



BRIEFING

Options for providing commercialisation support to university researchers

Date:	28 November 2025	Priority:	High
Security classification:	In Confidence	Tracking number:	BRIEFING-REQ-0022708

Action sought		
	Action sought	Deadline
Hon Dr Shane Reti Minister of Science, Innovation and Technology	Agree to further work and external engagement on recommended options	5 December 2025

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Gina Williamson	Manager, Innovation Policy	Privacy of natural persons	✓
Dr Simon Wakeman	Principal Policy Advisor, Innovation Policy	Privacy of natural persons	

The following departments/agencies have been consulted
Ministry of Education

Minister's office to complete:

☐ Approved

☐ Declined

☐ Noted

☐ Needs change

☐ Seen

☐ Overtaken by Events

☐ See Minister's Notes

☐ Withdrawn

Comments



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Purpose

To provide options for ensuring university researchers that have generated an invention have access to high-quality commercialisation support.

Executive summary

Commercialising research relies on a connected system of incentives, training, advisory support, industry partnerships, and access to capital. Government investment complements universities and private investors, but future interventions should be considered in a system-wide context to target the most impactful supports rather than isolated gaps.

The recently announced National Intellectual Property (IP) Management Policy gives researchers greater control over commercialisation but disrupts Technology Transfer Office (TTO) funding models and may reduce university engagement. This advice focuses on strengthening support for researchers at the post-disclosure, pre-seed stage.

Currently, pre-spinout support is delivered mainly by TTOs, funded by universities and supplemented by government programmes such as the Pre-Seed Accelerator Fund (PSAF) and the Commercialisation Partner Network (CPN). This system faces funding instability, limited scale, and uneven capability. Many ventures stall after pre-seed support ends, before private investment becomes available.

We outline three options for improving post-disclosure, pre-spinout support:

- **Option A:** Increase direct funding to TTOs and expand PSAF and CPN resources. Is the least disruptive but offers limited improvement in researcher choice or system performance.
- **Option B:** Introduce contestable funding for TTOs, consortia, or third-party providers, supplemented by PSAF and CPN. Could improve efficiency and capability but requires significant system redesign.
- **Option C:** Provide researchers with vouchers to procure services from approved providers, governed by CPN committees. Maximises researcher choice but is complex and depends on a mature provider market.

Both Options A and B are promising options to explore. Option C would be administratively difficult to implement and the New Zealand commercialisation system is not sufficiently mature for it to be workable at present.

At the post-spinout stage, ventures need incubation and early-stage capital. Some universities can incubate and provide follow-on investment, but this is institution dependent. Some private investors are interested at this early stage and may co-invest with TTOs but typically only fully invest when a venture is more developed. The Technology Incubator programme is the main government intervention for providing both incubation and capital to these ventures, but the mechanism's design causes issues and it is not clear what value the incubators add over other providers in this space.

There is still a need for government support at this stage, but a newly designed intervention may be more effective. Options include redesigning the incubator programme or creating a new co-investment fund (eg, similar to the University of Auckland Inventors Fund) or an earlier-stage fund alongside Aspire within New Zealand Growth Capital Partners (NZGCP).

We seek your direction on which options we should develop further through detailed analysis and stakeholder engagement. Further advice will address broader system improvements, including incentives and industry partnerships.

Recommended action

The Ministry of Business, Innovation and Employment (MBIE) recommends that you:

- a **Note** an effective system of research commercialisation involves activities aligning across a range of domains, from incentives to engage in commercialisation, entrepreneurial education, technical and capability support for researchers, and building connections with industry.
Noted
- b **Note** that opportunities to increase or enhance government support for commercialisation need to be considered in this system context, to determine where investments may be most impactful in lifting commercial outcomes and economic impact.
Noted
- c **Note** that the introduction of the National IP Management Policy creates a risk that universities may disengage from providing commercialisation support, meaning this stage of the commercialisation system needs to be considered as a priority
Noted
- d **Agree** to officials progressing more detailed analysis and external engagement with relevant experts and stakeholders on the following options for providing high-quality commercialisation support to researchers:
 - i. Directly fund provision of commercialisation services by existing providers (ie, university TTOs), supplemented by increases in CPN and PSAF
 - ii. Grant funding to existing TTOs, consortia of TTOs, and/or non-TTO providers through a more contestable process, supplemented by CPN and PSAF.*Agree / Disagree*
- e **Note** MBIE is progressing a review of the Technology Incubator programme concurrent with the Minister of Economic Growth considering future options for the Aspire Seed Fund.
Noted

- f **Agree** to officials progressing more detailed analysis and engagement with relevant experts and stakeholders to provide advice on options for government co-investment in the post-spinout stage of commercialisation, including:
- i. Retaining and redesigning the Technology Incubator programme
 - ii. Considering an alternative mechanism for government co-investment in early-stage ventures.

Agree / Disagree



Gina Williamson

Manager, Innovation Policy

Labour, Science and Enterprise, MBIE

28 / 11 / 2025

Hon Dr Shane Reti

**Minister of Science, Innovation and
Technology**

..... / /

Background

1. A core goal of the Government's science reforms is to maximise the commercial impact of public investment in research. By restructuring the science system and introducing a new funding system, the reforms aim to incentivise research that delivers economic growth and commercial outcomes. Ensuring that research is commercialised is central to this ambition. Enabling commercialisation ensures that taxpayer-funded science delivers tangible economic benefits alongside social outcomes.
2. On 13 November 2025 you announced the introduction of the National IP Management Policy for universities and Public Research Organisations (PROs). The most significant change in this policy is that it gives university researchers who generate IP the first right to commercialise an invention, which they may progress with or without participation from the university.
3. In the paper you took to Cabinet, you indicated you would consider options for ensuring researchers have access to high-quality commercialisation support. Subsequently you have also asked us to consider the following options for enhancing commercialisation support:
 - a. scaling PSAF
 - b. providing specific funding to PhD students to commercialise their invention(s)
 - c. supporting other universities to access funds similar to UniServices' Inventors Fund.
4. This briefing provides you with wider context on the commercialisation system, and in that context, provides a set of high-level options for providing commercialisation support to university researchers (which nest the options in paragraph 3 above). We seek your direction on which options you are interested in us developing further, including through engaging expert stakeholders.
5. This paper focuses specifically on university commercialisation. We will provide you with separate advice on commercialisation at PROs in the first half of 2026.

The wider commercialisation system context

Maximising the commercial value generated from university research involves activity across a range of domains

6. The system for commercialising inventions involves activity across a range of domains. Annex 1 shows the range of actors and activities involved in commercialisation in New Zealand at present. Government is involved in various ways, mainly as a secondary support alongside universities and other research organisations, private investors, and industry.
7. Activities and interventions span across:
 - a. Incentives for researchers and organisations to pursue commercialisation (eg, National IP Management Policy; Performance-Based Research Fund (PBRF)/Tertiary Research Excellence Fund (TREF);
 - b. Investment in skills and training in entrepreneurship (eg, the Centre for Innovation and Entrepreneurship at the University of Auckland);
 - c. Technical advice and commercialisation support (eg, TTOs and incubators);
 - d. Industry and commercial partnerships (eg, Applied PhDs, New Zealand Institute of Advanced Technology (NZIAT), New Zealand Product Accelerator);

- e. Access to capital (eg, PSAF, Inventors Fund, Technology Incubators, Aspire Seed Fund).
- 8. The system incorporates both 'research push' elements, which seek to bring inventions based on research out of research organisations into the market, and 'industry pull' elements, in which industry engages with researchers both to shape the direction of research and to benefit from knowledge that researchers hold.
- 9. Enhancing the current system and lifting rates of commercialisation may require attention from government and others across these various domains. The goal of such interventions is to ensure opportunities progress either to the point at which private investors are willing to invest and support the venture to market, or no further investment in commercialisation is warranted. Further investments or interventions from government need to be considered in this system context, especially in a constrained funding environment, to identify where investments may be necessary and most impactful.

This advice focuses on post-disclosure, pre-seed support

- 10. The National IP Management Policy is one intervention seeking to incentivise more researchers to pursue commercialisation by providing them a first right to commercialise and the choice whether to work with the university or not. The policy also limits the share of returns that universities can take in exchange for commercialisation support if researchers seek it. We advised that this change would impact on funding for TTOs and that without addressing several challenges around the operational and financial model of TTOs, there is a risk that universities may disengage from providing commercialisation support.
- 11. As such, we view the mechanisms for support provided to researchers at the 'post-disclosure, pre-seed' phase of commercialisation as warranting immediate consideration. This 'post-disclosure, pre-seed' phase runs between the point at which a researcher discloses an invention to the university and when a private-sector investor is ready to make a "seed" investment in a company. It can be helpful to distinguish commercialisation support at this phase into:
 - a. Pre-spinout: Securing intellectual property protection, resolving any technological questions, validating the market opportunity, defining the initial value proposition and potential business model, determining the commercialisation path/strategy (spinout vs licensing), forming the company (in the case of a spinout).
 - b. Post-spinout: Building the founding team, refining the value proposition, preparing the pitch and engaging with potential seed investors, negotiating investment – often referred to as "incubation".
- 12. The remainder of this briefing provides an assessment of these two stages of the current system and provides a set of high-level options for enhancing support at each stage that would be worth pursuing further.
- 13. We will provide you advice on other opportunities across the wider commercialisation system in subsequent advice.

Commercialisation support at the post-disclosure, pre-spinout stage

New Zealand universities underperform comparator countries in turning disclosures to outputs, but there is significant variation across institutions

- 14. We have previously provided you information on university commercialisation activity at this stage [BRIEFING-REQ-0020442 refers]. This suggests that New Zealand universities are

relatively efficient in generating disclosures from research funding. The number of disclosures generated per billion dollars invested in research is higher than both Australia and Canada and on par with the USA. However, they are less effective in turning those disclosures into spinouts or licensees. The rate of spinouts or licensees per disclosure is 50-75% of comparator countries (see Table 2 in Annex 2).

15. There is also large variation in the commercialisation rate across universities.

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16. Many acknowledge the University of Auckland's commercialisation system, which includes Auckland UniServices (the TTO), Return On Science and Momentum (the investment committees operated by UniServices), and the Centre for Innovation and Entrepreneurship (the University of Auckland unit that develops entrepreneurship capability among students and staff), to be 'gold standard' for commercialisation support. No other New Zealand universities operate the same, broad system of commercialisation support, though some operate specific programmes that are well regarded (eg, the University of Canterbury offers a Hatchery incubator programme for engineering students).

The current system of commercialisation support at the pre-spinout stage is centred around the university TTO

17. Currently support for research commercialisation at the pre-spinout stage is provided primarily by a researcher's home university, via its TTO. TTO support for commercialisation comes in the form of:
 - a. Building connections with researchers to encourage disclosure of potentially commercialisable inventions.
 - b. Management of IP and related assets associated with protection of inventions
18. Helping researchers prepare an invention for spinout or licensing, through business planning, market validation, and building connections to industry/private investors.
 - a. Providing researchers with project funding to perform the activities necessary to prepare an invention for spinout or licensing (eg, testing and development to resolve technological uncertainties, market validation, etc.)
 - b. In some cases, education of the commercialisation process and what constitutes IP.
19. Universities directly fund the cost of operating TTOs out of their internal resources. This includes both funding for commercialisation professionals, who provide in-kind commercialisation services to researchers, and the project funding for the researchers themselves to further develop their IP into something that a private investor would potentially be willing to invest in. The Government contributes indirectly to the cost of TTOs through the funding it provides to universities that is not hypothecated for a particular purpose, including the PBRF/TREF and contributions to overheads paid on research grants.
20. The Government complements the university support for research commercialisation through the following mechanisms:
 - a. PSAF provides funding to research organisations (which the organisation must match from their own resources) to support development of IP to point at which it is – in principle – ready for private investment (\$9 million per year).

- b. The CPN programme provides funding to external providers (currently KiwiNet and Return on Science/Auckland UniServices) to operate a set of “investment committees” comprising expert advisers, and to help build commercialisation capability among both researchers and TTO staff (\$4.3 million per year).¹

The current system suffers from unstable funding and a lack of scale and expertise

- 21. Universities exercise discretion over the level of support they provide for commercialisation, resulting in considerable variation across institutions.

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Commercial Information

As stated

earlier, the National IP Management Policy risks universities reducing their investment into the TTOs due to lower expected returns.

- 22. In some cases, universities require TTOs to sustain themselves from the revenue they generate. Alternatively, universities treat commercialisation support as a discretionary expense and the amount of funding for TTOs varies depending on university income from other sources (eg, student fees). Both approaches lead to precarious funding for TTOs and limits their ability to build and maintain capability over time.
- 23. Commercialisation support is currently decentralised, with each university providing services through its own TTO. This means that each TTO needs to build the same base level of generic capability and, in small organisations or with constrained funding, the TTOs are arguably below minimum efficient scale.² It also means the TTOs cannot necessarily develop specialist commercialisation expertise in all areas relevant to its researchers. The advantage of this decentralised model, however, is potentially easier engagement for researchers and knowledge of the researcher’s local context.
- 24. The CPN programme to some extent mitigates the lack of expertise in university TTOs by providing researchers with access to external expertise through investment committees (KiwiNet, Return on Science, and Momentum) and other programmes (eg, KiwiNet’s Emerging Innovator Programme). PSAF helps to mitigate the downsides of university approaches to TTO funding by providing researchers with access to external funds and by giving TTOs a lever they can use draw resources out of the university (because universities must match PSAF to be able to use it).³

We propose three high-level options for approaching government support for research commercialisation support going forward

- 25. We have identified three high-level options for enhancing research commercialisation support provided at the pre-seed stage. Annex 5 provides more detail on these various options and how they could potentially work. They each seek to address the issues of funding instability, lack of scale, and varying levels of support, though with different degrees of change from the current institutional arrangements:

¹ The recent review of the CPN and PSAF programmes indicated that they are performing well.

² **Commercial Information**

³ PSAF is relatively unique in an international context in providing access to funds for investing in projects at the pre-seed stage beyond those that the universities themselves make available from their own resources.

- A. **Enhance the existing system** by directly funding provision of commercialisation services by existing providers (ie, university TTOs), supplemented by increases in CPN and PSAF, all of which could be leveraged to encourage greater collaboration and sharing of expertise.
- B. **Restructure and consolidate the system for providing commercialisation services**, granting funding to existing TTOs, consortia of TTOs and/or non-TTO providers, potentially through a more contestable process, supplemented by increases in CPN and PSAF.
- C. **Introduce a researcher-led approach** to procuring commercialisation support, providing researchers with a “voucher” to purchase commercialisation services from a range of approved providers, including existing TTOs, and cover project expenses, governed by CPN investment committees.

26. We note that both Option A and B include the scaling up of PSAF as you requested. The opportunity to provide specific funding to PhD students to commercialise their invention(s) can be viewed as a more specific application of Option C.

Each option requires a lift in government funding, though options B and C may be more expensive

27. We have estimated the annual fiscal cost of the three options vs the status quo, summarised in Table 1. We have based these estimates on an assumption that a 50 per cent increase in funding for this stage of commercialisation would raise New Zealand’s commercialisation rate to the level of comparator countries.⁴

⁴ New Zealand’s rate of converting disclosures into commercialisation outputs (spinouts, licences, etc.) is approximately 67 per cent of comparator countries, so a 50 per cent lift in performance would have New Zealand at an equivalent level to comparator countries. For this initial analysis, we apply a simplifying assumption of a 1:1 relationship between funding and commercialisation outputs. We will refine this analysis and costings in later advice.

Table 1: Estimates of the fiscal cost of providing commercialisation support under different options

	Option			
	status quo	A	B	C
	million			
<u>Type of commercialisation support</u>				
Post-disclosure support - by researcher's home TTO	\$11.0	\$16.5	-	-
- by organisation's winning tender	-	-	\$16.5	-
- by researcher's chosen organisation	-	-	-	\$25.5
Project funding (through PSAF)	\$6.0	\$9.0	\$9.0	-
Gatekeeping & expert advice (via CPN investment committees)	\$2.9	\$4.4	\$4.4	\$4.4
Total expenditure on commercialisation support	\$19.9	\$29.9	\$29.9	\$29.9
<u>Source of funding</u>				
University	\$11.0	\$11.0	\$0.0	\$0.0
SI&T portfolio	\$8.9	\$18.9	\$29.9	\$29.9
Additional SI&T funding required vs status quo	-	\$10.0	\$21.0	\$21.0

28. Under Options B and C we assume that some or all universities will no longer fund post-disclosure commercialisation support if they are not the default provider. This implies that the Government would need to fund a higher share of all post-disclosure, pre-spinout support to university researchers than in the current system (or an enhanced system under Option A).

Options A and B are promising options to explore, but the system is not mature enough for Option C

29. Annex 6 presents a preliminary analysis of the options.

30. Option A would both require the least additional funding and be the easiest to implement. By building on the existing system, it creates the least risk of researchers being unable to access commercialisation support. The offer of government funding could be used to leverage changes that would improve efficiency, such as centralisation of some services and greater collaboration.

31. However, by relying on the existing providers, it risks entrenching aspects of the current system that are responsible for the relatively poor rates of commercialisation. It also does nothing to enhance the researcher's ability to choose their commercialisation support provider, which was implicit in the introduction of the IP Management Policy.

32. By requiring consolidation and introducing some contestability in provision of commercialisation support, Option B has greater potential to drive existing providers to increase their performance and/or to introduce new capability into the system. It could also be designed to give researchers a choice of support provider, in line with the spirit of the Government's reforms to IP management. Implementation of Option B would be marginally more complicated, in terms of an open rather than closed tendering and contracting process.

33. However, as noted above Option B could require substantially higher government funding. Additionally, the market for additional providers has not been tested so there is a risk that there could be no new entry. However, even in this case, existing TTOs might form consortia and still provide greater scale and efficiency relative to the status quo. In the worst case, this option could collapse to the existing system.

34. Option C would be the most significant change to the system and is most consistent with the principle of the IP Management Policy of giving researchers control over the commercialisation path. It may also drive greater performance from existing providers and/or the entry of new capability into the system by creating competition within the market for commercialisation services.
35. However, the success of this option is premised on it incentivising existing TTOs to be better, that there are better service providers out there in the current system, and that researchers have base capability to tell a good provider and deal from a poor one. Our view is that the New Zealand commercialisation system is not currently mature enough for this to be a viable option.
36. Option C would also be the most difficult and costly to implement. It is also unlikely it could be implemented until the research funding reforms are complete. It is for these reasons that we also would not recommend the option of providing specific funding to PhD students to commercialise their invention(s). We will consider alternative options for encouraging students to pursue commercialisation in our later advice.

Commercialisation support for the post-spinout stage

Several players participate at the post-spinout stage, providing some combination of incubation and financial support

37. Opportunities at the post-spinout stage need a combination of both “incubation” (ie, helping build the founding team, refining the value proposition, pitching to potential seed investors, etc.) and the financial capital to perform these tasks. Different organisations provide different combinations of incubation and capital in this post spinout stage.
38. Some university TTOs have the expertise to prepare – or “incubate” – opportunities to the point at which they are ready for private investment, although many do not have the capability to do so. On the funding side, some university TTOs have built funds (eg, Auckland UniServices’ Inventors Fund, or Auckland University of Technology (AUT)’s Innovation Fund) that enable them to provide follow-on investment in their own spinouts. Others rely on attracting private investors if an opportunity is going to be taken further.
39. Private investors typically engage in later stages of development of an invention or venture, when there is stronger validation of the technology and potential market sufficient to present sufficiently favourable risk/reward to their investment. Some private investors (eg, Outset, Movac, Booster) are willing to provide a small amount of ‘pre-seed’ funding at this early stage, typically in partnership with a TTO, to resolve the key questions that would enable them to make a larger investment. It also gives them an informal option to invest if the opportunity does progress to later investment stages.
40. Overall, we observe a gap between where a TTO (supported by PSAF) can advance a project to, relative to when a venture is sufficiently validated to attract private capital. The Government’s key intervention attempting to address this gap is the Technology Incubator programme. This programme funds a selected cohort of venture-capital firms (known as “technology incubators”) to:
 - a. undertake due diligence of ventures at an earlier stage than private investors would typically get involved (via pre-incubation grants of \$35,000 per opportunity)
 - b. support the ventures they select to develop their business model and team (approximately \$3 million per annum spread across the five contracted incubators)

- c. provide the ventures with access to a government-funded concessionary loan (known as a “repayable grant”) of \$750,000, matched by at least \$250,000 of the incubator’s own money, to further develop and validate the technology (approximately \$12 million per annum).

41. Annex 2 describes the various activities that these players perform across the commercialisation pipeline and highlights the overlaps between their activities in this pre-seed stage.

Although the government-funded technology incubators and well-resourced TTOs are active at the post-spinout stage, there continues to be a gap in support available

42. We are currently reviewing the Technology Incubator programme ahead of the current contracts expiring on 30 June 2027. The work so far has highlighted several issues worth examining further, including:

- a. How the venture capital market has matured over the lifetime of the programme, and whether there remains a case for access to the repayable grants to be limited to selected providers
- b. The degree to which the incubation services provide additional value or duplicate services offered through TTOs and/or other providers
- c. The small share of ventures supported by the incubators coming from publicly funded research relative to private sources, and the declining number of ventures overall being supported
- d. Whether the high-equity shares the technology incubators take in return for co-investment work effectively in incentivising them to invest at an earlier stage, considering the issues high-equity shares create for follow-on investment.

43. In the current configuration, only some of the TTOs have the capabilities necessary to incubate ventures to the point at which they are investor ready and traditional private investors are not willing to fill this role. Moreover, both our own analysis and the Aspire Fund review indicate that, while there are promising moves from both university investment funds and some private investors, there is still insufficient capital available at this stage.

44. Concurrent with our review of the Technology Incubator programme, the Minister of Economic Growth commissioned a review of the Aspire Fund. (We understand you may be referred the briefing presenting the findings for the review.) The review also identified a gap in support for ventures, particularly deep tech, prior to Series A funding. It recommended piloting a ‘pre-Aspire fund’ that would invest in startups at the earlier stage of commercialisation. It also recommended that any decisions related to this option be taken in conjunction with decisions on support for research commercialisation provided through the SI&T portfolio, particularly the Technology Incubator programme.

There is still a need for government support at the post-spinout stage, but a newly designed intervention may be more effective

45. Acknowledging the issues with the Technology Incubator programme, the limited capacity of universities to create follow-on investment funds, and the findings of the Aspire Review, there are three possible options for investment in the post-spinout stage:

- A. Retain and redesign the Technology Incubator programme, configuring it to better align with the wider ecosystem and changes in the market since it was introduced, and to address issues with existing policy settings (such as equity share entitlements).
 - B. Consider an alternative mechanism for government co-investment in early-stage ventures, such as repurposing the repayable grants under the Technology Incubator programme into a new fund. This could include:
 - i. A specific fund targeted at very early-stage ventures alongside Aspire and operated by NZGCP.
 - ii. A separate fund or fund-of-funds for universities to provide follow-on investments along the lines of Auckland's Inventors Fund, in line with your proposal (as per paragraph 3).
 - C. Close the Technology Incubator programme and reprioritise the funding currently allocated to it to other commercialisation interventions or other portfolio priorities.
46. We do not recommend Option C. If the Government were to withdraw support for commercialisation at the post-spinout stage, many viable ventures would fail as it is unlikely that organisations outside government (including TTOs) would step up to fill the gap sufficiently. Most TTOs in their current form do not have the resources necessary to build the capability to incubate a venture at this stage of the pipeline. Meanwhile, most traditional private investors are not set up to incubate such early-stage, deeptech ventures, and would rather move their funding to 'safer' later stage investments.
47. We recommend commissioning officials across the SI&T and Economic Growth portfolios to explore Options A and B to identify the most appropriate way to support investment in this stage of commercialisation. We will do this concurrently with exploring the options for funding TTOs above to ensure that support for pre-spinout and post-spinout phases are well aligned.
48. It is important to note in this context that the Technology Incubator programme will transfer to NZIAT in March 2026 and \$60 million of the funding committed for the NZIAT activities reflects the specific funding for this programme. Any options or decisions that remove or reduce the role of the Technology Incubator programme will reduce the overall funding envelope for NZIAT. We will consider the intersection with NZIAT as we consider options and prepare advice.

Next steps

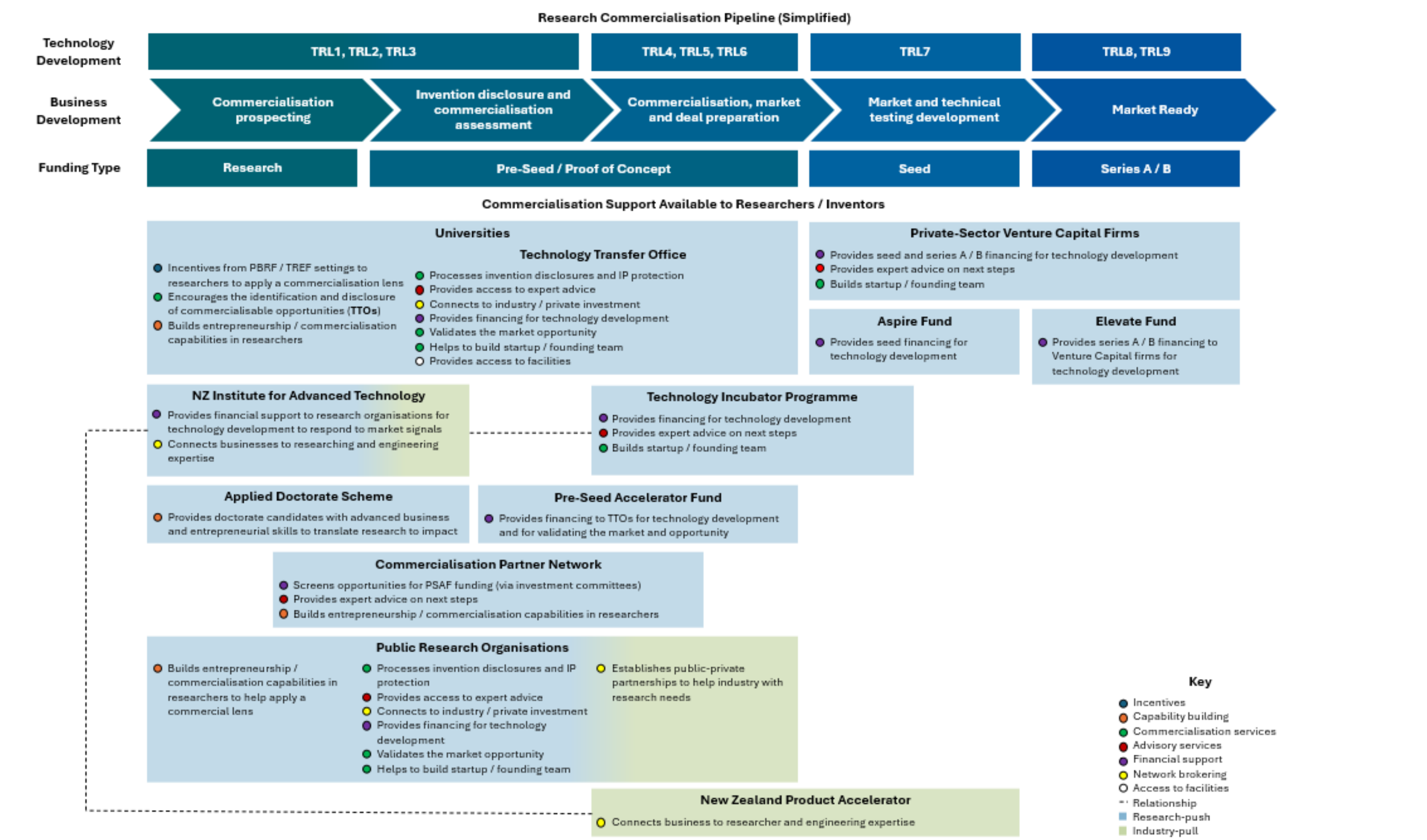
49. We are seeking your direction on which of the broader options you are interested in and would like to see developed further.
50. We will provide further advice on how to build the broader university commercialisation system, which includes incentives for commercialisation by researchers and universities performing research with industry.

Annexes

- Annex 1: Players providing commercialisation support along the commercialisation pipeline
- Annex 2: Description of the activities different players perform along the commercialisation pipeline
- Annex 3: Commercialisation performance of New Zealand universities
- Annex 4: Variation in commercialisation support across universities
- Annex 5: Options for increasing pre-spinout support for researchers

Annex 6: Preliminary analysis of options for providing post-disclosure, pre-spinout commercialisation support

Annex 1: Players providing commercialisation support along the commercialisation pipeline



Annex 2: Description of the activities different players perform along the commercialisation pipeline

Commercialisation activity	TTOs	CPN partners (Kiwinet and Return On Science)	Government-funded tech incubators	Private-sector Venture Capital (VC) investors
Training in entrepreneurship/commercialisation	Variable – UoA has the Centre for Entrepreneurship and Innovation (developing entrepreneurship capability among students and staff)	Yes - KiwiNet Emerging Innovator Programme, Get Funded workshops	Not to a great degree - Some run workshops	No
Identifying commercialisable opportunities arising out of research activity and encouraging engagement in commercialisation	Yes - TTOs prospect to understand where there is commercial potential and engage early to get research on a commercial track (within capacity constraints)	Work with TTOs to encourage commercialisation amongst researchers	Not to a great degree – some may engage early with TTOs when a relationship has been established	Unlikely
Processing invention disclosures	Yes	No	No	No
IP protection, including resolving disputes relating to inventor contributions	Yes	No	No	No
Early expert advice on next steps	Yes, though variable – where expertise is unavailable in-house, external consultants are sought	Yes, through access to network (including investment committees) for testing opportunities	Yes – the Pre-Incubation grants can provide useful insights into what is needed to become investment ready	No
Funding to resolve technological questions	Yes – TTOs can support this with help from PSAF funding	Only as administrators of PSAF.	Yes (in some cases) – an incubator may be able to address these questions with the Pre-Incubation Grant or invest early enough to support this activity through the Repayable Grant	Maybe – Some investors may invest early enough to support this activity, but this is not usual
Advisory supports (eg business plan development, financial management and modelling, capital raising, investment pitch, etc)	TTOs can support this with help from PSAF funding	Can connect researchers to experts across the system	Yes – different type and scale of support available through different incubators	Yes – to the ventures they invest in, however not all VCs are investing this early
Access to facilities to pursue further commercial development	Yes, in negotiation with parent research organisation – although not all facilities will be fit for validating commercial opportunities	No	No	Not usually – though Outset is an outlier with its 60,000 square feet facility
Build startup / founding team	Yes	No	Yes – often appoint Board members from their Investment Managers	Some private VCs will appoint Board members to the ventures they invest in (eg, Outset, Movac), but not all VCs invest this early
Financing for technology development	UoA and AUT have inventors' funds, and others have or had them, but it is limited funding available in this phase	No	Yes – via the Repayable Grant	Some private VCs will invest this early (eg, Outset, Movac, Booster)

Legend: orange: engaged in activity; pink: somewhat engaged, red: not engaged

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Annex 4: Variation in commercialisation support across universities

51. There is considerable variation in the level and nature of the research commercialisation support for researchers provided across New Zealand universities.
52. Table 4 illustrates the variation in the amount and type of support researchers have access to for commercialisation post-disclosures across universities. There are three areas of variation:
- Institutional project funding** is indicated by the amount of PSAF funding the university received (as the university is required to match this 1:1) and the existence and size of a commercialisation fund
 - Entrepreneurship capability building** is important for building awareness of opportunities and upskilling researchers/inventors for research commercialisation. TTOs may provide some of this training as a secondary activity but this is more typically provided by a school/department within the university. Auckland and Canterbury universities have centres of entrepreneurship offering a range of workshops and mentorships. Other universities may have some programmes delivered by the business department but these appear to focus on supporting students rather than wider support for researchers.
 - Commercialisation expertise** of TTOs is difficult to measure. A low number of full time equivalents (FTE) in the TTO per disclosure (as in the table) may indicate under-resourcing or greater expertise and efficiency of support. In the cases of Canterbury and Auckland it is likely that TTOs are operating more efficiently due to the institutional wrap-around supports and, in the case of Auckland, given the greater translation of disclosures to spinouts or licences. Additionally, Auckland's TTO (UniServices) is also likely to be highly capable, as it runs the Return on Science, one of the providers of the Commercialisation Partner Network.
53. Table 5 captures the variation in the priorities and signals that may influence the allocation of resources for research commercialisation support in universities. There are two areas of variation:
- The degree of priority** afforded to innovation and commercialisation in the institution. Auckland and AUT strategy and vision documents have a priority pillar for commercialisation and entrepreneurship, with Otago having it as a growing priority. Establishing the priorities likely requires the influence of a senior leader advocating for the prioritisation of commercialisation. Auckland, Canterbury and Otago have all have a Deputy Vice-Chancellor of Research and Innovation, while Auckland also have a Pro Vice-Chancellor Innovation and Enterprise.
 - Connections with the private sector** is important for commercialisation, both in terms of signalling to the university and for eventual downstream, later stage private investment. Both the Auckland and AUT are centred in New Zealand's largest high technology hub . Otago, being more isolated than larger regional economies, focuses on digital and international engagements, while maintaining strong local connections. The other universities are located in medium regional economies, and often have strong ties with relevant industries, such as the Lincoln and Waikato TTOs having strong connections with the primary sector.

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Table 4: Indicators of Support for Research Commercialisation – New Zealand Universities

University	Government Commercialisation support (p.a.)	TTO FTE / Invention Disclosure ⁵	Commercialisation Fund	In-House Commercialisation Support Programmes
	Confidential advice to Government		In-house body of funding used to fund pre-seed commercialisation projects to students and staff	One-to-one mentorship, one-to-many workshops, incubator spaces
Auckland			Large body of funding (\$40m)	Dedicated wrap-around programme, on-campus incubator space to staff/students
AUT			Small body of funding (\$5m)	Variety of programmes to students
Waikato			No body of funding	No programmes, with a shared working space with industry
Massey			Project-level funding	Package of programmes to students
VUW			Strategic relationship with Booster	Ad-hoc support with connections to students
Canterbury			No body of funding	Package of programmes to students, on-campus incubator-like space
Lincoln			No body of funding	No programmes
Otago			Project-level funding; strategic relationship with Booster	Some ad-hoc support to students

strong, medium, weak comparative assessment

⁵ Confidential advice to Government

⁶ Confidential advice to Government

⁷ Confidential advice to Government

Table 5: Upstream Inputs and Signals for Research Commercialisation – New Zealand Universities

University	Strategic Priorities	(Deputy) Vice Chancellor of Innovation and/or Entrepreneurship	Department of Innovation and/or Entrepreneurship	University-private sector relationship
	Commercialisation as a priority in the institution's Strategy / Plan	Senior leadership advocating for and developing commercialisation, innovation and entrepreneurship	A school or unit that can build entrepreneurship capability among researchers	The university embedded in the high-tech private-sector and investor spaces
Auckland	Strong priority	DVC Innovation and Enterprise	Centre for Innovation and Entrepreneurship	Strong ties, high scale
AUT	Strong priority	DVC Research	No school/unit	Strong ties, high scale
Waikato	Minor priority	DVC Research	No school/unit	Medium ties, medium scale
Massey	Minor priority	Provost	No school/unit	Medium ties, medium scale
VUW	Minor priority	DVC Research	No school/unit	Strong ties, medium scale
Canterbury	Minor priority	DVC Research and Innovation	Centre for Entrepreneurship	Strong ties, medium scale
Lincoln	Minor priority	No relevant DVC	No school/unit	Medium ties, medium scale
Otago	Growing priority	DVC Research and Innovation	No school/unit	Medium ties, low scale

strong; medium; weak comparative assessment

Annex 5: Options for increasing pre-spinout support for researchers

Option A: Directly fund provision of commercialisation services by existing providers (ie, university TTOs), supplemented by increases in CPN and PSAF

54. Under Option A, the presumption would be that researchers who wish to obtain commercialisation support would seek that through the TTO of their home university. Hence, any increase in government support would be channelled through the existing set of TTOs.
55. Under this option the Government would directly contract additional commercialisation services to researchers from the existing TTOs. There are options for how this procurement could be structured, for example
 - a. Government could provide a base funding for each TTO, which universities may choose to top up from their own resources to scale or increase expertise of the TTO beyond a minimum level of service.
 - b. Government funding could match or top up the funding that the universities currently provide to their TTOs, ensuring that universities maintain at least the existing level of support to receive the additional funding.
56. In return for providing funding, government could require the universities to undertake actions to make the system more effective. For instance, requiring universities to centralise some activities or expertise at a national level or encouraging TTOs to collaborate and share expertise across universities, beyond what can already be achieved through the CPN programme.
57. If additional support for commercialisation provided to the TTOs is successful in generating more disclosures and commercialisation opportunities, PSAF funding would also need to increase, as would CPN funding to facilitate the increased flow of projects coming before investment committees.

Option B: Grant funding to existing TTOs, consortia of TTOs, and/or non-TTO providers through a more contestable process, supplemented by CPN and PSAF

58. Under Option B, the Government would procure commercialisation services for researchers through a wider tender process, structured in a way to encourage consolidation of resources and expertise, and reduce duplication of resourcing relative to the current system. Successful applicants/consortia would be required to provide commercialisation support (of a specified quality) to all researchers (regardless of home institution) at a certain location (or locations), within a particular field (eg, medical), and/or that meet certain criteria. This would provide a mechanism for researchers who choose to not commercialise with their home institution to choose from within a pool of other providers.
59. The range of potential providers would expand to include those other than the researcher's home TTO, such as the TTOs of other universities, consortia of TTOs (for instance, KiwiNet), and third-party organisations that do not currently provide pre-seed commercialisation support (eg, tech incubators or other early-stage investors). Existing TTOs would be eligible to bid to provide commercialisation support to researchers at their home institution, but they would need to compete with other providers, including potentially the TTOs of other universities, to justify why they are able to provide the best service.
60. As university TTOs may no longer be the default provider of commercialisation support to the researchers at their institutions, it is reasonable to assume that some or all universities will no

longer be willing to fund their post-disclosure commercialisation support for those researchers. Instead, the Government would need to be prepared to provide funding to replace the funding that universities currently provide for their TTOs (ie, the Government would take over responsibility for funding all post-disclosure, pre-seed commercialisation support).

61. As for Option A, if this successfully supported more projects being commercialised, we would expect greater demand for PSAF funding and access to CPN would increase. Therefore, funding for these would also need to increase.

Option C: Provide researchers with a “voucher” for commercialisation support, with the CPN investment committees as a governance mechanism

62. Under Option C, researchers that had generated an invention would receive a “voucher” or an entitlement to a certain amount of commercialisation support funding. They could then redeem at their chosen provider of commercialisation support.⁸ The “voucher” could either be a conditional top-up to or extension of funding in a research grant provided from within the SI&T portfolio or could be established as a separate programme.
63. To access the voucher, the researcher would have to generate an invention that meets certain criteria. The funding could be unlocked – potentially in stages, similar to PSAF – by a gatekeeper(s) (eg, the research funding body or an approved provider at the first stage and a CPN investment committee at a later stage).
64. As the funding provided through the voucher scheme would cover the same activities as funded by PSAF, it would essentially take the place of that scheme. However, it would need a similar set of governance institutions to PSAF and would effectively operate in a similar way (except that the researchers would not be tied to their home institution to access the funding).
65. This scheme would also replace the funding support provided to researchers through their TTO. Some universities may choose to be approved providers and continue to offer services under this option, but there is a significant risk that universities would not be willing to continue funding commercialisation support under this scheme. We expect this would mean government funding may need to cover a greater share of the cost of commercialisation support relative to other options.
66. While this option would replace PSAF, there would remain a need for CPN investment committees, and greater demand for these services would require an increase in funding.

⁸ The set of providers and the uses of funding would be limited to protect against abuse.

Annex 6: Preliminary analysis of options for providing post-disclosure, pre-spinout commercialisation support

Option	Intervention logic	Pros	Cons	Budget implications	Delivery implications
Option A: Directly fund existing TTOs, supplemented by CPN and PSAF • Commission a certain amount of commercialisation support services from existing TTOs • Match or top-up existing university funding • All existing TTOs eligible • Complement with CPN + PSAF	Constraint on increased commercialisation is inability of existing TTOs to identify and support opportunities due to lack of funding	• Relies on established institutions (TTOs) to provide support ⇒ builds on existing expertise • Ensures support continues to be available at all institutions • Evens out “quality” of support across institutions • Removes perverse incentives to make a return from commercialisation activity • Helps universities to support researchers under terms of new IP management policy	• MBIE will need to build and operate new mechanism to procure services and monitor provision • Entrenches existing institutions as primary support providers • Does not enhance researcher choice of support provider • Potentially reduces pressure on universities to invest in commercialisation and/or university interest in commercialisation	• Requires additional funding from new or reprioritised funds • Would also require - additional funding for PSAF to support increased opportunities entering pipeline - additional funding for CPN to manage increased pipeline	• Could potentially be provided within scope of existing CPN programme • Minimal to some resource required to stand up new mechanism, minimal for ongoing operation

Option	Intervention logic	Pros	Cons	Budget implications	Delivery implications
Option B: Grant funding to a wider range of providers, supplemented by CPN and PSAF - Commission a certain amount of commercialisation support services via open tender - Replace existing funding to TTOs - Potential providers could be existing TTOs, consortia, and third-party providers - Complement with CPN + PSAF	Constraint on increased commercialisation is inability of existing TTOs to identify and support opportunities due to a combination of - lack of funding and/or - lack of capability in existing TTOs	- Contestability / competitive threat could force TTOs to sharpen their service offering - Concentration of providers could increase economies of scale / streamline commercialisation support provided to researchers - Entry of third parties could bring in new capability, connections, and orientation (eg, increased commercial focus) - Can be designed to give researchers a choice of service provider where support quality was still an issue - Stimulates growth of a broader commercialisation ecosystem beyond traditional TTOs	- MBIE would need to build and operate a new mechanism to procure services and monitor provision, possibly more complicated than Option A - Market has not been tested ⇒ unknown willingness of TTOs to compete for more business and/or third parties to enter the market - Would be very difficult to target ⇒ funding would replace / crowd out existing university investment - Potentially reduces pressure on universities to invest in commercialisation and/or university interest in commercialisation	- Requires additional funding from new or reprioritised funds - Would also require - additional funding for PSAF to support increased opportunities entering pipeline - additional funding for CPN to manage increased pipeline	- Could potentially be provided within scope of existing CPN programme - Some resources required to design and stand up new mechanism, minimal for ongoing operation
Option C: Provide researchers with a “voucher” for post-disclosure support - Could be provided as top-up / extension to research funding - Access to funding would need to be “unlocked” by external gatekeeper - Could be the research funding body (RFNZ), an approved provider, or CPN investment committees - The set of providers / uses of funding are limited to protect against abuse	Constraint on increased commercialisation is combination of - Psychological barriers researchers face in considering commercialisation as part of research agenda - Lack of choice to researchers in commercialisation support provider and/or lack of capability in their home TTO - Lack of funding	- Explicitly gives researchers a choice of service provider - Because will be seen as an entitlement by researcher, provides stronger incentive to work on commercialisable projects / think about commercial applications from Day 1 - Entry of third parties could bring in new capability, connections, and orientation (eg, increased commercial focus) - Nests proposal to provide commercialisation funding direct to PhD students - Stimulates growth of a broader commercialisation ecosystem beyond traditional TTOs - Can potentially be built into redesign of research funding system	- May require significant resources to govern and monitor use of “voucher” (eg, determining whether proposal meets conditions to unlock it, reviewing uses / choice of provider) - Market has not been tested ⇒ unknown willingness of existing TTOs and/or new third-party providers to offer services under this model - Setting and managing funding is challenging (ie, unpredictable pipeline and complex appropriation management) - Lack of direct funding could weaken universities’ commitment to commercialisation	- Requires additional funding from new or reprioritised funds - Replaces funding to both TTOs and PSAF - Would also require - additional funding for PSAF to support increased opportunities entering pipeline - additional funding for CPN to manage increased pipeline	- Potentially considerable resources required to design and to administer the mechanism on an ongoing basis - Options for fund administration: - Ring-fenced funding at end of research funds, with conditional unlock - Devolved allocation to all Universities/PROs “Unlock” managed by research funding body (RFNZ), approved providers, or CPN investment committees