

# Innovation and Start-up Policy



**Sri Devaraj Urs Academy of  
Higher Education and Research**  
Kolar • Karnataka • India

# Innovation and Start-up Policy

The purpose of this policy is to promote the economic development of the Nation and Kolar region by building start-up companies by providing necessary resources to the students, teachers and entrepreneurs.

## 1. Stakeholders:

- a) The resources of the Academy meant for innovation, entrepreneurship, and start-up shall be open to all the students (UG/PG/PhD/Fellowship/Super-speciality/Diploma/Certificate) staff (including temporary or project staff), faculty, alumni and potential start-up applicants even from outside the institutions.
- b) Development of entrepreneurship culture shall not be limited within the boundaries of the Academy. The Academy shall be the driving force in developing entrepreneurship culture in its vicinity (regional, social and community level). This shall include giving opportunity for regional start-ups, provision to extend facilities for outsiders and active involvement of the Academy in defining strategic direction for local development.

## 2. Governance:

- a) The Academy shall provide necessary support for the development of an entrepreneurial ecosystem.
- b) Implementation of entrepreneurial vision at the Academy shall be achieved through mission statements rather than stringent control system.
- c) The Academy shall establish a budget for the promotion of innovation and entrepreneurial activities.
- d) For expediting the decision making, hierarchical barriers shall be minimized and individual autonomy and ownership of initiatives shall be promoted.
- e) Capacity building programs such as conferences, workshops, and seminars shall be conducted on regular basis so that the importance of innovation and entrepreneurial agenda becomes known across the Academy.
- f) The Academy should ensure that at no stage any liability accrue to it because of any activity of any start-up. The incubation facility may not be a separately

registered entity or Special Purpose Vehicle (SPV) may be created for offering services. However, a SPV shall be created if equity is to be obtained in the start-up. The SPV may be registered under Section-8 of Company Act 2013 or 'Society' registered under Society Registration Act with independent governance structure.

### **3. Enabling infrastructure:**

- a) Creation of pre-incubation and incubation facilities for nurturing innovations and start-ups shall be undertaken. Incubation and Innovation need to be organically interlinked. Without innovation, new enterprises are unlikely to succeed. The goal of the effort should be to link INNOVATION to ENTREPRISES to FINANCIAL SUCCESS.
- b) The Academy shall establish pre-incubation/incubation facility by mobilizing resources from internal and external sources. (Note: The Academy has already established RLJ Health Sciences Incubator). Further additions may be made as per requirement.

### **4. Nurturing innovations and start-ups**

- a) The Pre-Incubation/Incubation facility should be accessible 24x7 to students, staff and faculty of all disciplines and departments across the institution.
- b) The Academy may offer mentoring and other relevant services through Pre-incubation/Incubation facility in-return for fees, equity sharing and (or) zero payment basis. The modalities regarding Equity Sharing in Start-ups supported through these units shall depend upon the nature of services offered by these units.
- c) The Academy will allow licensing of IPR from the Academy to start up: Ideally students and faculty members intending to initiate a start-up based on the technology developed or co-developed by them or the technology owned by the Academy, shall be allowed to take a license on the said technology on easy term, either in terms of equity in the venture and/ or license fees and/ or royalty to obviate the early stage financial burden.
- d) Students who are under incubation, but are pursuing some entrepreneurial ventures while studying shall be allowed to use their address in the Academy to register their company with due permission from the Academy.

- e) Wherever possible, the Academy shall provide accommodation to the entrepreneurs within the campus for some period of time for reasonable fees.
- f) The Academy may allow, wherever possible, faculty and staff to take off for a semester / year (or even more depending upon the decision of review committee constituted by the Academy) as sabbatical/ unpaid leave/ casual leave/ earned leave for working on start-ups and come back. The Academy shall consider allowing use of its resource to faculty/students/staff wishing to establish start up as a fulltime effort. The seniority and other academic benefits during such period may be preserved for such staff or faculty.
- g) The Academy shall provide, wherever possible, mentorship in a variety of areas including technology development, ideation, creativity, design thinking, fund raising, financial management, cash-flow management, new venture planning, business development, product development, social entrepreneurship, product costing, marketing, brand-development, human resource management as well as law and regulations impacting a business. Wherever possible, mentorship may also be provided for linking the start-ups to other seed-fund providers/ angel funds/ venture funds or itself may set up seed-fund once the incubation activities mature.
- h) The Academy shall not charge for any preincubation services. However, for the incubation services, and facilities, the Academy may take 2% to 9.5% equity/ stake in the start-up/company, based on brand used, faculty contribution, support provided and use of the Academy's IPR (a limit of 9.5% is suggested so that the Academy has no legal liability arising out of start-up. The Academy should normally take much lower equity share, unless its full-time faculty/ staff have substantial shares). Other factors for consideration should be space, infrastructure, mentorship support, seed fund, support for accounts, legal, patents etc.
  - i. For staff and faculty, the Academy can take no-more than 20% of shares that staff / faculty takes while drawing full salary from the institution; however, this share will be within the 9.5% cap of company shares, listed above.
  - ii. No restriction on shares that faculty / staff can take, as long as they do not spend more than 20% of office time on the start-up in advisory or consultative role and do not compromise with their existing academic and administrative work / duties. In case the faculty/ staff holds the executive or managerial position for more than three months in a start-up, then they will go on sabbatical/ leave without pay/ earned leave.
  - iii. In case of compulsory equity model, start-up shall be given a cooling period of 3 months to use incubation services on rental basis to take a final decision based on satisfaction of services offered by the the

Academy/incubator. In that case, during the cooling period, the Academy cannot force start-up to issue equity on the first day of granting incubation support.

- g) The Academy should also provide services based on mixture of equity, fee-based and/ or zero payment model. So, a start-up may choose to avail only the support, not seed funding, by the Academy on rental basis.

## **5. Ownership of technology developed in the Academy**

- a) When the Academy facilities / funds are used substantially or when IPR is developed as a part of curriculum/ academic activity, IPR is to be jointly owned by inventors and the Academy.
- b) Inventors and the Academy can together license the product / IPR to any commercial organisation, with inventors having the primary say. License fees could be either / or a mix of upfront fees or one-time technology transfer fees/Royalty as a percentage of sale-price/Shares in the company licensing the product
- c) The Academy shall hold the equity. A designated SPV may be requested to hold equity on behalf of the Academy.
- d) If one or more of the inventors wish to incubate a company and license the product to this company, the royalties would be no more than 4% of sale price, preferably 1 to 2%, unless it is pure software product. If it is shares in the company, shares will again be 1% to 4%. For a pure software product licensing, there may be a revenue sharing to be mutually decided between the the Academy and the incubated company.
- e) On the other hand, if product/ IPR is developed by innovators not using any the Academy facilities, outside office hours (for staff and faculty) or not as a part of curriculum by student, then product/ IPR will be entirely owned by inventors in proportion to the contributions made by them. In this case, inventors can decide to license the technology to third parties or use the technology the way they deem fit.
- f) If there is a dispute in ownership, a minimum five membered committee consisting of two faculty members (having developed sufficient IPR and translated to commercialisation), two of the the Academy's alumni/ industry experts (having experience in technology commercialisation) and one legal advisor with experience in IPR, will examine the issue after meeting the inventors and help them settle this, hopefully to everybody's satisfaction. The

Academy can use alumni/ faculty of other the institutions as members, if they cannot find sufficiently experienced alumni / faculty of their own.

- g) The Academy IPR cell or incubation center will only be a coordinator and facilitator for providing services to faculty, staff and students. They will have no say on how the invention is carried out, how it is patented or how it is to be licensed. If the Academy is to pay for patent filing, they can have a committee which can examine whether the IPR is worth patenting. The committee should consist of faculty who have experience and excelled in technology translation. If inventors are using their own funds or non the Academy funds, then they alone should have a say in patenting.
- h) All the Academy's decision-making body with respect to incubation / IPR / technology-licensing will consist of faculty and experts who have excelled in technology translation. Other faculty in the department / the Academy will have no say, including heads of department, heads of the Academy, deans or registrars.

## **6. Norms for faculty start-ups**

- a) Only those technologies should be taken for faculty start-ups which originate from within the Academy.
- b) Role of faculty may vary from being an owner/ direct promoter, mentor, consultant or as on-board member of the start-up.
- c) The review committee constituted by the Academy should examine the 'conflict of interests' and ensure that the regular duties of the faculty does not suffer owing to his/her involvement in the start-up activities.
- d) Faculty start-up may consist of faculty members alone or with students or with faculty of other the institution or with alumni or with other entrepreneurs.
- e) In case the faculty/ staff holds the executive or managerial position for more than three months in a start-up, they will have to go on sabbatical/ leave without pay/ utilize existing leave.
- f) Faculty must clearly separate and distinguish on-going research at the Academy from the work conducted at the start-up.
- g) In case of selection of a faculty start up by an outside national or international accelerator, a maximum leave (as sabbatical/ existing leave/ unpaid leave/ casual leave/ earned leave) of one semester/ year (or even more depending upon the decision of review committee constituted by the Academy) may be permitted to the faculty.

- h) Faculty must not accept gifts from the start-up.
- i) Faculty must not involve research staff or other staff of the Academy in activities at the start-up and vice-versa.

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