



# USM Start Up / Spin Off Roadshow

# Why Start a New Company?



- 01 Value add to the technology
- 02 Flexibility and autonomy
- 03 New ecosystem @ USM
- 04 Contribute to economy & society
- 05 Wealth creation

Benefits outweigh risks

Opportunities for greater financial returns

Too early for industry

Committed Founder(s)

# DEFINITION

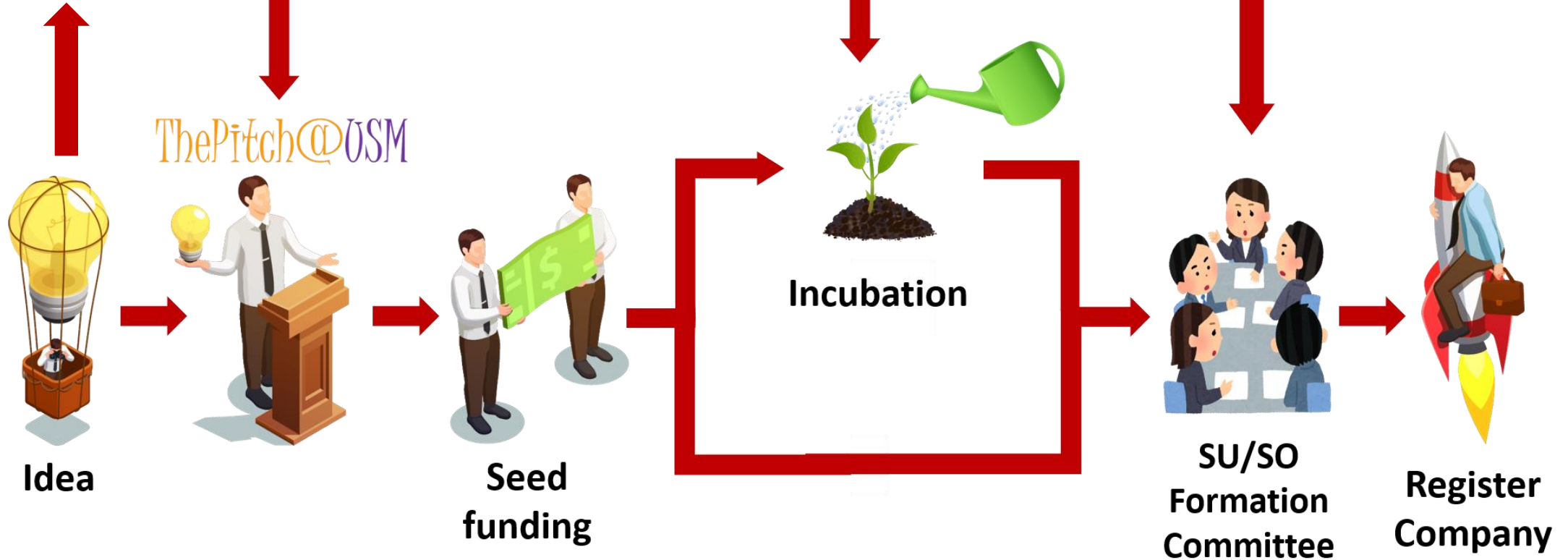
## Start-Up:

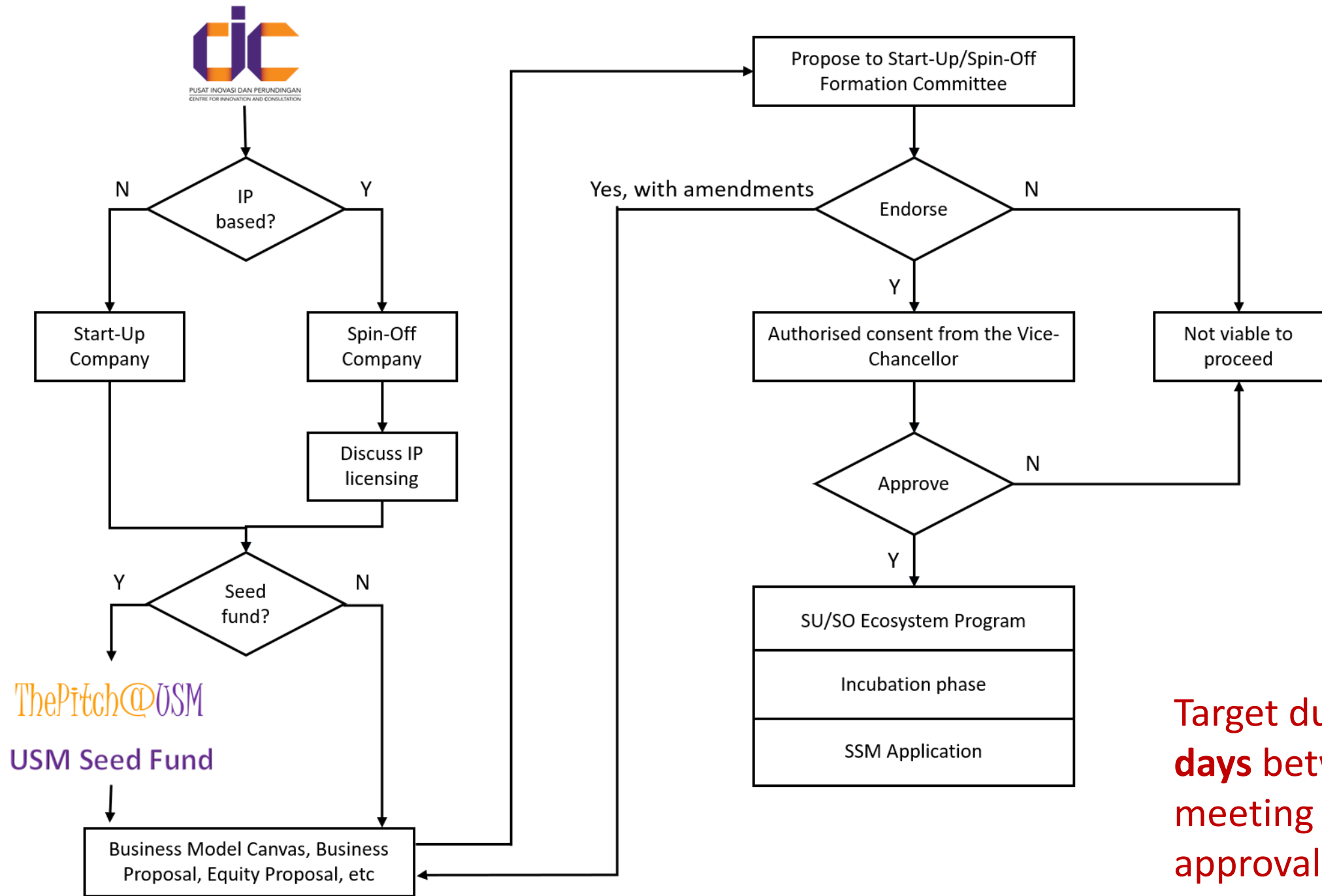
- Not created from University research
- Focuses on a single idea
- Exploits a current market niche

## Spin Off:

- Based on University's IP
- Formed to commercialise research innovations







Target duration is **40 days** between first meeting with CIC to approval by VC

# Pre-Company Formation

## Intellectual Property

- IP protection – current and future
- Due diligence
- License / Outright sales
- Pipeline IP

## Business Proposal

- Determine offering and value proposition
- Demonstrate viability and commitment
  - Background
  - Product/Service
  - Market
  - Management
  - Risk analysis
  - Finance
  - Exit

# Pre-Company Formation

## Funding

- Seed funding from
  - ThePitch@USM – Phase I (RM5-10k)
  - USM Seed Fund – up to RM50k
- Fund raising from third party

## Involvement

- Must be endorsed by VC
- Founders – time commitment, focus on technical development
- Staff must apply for “Permohonan Kerja Luar” and/or “Kelulusan Khas”
- Incentives and remuneration must be authorised

# Pre-Company Formation

- Founder(s) and University/subsidiary
- SUSO Formation Committee to evaluate proposition and present recommendation to VC for approval
- % University equity to be decided on a case-by-case basis (suggested 5% – 20%) based on IP, space, laboratory services, equipment, and funding

**Equity Division**

**Need to demonstrate a link to the University**

**MyRA**<sup>®</sup>  
MALAYSIA RESEARCH ASSESSMENT

**9** INDUSTRY, INNOVATION  
AND INFRASTRUCTURE





01

Foster  
entrepreneurial  
culture @ USM

02

Embark on  
start-up  
learning curve

03

Job creation

04

Graduate  
employability

05

Internship

06

Pre-comm  
funding

07

Equity – options  
and shares

08

Branding

09

Income –  
rental, fees

What is in it  
for the  
University?

# Company Structure

## Board of Directors

- University might stipulate a non-executive seat in the Board
- Recommended to meet every quarter in the first 2 years, and at least once every 6 months thereafter

- Private limited company (Sdn Bhd)
- Need to appoint a Company Secretary and a company auditor
- Must hold its AGM within 6 months of accounted year end
- New Section 17A of the MACC Act 2009 enables commercial organisations and associated persons to be subjected to legal proceedings should the person commits corruption offences

# Company Structure



**SURUHANJAYA SYARIKAT MALAYSIA**  
**COMPANIES COMMISSION OF MALAYSIA**  
( Agensi di bawah KPDNHEP )

## Documentations

- Facilities and Services Agreement
  - Use of space, service and facilities at the University
- Licensing/Commercialisation Agreement
  - Current IP, pipeline IPs
  - Fees, royalties, consultancy, etc
- Shareholders' Agreement
  - Terms for shares subscription
- Memorandum & Articles of Association
  - Constitution of the company

# Company Structure

## Requirements

- At least 2 directors, residing in Malaysia
- A natural person
- 18 years and above
- Of sound mind
- Not disqualified under Companies Act 1965

## Executive vs Non-Executive

### Executive:

- Full time salaried director
- Delegated with managerial or executive powers by the board to manage the business

### Non-Executive:

- Does not work for the company full time
- Receive relatively smaller director's fees
- Determine the overall policy of the company

## Phase 1

Managed by CIC

### Initial

- Initial meetings
- Proposal
- Business model
- IP protection and IP due diligence

### Evaluation

- Induction
- Entrepreneurial training program
- Market validation
- ThePitch@USM
- Licensing/ Commercialisation Agreement

### Incubation

- Incubator services
- Entrepreneurial training program
- ThePitch@USM
- Technology development
- Market traction

### Graduation

- Scaling up of business
- Graduate from the programme
- Moving out

**Targeted: 40 days**

## Phase 2 & 3

Managed by incubator team/USAINS

# Exit Strategy



— **Trade sale** – sale of assets and business

— **Merger** – merge with another company

— **Redemption of shares** – share returned to the company

— **Initial public offering** – raise capital from public by listing in stock exchange

— **Winding up** – subject to winding up rules and procedures





Thank  
You!