal response within 24 hours followed by written confirmation.

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## CONTACT DETAILS

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Process forms can be sent to the following contacts:

<b>KiwiNet</b>	<b>Return on Science</b>
<b>Email:</b> <a href="mailto:admin@kiwinet.org.nz">admin@kiwinet.org.nz</a>	<b>Email:</b> <a href="mailto:g.scown@auckland.ac.nz">g.scown@auckland.ac.nz</a>
<b>Phone:</b> Antony Parnell at 07 858 5049	<b>Phone:</b> Graham Scown at 021 221 1162

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## FREQUENTLY ASKED QUESTIONS

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Below are some questions that are frequently asked about the KiwiNet Investment Committee processes:

**Question:** What if I have no idea how much PSAF will be required to reach investor ready stage for a project.

**Answer:** It is recommended that detailed opportunity assessment and project development planning is carried out early in the project. This work should enable an organisation to estimate the cost and time to reach the market. The CPN ICs understand that these are early stage high risk projects, so they are usually sympathetic to project changes, so long as they can see that decisions have been made using the best information available at the time.

**Question:** What if initially it seems like the project can be commercialised for less than \$60k PSAF, but then a change event occurs late in the project and more investment is needed.

**Answer:** It is recommended that organisations get feedback from a CPN IC before exceeding \$30k PSAF investment into project. This gives the IC the opportunity to review the plan and provide feedback. If the committee have this opportunity to provide feedback early on, and the organisation takes steps to act on the advice provided, then the committee will be better informed if later changes are needed.