Warwick Ventures Software Incubator

A guide for entrepreneurs

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This guide has been written to guide prospective entrepreneurs through the process of establishing innovative software ventures within the Warwick Ventures Software Incubator.

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WARWICK VENTURES

Who we are and what we do

Warwick Ventures is a team of technology transfer professionals who specialise in the commercialisation of cutting-edge innovation arising from the world-leading research at the University of Warwick. Our staff typically have scientific PhD’s and many years of business experience – having worked within industry or having set up and run their own startup businesses and consultancies.

Our day job is offering advice and services to the University’s innovators to support them throughout the process of generating impact (which may include a commercial return) from their research, whilst allowing them to maintain their academic focus.

Working closely with industry and investors, we provide them access to the best of the University’s Intellectual Property whilst giving the University’s innovators access to early-stage development funds. We support technology development, negotiate licensing deals and create spin-out companies that retain close ties to the University’s expertise. Our innovations span a wide range of technologies and sectors, and new innovations emerge every week.

Warwick Ventures is a wholly-owned subsidiary of the University of Warwick and plays a key supporting role in building the University’s reputation for research excellence.

Since our formation in April 2000 we have...

- Won £30 million worth of grants and contracts
- Identified 1100 innovations
- Filed 370 patents
- Signed around 100 licences with external companies, generating £2 million income
- Created 79 spin-out companies
- Raised £55 million of venture capital for those companies
- Generated and managed a share portfolio now valued at over £4 million
WARWICK VENTURES SOFTWARE INCUBATOR

Assisting the next generation of software entrepreneurs

Recognising a growing body of expertise and entrepreneurism in the area of software development within the University we are now seeking to encourage and facilitate this exciting development through the facilities and services being offered within our new Software Incubator.

Our aim from this new initiative is to assist in helping young, ambitious and entrepreneurial students and researchers develop their own startup businesses based upon their own proprietary IP.

Unlike most of the IP we deal with, most software-based IP does not require the expensive protection of patents or expensive research facilities for further development and proof of concept testing of the technology. However it does require some significant technical or commercial development in order to move the idea towards being a feasible business opportunity (e.g. creating a user-friendly interface for the software or identifying and building a potential customer base).

At this stage of development most projects require significant effort to progress their development, but little external funding – time and coding hours being the greatest requirement.

The Warwick Ventures Software Incubator seeks to offer prospective entrepreneurs an additional path towards the formation of their own startup company. Budding entrepreneurs will find our model most appropriate when their business concept:
➢ Builds upon an existing idea or early stage IP

➢ Has a credible plan to establish and grow the business

➢ Requires significant further work to develop IP

➢ Has "self-starting" founders who are willing to put the effort in to develop their idea into a credible early-stage business

➢ Does not require immediate external investment, extensive staffing or a full-time CEO.

Should your business idea fit the above criteria and you are keen to translate your software into realistic business opportunities then the Warwick Venture Software Incubator could be the right place for your company to flourish.

The Incubator (established in 2013) has been designed to offer appropriate support to assist the development of products or services within early-stage start-up companies; accelerating the timeline towards achieving a return for their idea and when necessary helping to secure external investment.

If you have an idea or software that you think could form a commercial opportunity and the time and energy to start your own venture, then please get in touch to discuss how we can help you achieve your ambitions.
Am I eligible?

The Warwick Ventures Software Incubator is targeted towards helping budding entrepreneurs that have an existing or former connection with the University of Warwick. Applications are welcome from existing students, alumni, and researchers or staff who are currently working at the University. Maybe you are reaching the end of your course or are close to finishing your PhD or post-doc position and you are seeking the opportunity to develop your work into commercial reality. If so then the Incubator could be for you.

With this in mind, it is of fundamental importance that any entrepreneur considers the effort involved in taking their business/idea to commercial reality. Students and staff must ensure that their activities within the Incubator do not adversely affect their work/study responsibilities and conversely University and academic obligations must be no impediment to their involvement with the business venture.

Finally, and perhaps most importantly, participants should expect to have no or very few earnings during the development phase. Make sure you have finances in place to cover your costs over this period.
Is my business suitable?

Firstly be assured that the stage of the business does not matter – we aim to assist you with the development of your software business opportunity whether you have yet to form a company, or it has already been incorporated. What is important is that you have a good idea and the drive to take it forward.

To help you with this, we aim to minimise the early overhead costs and risks to your business during its most fragile stage – helping you go get your business into a state where it can stand on its own feet and ready for that early-stage investment which can take the company to the next level.

For a business venture that has yet to be formed into a company we will assist with early trade if appropriate.

The key characteristics we consider for acceptance into the Incubator are:

- **Entrepreneurial founders** – Ultimately the success of the business relies upon substantial input from the entrepreneur founders to add value to the original IP and develop the new IP needed to form commercial products or services. Founders must be willing and able to commit very significant time and effort to the development of the venture. This contribution by the entrepreneur founders throughout the incubation process is reflected by the maintenance of the equity stake held by the entrepreneur founders.

- **Pre-investment** – Our services are targeted towards early-stage businesses/ideas that do not require any initial financial investment in order to achieve revenues which are sufficient to sustain the company in its own right. This model not only dramatically reduces the need for upfront professional support but it also ensures that companies do not over-stretch themselves by taking on employees or a CEO before they can afford it. A “do-it-yourself” approach is what’s needed to take your software business forwards with minimal financial risk to yourself.

- **Entrepreneur’s IP** – Your business will most likely be based on an idea you have made independent of any University research. This
initial concept will require development to take it towards being a commercial product.

➤ **University IP** – The business has arisen from an idea which originated at the University but which could not be commercialised through the usual mechanisms of licensing or startup formation. Such ideas could form the basis of a potential product or service, but they need considerable further development in adding to the existing IP or transforming the IP into products or services with real commercial prospects.

➤ **No patent** – Patents are expensive and require significant management. The Incubator will only accept ventures based upon intellectual property that consists of copyright, know-how and/or data.

There may be some cases where businesses are to be formed which rely upon software developed by individuals who do not want to be part of the proposed business venture. In such cases (where the technology may have been licensed into the company) the Incubator requires that the founders demonstrate a full knowledge of the software and its planned development. It is also required that they (the founders) show the commitment to take the idea forwards towards commercialisation.

**A few other things to consider:**

➤ The Incubator is only open for software-based ventures.

➤ The company must not require any external investment prior to entry into the Incubator. Should your venture need such funding to get off the ground then it is likely that the Incubator would not be suitable for your business and that you would be better forming a “traditional” startup company. Warwick Ventures can of course help you with this.

➤ Compliance with funding obligations - As with any commercialisation project, any IP arising from research carried out at Warwick may carry obligations to the funding bodies that sponsored the original research. It is paramount that these obligations are observed. It is possible that in certain cases these obligations may be obstructive
with respect to your commercialisation plan. Warwick Ventures will check for this as part of our due diligence process before accepting you for entry into the Incubator and will advise you on whether it is possible to take your plans forward.

How it works

Being part of the Incubator means that you have access to facilities, advice and support which can prove invaluable in helping your fledgling business move to the next level.

Active mentoring of entrepreneurs by Warwick Ventures helps you to be focussed upon developing your business with a true market focus – creating products and services which address a need in the marketplace and consequently giving your business a much greater chance of success than those without this clarity of vision.

The first step is presenting your idea to Warwick Ventures and we will then work together to decide whether it is appropriate to enter the Incubator. If selected, the entrepreneur founders will be asked to enter into an agreement with Warwick Ventures. This is to ensure that each party fully understands the terms and conditions of the Incubator.

There are a number of different Modes assigned to projects within the Incubator – with these being primarily dependent upon the status of your business, products and services. These are described in greater detail later in this guide (see the INCUBATION MODES section).

Businesses will require different degrees of support. This will be dependent upon their business model and their mode of development. Furthermore, the Incubator aims to offer entrepreneurs the following assistance:

- Business consultancy
  - Commercial mentoring
  - Helping with the incorporation of your company
    - Helping with necessary legal documents e.g. Shareholder Agreements, Articles of Association, Service Contracts and Option Agreements etc.
Access to business documents - Non-disclosure Agreements, Licensing Agreements, Website terms and conditions and privacy policies.
- IP advice and management
- Search for additional management personnel
- Possible Warwick Ventures representation on the Board (once the venture is incorporated in Mode 2 or 3)

Financial advice
- Identifying funding sources
  - Assisting in applying for translational funding
  - Helping you identify and deal with Venture and Angel investors
- Assistance in identifying potential licensees
- Deal benchmarking – help with pricing and/or licensing terms
- Deal negotiation – ensuring you get the best deal for the sale or licensing of your technologies

Office Facilities
- Using the Accounting, Insurance and Legal systems of Warwick Ventures (in Mode 1). Signposting to equivalent professional suppliers of these services in later Modes.
- Business enquiry handling
- A “shop window” for your products and help in establishing an internet presence
- Access to meeting rooms and phone access
- Shared facilities for development and operations

Other benefits
- Connection to the Warwick Business School, WMG IIPSI, and Science Park.
- Access to Warwick Ventures/University sponsored events
- Access to a “Hot-house” of like-minded entrepreneurs within the Incubator

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1 N.B. Warwick Ventures legal, accounting and insurance support acts on behalf of the University and Warwick Ventures only. It is not able to give formal professional advice to others including you. If you need formal professional advice you must take this independently of the University and Warwick Ventures.
As well as offering the support listed above, the Incubator allows projects an umbrella to trade under before assuming the costs and risks of full incorporation – with full commercial support from experienced Warwick Ventures Business Development Managers.
INCUBATION MODES

The Incubator aims to assist businesses that are in three distinct stages of their development:

<table>
<thead>
<tr>
<th>Mode 1</th>
<th>Mode 2</th>
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<tbody>
<tr>
<td>Pre-incorporation - the venture has yet to be registered as a limited company, is actively developing the business, through software and business development, and can trade through Warwick Ventures Limited.</td>
<td>Incorporated as a limited company and grows through trading. The company may generate sufficient revenue not to need to progress to Mode 3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mode 3</th>
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<tbody>
<tr>
<td>Successfully incorporated and needs external investment - the company has now reached the stage where it requires external investment to grow.</td>
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</tbody>
</table>

Businesses can only join the Incubator in either Mode 1 or 2 – but it is our hope we can progress most businesses towards Mode 3 during your stay in the incubator.

**Mode 1: Pre-incorporation**

- The company has yet to be legally formed – it has no directors or employees. The founder(s) is likely to be self-employed, or is a member of staff/student of the University.

- At this very early stage of the business, it is unlikely that you will have developed your software or service offerings to justify the risks and costs associated with incorporating your company. However it could be possible to start trading – initiating business activities and building up an early client base. Within certain practical, legal and financial limits the venture can start to develop, as well as market and trade its products and services through the Incubator. In such situations Warwick Ventures acts as your sales
agent – using its legal and financial administration to support your fledgling business.

- Warwick Ventures’ staff will oversee business operations within the Incubator, acting as an umbrella company for your business. Warwick Ventures will maintain exclusive signing authority on behalf of the business at this stage.

- The founders of the business and Warwick Ventures will initiate regular ‘board’ meetings (no less than once every 3 months) to ensure adherence to agreed development and business timelines.

- In return for entry into Mode 1, the business agrees to give equity in the future company to the University in return for the services of the Incubator (i.e. Warwick Ventures). If you succeed then we succeed. This also acts as an incentive for the venture to exit Mode 1 as soon as it is able to do so.

**Mode 2: Incorporated Company**

Entry into Mode 2 comes following the successful incorporation of your company; with it assuming its own responsibilities as a legal entity. Incorporation not only entails registering with Companies House but also securing insurance, keeping company accounts and formal company returns to Companies House, and taking on employer’s duties and similar obligations. By this stage the venture is a fully fledged business.

As part of the incorporation process the initial equity of the company has been allocated and it becomes increasingly impractical to continue issuing equity as a means of payment for services to Warwick Ventures. Therefore in Mode 2 the business will be charged cash for the continued use of services within the Incubator. Moving into Mode 2 can prove attractive to the founders as this means that there is no longer a requirement to pay for Incubator services with equity. It is important to note that the activities and services available to Mode 2 companies can only be accessed if the business has been capitalised and has access to adequate finances to cover its on-going costs. As an incorporated business, the company may choose to relocate to another specialist early-
stage facility such as the University’s IIPSI (if within a relevant theme) or Venture Centre on the Science Park.

**Mode 3: Incorporated company which requires investment**

At this point your business may need external investment to grow. Through business expertise and links to funding opportunities the Incubator will advise you on the size and type of funding/investment you might require and then help identify suitable funding sources. Once your finance has been secured then we would normally expect your business to exit the Incubator but in exceptional cases the venture may continue in the Incubator in this Mode 3.
COST – Charges and Equity

The following charges apply in return for the various facilities and services being offered by the Incubator (as detailed previously):

Mode 1

➢ An initial charge of 10% of pre-money equity in the future company is levied as a condition of entry into the Incubator.

➢ If the company is still in Mode 1 after 8 months, the University takes a further 1% equity for each subsequent month or part-month in return for the continued use of Incubator facilities and services.

➢ The maximum shareholding of the University in the venture will be 20% - meaning that your company cannot stay in Mode 1 for longer than 18 months in total.

Modes 2 and 3

As with entry under Mode 1 there is an initial minimum charge of 10% of equity levied upon each company entering the Incubator. Unlike Mode 1 companies there will be no further equity charges levied but there will be cash charges made instead. We can appreciate the need for early companies to hold on to their cash, so Incubator charges will be 10% of your business revenues up to a limit of £10,000 per annum but with a minimum charge of £250 per month.

General Terms

➢ The charges described above are in return for the Incubator services described earlier in this guide.

➢ No additional charges will be applied for reasonable use of Warwick Ventures facilities such as meeting rooms or photocopying.
➢ Time and advice from Warwick Ventures staff also comes free to Incubator companies.

➢ Shares in Incubator companies will be held in the name of University of Warwick and managed by Warwick Ventures Ltd.

➢ Upon licensing University IP into the venture any debits will be incorporated into the Licence Agreement.

➢ Occasionally small amounts of translational funding are required to pay for incidental venture needs. Such translational funding can be awarded by Warwick Ventures its need will have to be agreed by Warwick Ventures and those involved in the venture. For example, translational grants may be required for preparation of marketing materials, website design, application for a trademark, commercial software, IT hardware or services. Any translational funding granted by Warwick Ventures will be treated on a 'cash+10%' recharge basis to the venture. If a venture has already accumulated revenues that can cover such expenses itself then the additional 10% charge will not apply.
LEAVING THE INCUBATOR

No venture may stay in the Incubator for longer than three years so at some point your company is going to have to leave.

Successful exit

As a result of your hard work and the support from the Incubator your business is now ready to leave the Incubator – being at the point where many of the support services that the Incubator provides are no longer needed and you have enough finance to move into your own premises.

When the time to leave approaches any outstanding credits and debits will be settled or a mutually agreeable repayment plan can be arranged as part of a commercial licence of the Warwick IP into the business.

Winding up of the business

Despite everyone’s best efforts sometimes things do not go to plan and businesses fail. In such unfortunate circumstances, work on the business comes to an end whilst in Mode 1. This will not leave any residual charges to the entrepreneur but will see all IP being retained by the University so that it may still be commercialised at a later date.

Should your business be suspended or closed down whilst in Mode 2 then there will be a number of administrative arrangements needed to be made with Companies House. As part of the winding down process all IP will be assigned to the University creating the possibility to still commercialise the IP through out-licensing to another company – a situation which would prove beneficial to the inventors and/or developers through the University’s revenues share policy (see the University’s Financial Procedure 13).

It is a pre-requisite of entry to the Incubator that any venture, no matter which Mode it is in, must undertake not to create a situation of insolvency. To prevent this situation arising Warwick Ventures requires access to your business accounts at all times.
INTELLECTUAL PROPERTY (IP)

Intellectual property is a legal concept which refers to creations of the mind for which exclusive rights are recognized. Under intellectual property law, owners are granted certain exclusive rights to a variety of intangible assets, such as musical, literary, and artistic works; discoveries and inventions; and words, phrases, symbols, and designs. Common types of intellectual property rights include copyright, trademarks, patents, industrial design rights, trade dress, and in some jurisdictions trade secrets.

From Wikipedia, the free encyclopaedia

It is likely that your venture will be based upon or rely on proprietary IP which is usually suitable for patenting or copyrighting. Alternatively your venture may rely upon specialist or secret "know-how".

**Patents**

A patent grants an inventor exclusive rights to make, use, sell, and import an invention for a limited period of time, in exchange for the public disclosure of the invention. An invention is a solution to a specific technological problem, which may be a product or a process.

**Copyright**

A copyright gives the creator of an original work exclusive rights to it, usually for a limited time. Copyright may apply to a wide range of creative, intellectual, or artistic forms, or "works". Copyright does not cover ideas and information themselves, only the form or manner in which they are expressed.

From Wikipedia, the free encyclopaedia
No matter which form your IP takes it is essential that it is protected and managed properly in order that your business keeps its competitive edge and is able to maintain its products and services. Warwick Ventures has extensive experience in advising upon and the management of all forms of IP. We will ensure that best-practice is followed to protect your business’s IP.

**IP Management within the Incubator**

**Pre-venture IP**

Should your venture rely upon a piece of University of Warwick IP then Warwick Ventures will oversee the in-licensing of this technology to your business on reasonable commercial terms. IP which has been developed independently by you, externally to the University (please see University Regulation 28), will need to be assigned to the University to ensure that all IP required for the venture is gathered together in one place. This is a condition of entry to the Incubator.

**IP developed in Incubator**

Should you develop novel IP whilst you are still a student or employee of the University (and part of the Incubator), then this IP if it is in any way related to your normal work or research it will be owned by the University (please see University Regulation 28). This is a normal part of your student/employment contract with the University and follows University Regulations.

It is important to realise that because of the University’s rights of ownership, your venture has no automatic right to such IP and as such Warwick Ventures retains the right to seek the most appropriate route for its commercialisation. This could be via your business or it could be via licensing to a third-party organisation. In the latter case, inventors are rewarded under the University’s revenues share scheme (please see University Financial Procedure 13).

In the case where a developer who is NOT a student or employee of the University develops novel IP, this cannot be owned directly by your
business in Mode 1 as it is not yet a legal entity. In such situations the IP will be assigned to the University with the intention to then license the IP back into the business (free of charge) upon incorporation. This has the distinct advantage that the IP is being retained and managed by Warwick Ventures and in the event that your venture fails in Mode 1 this retains the opportunity to commercialise the IP elsewhere – with benefits to the developer being realised through revenue share of any licensing income.

If there is IP developed by the company (and NOT by students or employees of the University) in Mode 2 or 3 then this will be owned by the company (subject to any existing other arrangements). As the venture has gone through the process of incorporation and is a legal entity in its own right, it is now able to own intellectual property.

Please note that all IP that is owned by or assigned to the University will undergo due diligence and subsequently be licensed by Warwick Ventures to the company or others.
OTHER IMPORTANT INFORMATION

**University of Warwick Regulations**

Whilst Warwick Ventures is a wholly owned subsidiary of the University of Warwick it cannot adjudicate on the conditions of employment of University staff. We can direct you towards the relevant University Regulations if you need advice.

Warwick Ventures is solely responsible for presenting new Incubator venture opportunities to the University for approval. Warwick Ventures can assist in guiding you through the relevant procedures, in conjunction with the appropriate University officers.

**Legal, tax and accounting**

**Legal**

Whilst the ventures are in Mode 1 all business activities carried out by the venture will be under the legal ‘umbrella’ of Warwick Ventures. Consequently, ventures will be subject to control by Warwick Ventures management and procedures.

Post-incorporation ventures in Mode 2 and 3 are considered to be legally independent entities under English law. Typically the ventures will now be a limited liability company and as a legally responsible entity it will be responsible for making its own decisions and adhering to the associated legal requirements. A Warwick Ventures Business Development Manager will guide the venture through its incorporation and ensure that it makes adequate provisions for legal advice, insurance and management awareness of its responsibilities.

**Board of Directors**

The directors of the company are appointed by the shareholders, and there must be at least one. Directors are responsible for the overall management of the company and are personally liable for their actions
whilst acting as directors of the company. As a shareholder, the University requires certain rights of access to company information and maintains the right to nominate a non-executive director to your company Board. Initially this is likely to be a member of Warwick Ventures acting as a Director or observer but as the venture develops Warwick Ventures may nominate an external non-executive director to bring specific commercial experience or a useful skill-set onto the Board.

**Directors' responsibilities**

The legal responsibilities placed upon each director are designed to protect creditors from any unscrupulous business activities undertaken by the business. A limited company is required to have directors; directors have a legal undertaking not to allow their business to continue trading after insolvency has been declared; directors are required to keep full and up-to-date business accounts which reflect the company's financial condition accurately. Directors are like trustees of the company - not being able to benefit personally at the company's expense. Directors can be held personally liable for the activities of the business.

**Tax affairs**

There are a whole raft of taxes, tax schemes and benefits which directly apply to the company and individuals within the company following incorporation. These typically include VAT, Corporation Tax, National Insurance and R&D Tax Credits for the Company and Income Tax (PAYE), Capital Gains Tax, Inheritance Tax, the Enterprise Investment Scheme, and Enterprise Management Incentives for individuals within the company. The rules and regulations around each of these taxes vary with time – as does the optimum way of managing your personal and company tax liabilities, so it is important that you engage professional advice on such matters at the earliest possible opportunity.

Mode 1 may not be as tax efficient for entrepreneurs as Mode 2. It may be advisable to incorporate the new company as soon as possible so the shareholders receive their equity at as low a valuation as possible, and reduce individual's future income tax.
Your Warwick Ventures Business Development Manager can point you in the right direction towards a number of suitable tax advisors.

**Accounts**

In Mode 1 you will carry out all business transactions under the umbrella of Warwick Ventures - their Business Development Manager and Warwick Ventures finance function will work closely with you to make sure that everything runs smoothly. In Mode 2, as your business will now be incorporated, you will be required to manage your own accounts although the Incubator will be happy to guide you and to introduce you to reputable financial advisors and banks with whom the Incubator have an existing relationship. It is a condition of entry into the Incubator that Warwick Ventures has full access to your account records upon request.
INTERESTED IN JOINING THE INCUBATOR?

If you have any further questions on how the incubator works, your business opportunity, and your (and your ventures) suitability for entry into the incubator then please contact Warwick Ventures.

How to start the Incubator process

The first step is to complete the Information Record which you will find on the next pages of this Guide and then send this to us at the email address below – we can then set up a time for us to meet to go over your proposal.

Contact details

http://www2.warwick.ac.uk/services/ventures/
Tel: 024 765 73750
Fax: 024 765 75507
Email: ventures@warwick.ac.uk
SOFTWARE INCUBATOR ENTRY FORM

Please use this form to record your interest in entering the Software Incubator. By describing your proposed venture, its status and the team to be involved in turning your idea into a business opportunity Warwick Ventures will be able to help you assess whether the Incubator is the best place to develop your software opportunity.

Please note that all disclosures and subsequent discussions about your invention and your commercial plans will be treated by Warwick Ventures as strictly confidential.

With this in mind and to avoid any inadvertent public disclosure please ensure that Confidential Disclosure Agreements are used to protect discussions with anyone outside the University. We can supply a pro forma of this document should you require it.

Please complete the form to the best of your knowledge.

(Additional information can be attached on separate sheets)
Inventors, Founders and Equity

Please list:

- All contributors to the original IP (e.g. authors, inventors or developers)
- Individuals who will be involved but who have not been contributors to the existing IP.
- Proposed roles in the venture
- Current and future role in the University (if any)
- Agreed equity shares.
- Who will lead the venture whilst in the Incubator (please attach CVs if you wish).
<table>
<thead>
<tr>
<th>Business idea</th>
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<tbody>
<tr>
<td>Please provide a brief synopsis of the proposed venture.</td>
</tr>
<tr>
<td>➢ What are your proposed products and/or services?</td>
</tr>
<tr>
<td>➢ Which market are you targeting?</td>
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<tr>
<td>➢ Who are your likely customers, clients?</td>
</tr>
<tr>
<td>➢ How will your products/services be sold?</td>
</tr>
<tr>
<td>➢ What is your end-of-incubation target: independent trading, investment, trade-sale?</td>
</tr>
</tbody>
</table>
**Intellectual Property**

Describe any existing or future IP to be involved in the proposed venture and its proposed application/role in the venture.

If IP has been disclosed already to Warwick Ventures please provide the project number(s) and name of Business Development Manager if known.

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**Status of Venture**

At which stage is your business? Which of the described Modes best fits your venture's status?

(Mode 1: pre-incorporation or Mode 2: already incorporated)

If already incorporated we will need full company details i.e. Names of directors and shareholders, company number and trading name, and if appropriate your trading history.
## Development Plan

Please outline the business opportunity and plans for the venture:

- What development is required and why?
- What are the main stages of this proposed development?
- Timeline – how long do you think will your development take?
- When do you wish to start the venture in the Incubator?
- What resources do you have or are required to fulfil the plan?
AGREEMENT

This Agreement is made between Warwick Ventures Ltd and those named below.

Please confirm that you have read the Warwick Ventures Software Incubator Guidelines booklet and understand its terms including:

➢ Being a member of the venture in the Incubator does not imply that you are an employee of Warwick Ventures or the University of Warwick.

➢ If you are an employee or student of the University of Warwick you acknowledge that ownership of all IP developed by you will (in accordance with University Procedures, Regulations and Rules) vest with the University.

➢ If you are not an employee or student of the University of Warwick then, until the venture is incorporated, you agree that all arising IP developed by you within the Incubator and in connection with the venture will be, assigned to the University of Warwick with the understanding that Warwick Ventures agrees to license this IP back to the venture after its incorporation.

➢ University IP will be licensed to the venture on commercial Warwick Ventures terms.

➢ Upon entry into the Incubator the venture agrees to issue equity to the University of Warwick upon incorporation in an amount calculated according to the amount of time for which the venture has used the Incubator’s services prior to its incorporation; as set out in the “Cost - Charges and Equity” section of “Warwick Ventures Software Incubator - A guide for entrepreneurs”

➢ The venture agrees to adopt a standard Warwick Ventures Software Incubator shareholders’ agreement which will include reserved
minority and pre-emption rights for the University of Warwick, and the right to appoint a board director or observer subject to a minimum shareholding;
For each participant/equity holder in the proposed venture please sign and date below:

**Name:**
Signature:
Date:

**Name:**
Signature:
Date:

**Name:**
Signature:
Date:

**Name:**
Signature:
Date:

Also attach a copy of the "Warwick Ventures Software Incubator – A Guide for entrepreneurs"

The completed forms should be returned to:
Warwick Ventures Ltd, University House, Kirby Corner Road, Coventry, CV4 8UW
A Warwick Ventures Business Development Manager will get in touch to discuss the opportunity with you. Additional information may be required to correctly establish the ownership of any IP.
**Due Diligence Checklist**

for Warwick Ventures office use only

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<th>Inventors, Founders and Equity</th>
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<tbody>
<tr>
<td>Inventors and contributors are available where required for on-going support,</td>
<td></td>
</tr>
<tr>
<td>Equity is awarded with regard to the contribution in the development of the venture's value, not the input IP</td>
<td></td>
</tr>
<tr>
<td>There exists no conflicting obligations for the entrepreneur/developer(s) and they are prepared to undertake the value development of the venture and are capable of delivering</td>
<td></td>
</tr>
<tr>
<td>The venture does not require any external investment</td>
<td></td>
</tr>
<tr>
<td>All founders/participants have signed the application form</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Intellectual Property</th>
<th>✓/×</th>
</tr>
</thead>
<tbody>
<tr>
<td>The IP has been disclosed and has been given a project number(s)</td>
<td></td>
</tr>
<tr>
<td>The IP has been, or will be, assigned to the University where necessary</td>
<td></td>
</tr>
<tr>
<td>The IP has clear provenance</td>
<td></td>
</tr>
<tr>
<td>The IP rights do not require a patent</td>
<td></td>
</tr>
<tr>
<td>The IP has no funding obligations that include equity entitlements</td>
<td></td>
</tr>
<tr>
<td>The IP is not subject to any obligations that prevent exploitation in the proposed venture</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Entry Mode</th>
<th>✓/×</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does an incorporated company already exist?</td>
<td></td>
</tr>
<tr>
<td>If entering in Mode 2, the venture is capable to meet its financial and legal obligations including the monthly Incubator charges</td>
<td></td>
</tr>
<tr>
<td>If entering in Mode 2, are the existing members prepared to adopt a new shareholders agreement, transfer equity and warrant that there has been no previous trading and there are no existing debts, obligations or undertakings etc.</td>
<td></td>
</tr>
<tr>
<td>Development Plans and Resources</td>
<td>✓/✗</td>
</tr>
<tr>
<td>------------------------------------------------------------------------------------------------</td>
<td>-----</td>
</tr>
<tr>
<td>The proposal is commercially credible</td>
<td></td>
</tr>
<tr>
<td>The product or service can be developed to market/investor/trade sale readiness without external investment</td>
<td></td>
</tr>
<tr>
<td>The required resources to achieve the end-of-incubation-target are available</td>
<td></td>
</tr>
<tr>
<td>The product or service does not raise reputational or Conflict of Interest issues for the University</td>
<td></td>
</tr>
</tbody>
</table>