



**An Autonomous Institute
Affiliated to VTU, Belagavi
Approved by AICTE, New Delhi
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Innovation and Start-up Policy

MVJCE- STARTUP POLICY

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Preface

We, at MVJCE, ensure the exposure of maximum number of students to innovation and pre-incubation activities from their early stage, in order to support their journey from ideation to innovation to market. It is our constant endeavour to spread awareness among students, faculty and staff about the value of entrepreneurship and its role in career development. Students are encouraged to develop an entrepreneurial mindset through experiential learning, by giving them training in cognitive skills (e.g. design thinking, critical thinking, business planning etc.) and by inviting first generation local entrepreneurs or experts to address these young minds. Initiatives like idea and innovation competitions, hackathons, workshops, bootcamps, seminars, conferences, exhibitions, mentoring by academic and industry personnel, exposing them to real life challenges, and recognising and awarding student and faculty entrepreneurs for their excellence, also propel them in this direction.

The strong mentor pool at MVJCE supports the students in the proper execution of their innovative ideas, and helps them to develop entrepreneurial skills.

Vision

To create an Innovation and Start-up ecosystem for the benefit of students, faculty and MVJCE, and to promote advancements in Science and Technology.

Mission

- Create an incubation centre on Campus, as per MHRD/AICTE National Innovation & Start-up Policy (NISP) and Karnataka Start-up Policy guidelines.
- Encourage the culture of Entrepreneurship in Students and Faculty.
- Expose the students to Innovation / Science/ Technology competitions at National and International forums.

Objectives

- To encourage Science and Technology students to choose entrepreneurship as their careers.
- To motivate students and faculty to convert their Innovations / Ideas and Projects into viable Business Models.
- To orient students on how they can conceptualize social business start-ups that will address social issues.
- To handhold students during the entire course of their study, for launching their start-ups.
- To equip students with the necessary skills for managing their business enterprises.

Short Term Goal

- To create pre-incubation and incubation facilities for nurturing innovations and start-ups.

Long Term Goal

- To encourage, facilitate, and support minimum 10 Technology Start-ups, by 2025.

1. Nurturing Innovations and Start -ups

- i. The Institution will offer access to Pre-incubation and Incubation facility to start-ups by students, staff and faculty, initially for 3 years, which will be extended based on mutual agreement and a mutually acceptable time frame.
- ii. The Institution will allow licensing of IPR created and owned/co-owned by the Institute to start-up. Ideally, students or staff/faculty members intending to initiate a start-up based on the technology developed or co-developed by them or the technology owned/co-owned by the Institution, will be allowed to take a license on the said technology on easy terms, either in terms of equity in the venture, and/or licence fees, and/or royalty, to obviate the early-stage financial burden.

- iii. The Institution will facilitate start-up activities/technology development, by allowing students/faculty/staff to use the infrastructure and facilities of the Institution, as per the choice of the potential entrepreneur, in the following manner:
 - a. Short-term/ six-month/ one-year part-time entrepreneurship training.
 - b. Mentorship support on regular basis.
 - c. Facilitation in a variety of areas including technology development, ideation, creativity, design thinking, fund raising, financial management, cash-flow management, new venture planning, business development, product development, social entrepreneurship, product costing, marketing, brand-development and human resource management, as well as laws and regulations impacting a business.
 - d. The Institution may also connect the start-ups to other seed-fund providers/ angel funds/ venture funds, or may itself set up seed-fund, once the incubation activities mature.
- iv. In return for the services and facilities, the Institution will take 2% to 9.5% equity/ stake in the start-up/ company, based on the usage of the MVJCE brand, faculty contribution, support provided and use of the Institution's IPR. The Institution will normally take a reasonable equity share, unless its full-time faculty/ staff have substantial shares. Other factors for consideration should be space, infrastructure, mentorship support, seed-funds, support for accounts, legal support, patents etc.
- v. In case of a compulsory equity model, the start-up will be given a cooling period of 3 months to use incubation services on rental basis, to take a final decision based on satisfaction of services offered by the Institution /Incubator. In that case, during the cooling period, the Institution will not force the start-up to issue equity on the first day of granting incubation support.
- vi. The Institution may also provide services based on mixture of equity, fee-based, and/ or zero payment model. So, a start-up may opt for only the support, not seed-funding by the Institution, on rental basis.
- vii. The Institution will extend this start-up facility to the Alumni of the Institute, too.
- viii. In order to attract and retain the right people, the Institution has developed academic and non-academic incentives and reward mechanisms for all the staff and students who actively contribute and support entrepreneurship agenda and activities.

- a. The reward system for the staff/faculty will include sabbaticals, office and lab space for entrepreneurial activities, reduced teaching loads, awards, training etc.
- b. The recognition for the student may include use of facilities and services, strategy for shared risk, fellowships, associateships etc.

2. Policies for Students

- i. The Institution will allow students to set up a start-up (including social start-ups), or work part-time for a start-up, while studying. Students can work on their innovative projects and set up start-ups (including social start-ups), or work as intern / part-time hand in start-ups (incubated in the Institution), while studying.
- ii. Student entrepreneurs may earn academic credits for working on innovative prototypes /Business Models. Students can earn 6 credits by working on Innovative Prototypes/Business models as per our Autonomous regulations (Clause 14) by opting out of one Open Elective and one Professional Elective course in the 5th and 6th semesters.
- iii. Student inventors are allowed to opt for a start-up in place of their mini project/ major project, seminars or summer training. The area in which a student wants to initiate a start-up may be interdisciplinary or multidisciplinary. However, students must delineate how they will demarcate, and clearly distinguish their ongoing research activities as a student from the work being conducted at the start-up.
- iv. Students who are under incubation but are pursuing some entrepreneurial ventures while studying are allowed to use their address in the Institution to register their company, with due permission from the Institution.
- v. Student entrepreneurs will be allowed to sit for the examinations, even if their attendance is less than the minimum permissible percentage, with due permission from the Institution.
- vi. If a student is working on Innovative prototypes/Business models that can be patentable or leading to a start-up, he/she can earn 6 credits per semester (for Autonomous students).
- vii. Student entrepreneurs may avail a semester break/year break to work for their start-up (or even longer, depending upon the decision of the Review Committee constituted by the Institution) and re-join academics to complete their course. Student entrepreneurs

may earn academic credits, for their efforts while creating an enterprise. The Institution will set up a Review Committee for review of start-ups by students, and based on the progress made, it may consider giving appropriate credits for academics.

3. Policies for Staff/Faculty Start-ups

- i. Participation in start-up related activities needs to be considered as a legitimate activity of faculty, in addition to teaching, R&D projects, industrial consultancy and management duties, and this will be taken into account while evaluating the annual performance of the faculty. Every faculty member is encouraged to mentor at least one start-up.
- ii. Product development and commercialization, as well as participating in and nurturing of start-ups, will now be added to the bucket of faculty duties. Each faculty should choose a mix and match of these activities (in addition to the minimum required teaching and guidance), and the faculty are evaluated accordingly, for their performance and promotion.
- iii. Staff and Faculty are encouraged to do courses on Innovation, Entrepreneurship Management and Venture Development.
- iv. The Institution will allow its staff/faculty to work on their innovative projects to set up a start-up (including social start-ups) and work part-time for the start-ups, while working in the Institution. However, the regular duties of staff/faculty must not suffer owing to his/her involvement in the start-up activities.
- v. Staff / Faculty of MVJCE shall initiate start-ups based on the technology developed in the Labs at the Institution, or previously developed outside the Institution with the support of the Institution, and the ownership of such technology developed will rest with the Institution.
- vi. Faculty must clearly demarcate and distinguish ongoing research at the Institution from their work conducted at the start-up/company.
- vii. Role of Staff/Faculty may vary from being an owner/ direct promoter, mentor, consultant, or as on-board member of the start-up.
- viii. In case the Staff/Faculty hold executive or managerial position for more than three months in a start-up, they will go on sabbatical/ leave without pay/ utilize existing leave and come back, with mutual agreement framed by the HR Department of MVJCE and the Committee.

- ix. There will be no restriction on shares that staff and faculty can take, as long as they don't spend more than 20% of their working hours on the start-up, in advisory or consultant role, and don't compromise on their existing academic and administrative work or duties.
- x. In case Faculty/Staff is drawing salary from the Institution, the Institution's stake/equity on the start-up is limited to 20% of the total share of the Faculty/Staff, or 9.5% of total stake, whichever is less.
- xi. If the Faculty is engaging with the startup while teaching, he / she may take the role of owner/founder/co-founder/director/promoter/adviser/mentor /consultant, but cannot take role of CEO or other managerial roles, and cannot draw salary from the start-up, cannot accept gifts from his /her own startup. He/she can take share on the profit and dividend from the startup, only as owner/shareholder.
- xii. In case of the selection of his /her start-up for acceleration or incubation, he /she may take sabbatical leave or other leave up to one semester or year or more based on the recommendation of the Committee.
- xiii. Faculty must not involve research staff or other staff engaged in the academic projects of the Institution, in activities at the start-up.

4. Product Ownership Rights for Technologies developed at Institution

- i. When the facilities / funds of the Institution are used, or when IPR is developed as a part of curriculum/ academic activity, the IPR is to be jointly owned by the inventors and the Institution.
- ii. Inventors and Institution could together license the product / IPR to any commercial organization, with inventors having the primary say. as per mutual agreement between the owners of IP. License fees could be either/ or a mix of
 - a. Upfront fees or one-time technology transfer fees
 - b. Royalty, as a percentage of the sale-price
 - c. Shares in the company licensing the product
- iii. An institute may not be allowed to hold the equity as per the current statute, so SPV (Special purpose Vehicle) may be requested to hold equity on their behalf.

- iv. If one or more of the inventors wish to incubate a company and license the product to this company, the royalties would be no more than 4% of sale price, preferably 1% to 2%, unless it is a pure software product. If it is shares in the company, the shares will again be 1% to 4%. For a pure software product licensing, there may be a revenue sharing to be mutually decided between the Institution and the incubated company.
- v. On the other hand, if product/ IPR is developed by innovators without using any of the facilities of the Institution, or if it is developed outside working hours by the Staff/ Faculty, or not as a part of curriculum by the student, then the product/ IPR will be entirely owned by inventors in proportion to the contributions made by them. In this case, inventors can decide to license the technology to third parties, or use the technology the way they deem fit.
- vi. If there is a dispute in ownership, a Committee consisting of minimum five members, comprising two independent staff/faculty members (who have developed sufficient IPR that is *not* related to the invention/ technology/ project under dispute, and translated these to commercialization), two of the Institution's alumni/ industry experts (having experience in technology commercialization), and one legal advisor with experience in IPR, will examine the issue after meeting the inventors, and help them settle the issue, to everybody's satisfaction. The Institution can use alumni/ faculty of other Institutions as members of this Committee, if they cannot find sufficiently experienced Alumni / faculty of their own.
- vii. The IPR cell or Incubation Center of the Institution will only be a coordinator and facilitator for providing services to faculty, staff and students. It will have no say on how the invention is carried out, whether the invention needs to be patented, or whether the invention needs to be licensed.
- viii. If the Institution is to pay for patent filing, a Committee may be constituted, which will examine whether the IPR can be protected under patent laws. The Committee will consist of faculty who have experience and who have excelled in technology translation. In case inventors are using their own funds, they alone have the right to decide whether the invention needs to be protected under patent laws.
- ix. The Institution's decision-making body with respect to incubation / IPR / technology-licensing will consist of faculty and experts who have excelled in technology translation. Other faculty in the Department / Institution will have no say, and this includes Heads of Departments, Heads of the Institution, Deans or Registrar.

- x. Interdisciplinary research and publication on start-up and entrepreneurship will be promoted by the Institution.

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Glossary:

Angel Fund	An angel investor is a wealthy individual who invests his or her personal capital and shares experiences, contacts, and mentors (as possible and required by the start-up in exchange for equity in that start-up). Angels are usually accredited investors. Since their funds are involved, they are equally desirous in making the start-up successful.
Co-Creation	Co-creation is the act of creating together. When applied in business, it can be used as an economic strategy to develop new business models, products and services with customers, clients, trading partner or other parts of the same enterprise or venture.
Compulsory Equity	An equity share, commonly referred to as ordinary share, also represents the form of fractional or part ownership in which a shareholder, as a fractional owner, undertakes the maximum entrepreneurial risk associated with a business venture. The holders of such shares are members of the company and have voting rights.
Cross-disciplinary Practices	Cross-disciplinary practices refer to teaching, learning, and scholarship activities that cut across disciplinary boundaries.
Entrepreneurial Culture	A culture/ society that enhances the exhibition of the attributes, values, beliefs and behaviours related to entrepreneurs.
Entrepreneurial Individuals	An individual who has an entrepreneurial mindset and wants to make his/her idea successful.
Entrepreneurship education	Entrepreneurship education seeks to provide students with the knowledge, skills and motivation so as to encourage entrepreneurial success in a variety of settings.
Experiential learning	Experiential learning is the process of learning through experience, and is more specifically defined as learning through reflection on doing.
Financial Management	Financial Management is the application of general principles of management to the financial possessions of an enterprise.

Hackathon	A hackathon is a design sprint-like event in which computer programmers and others involved in software development, including graphic designers, interface designers, project managers and others, often including domain experts, collaborate intensively on software projects.
Incubation	Incubation is a unique and highly flexible combination of business development processes, infrastructure, and people, designed to nurture and develop new and small businesses by supporting them through the early stages of their development.
Intellectual Property Licensing	A licensing is a partnership between an intellectual property rights owner (licensor) and another who is authorized to use such rights (licensee), in exchange for an agreed payment (fee or royalty).
Knowledge Exchange	Knowledge exchange is a process which brings together academic staff, users of research and wider groups and communities, to exchange ideas, evidence and expertise.
Pedagogy and Experiential Learning	It refers to specific methods and teaching practices (as an academic subject or theoretical concept) which would be applied for students working on start-ups. The experiential learning method will be used for teaching 'start-up related concepts and contents', to introduce a positive influence on the thought processes of students. Courses like 'Business Idea Generation' and 'Soft Skills for Start-ups' would demand experiential learning rather than traditional class room learning. Business cases and teaching cases will be used to discuss practical business situations that can help students to arrive at a decision while facing business dilemma(s). Field-based interactions with prospective customers and support institutions will also form a part of the pedagogy which will orient the students as they acquire field knowledge.
Pre-incubation	It typically represents the processes that entrepreneurs follow, when they are in the very early stages of setting up their company. Usually, entrepreneurs come into such programs with just an idea of an early prototype of their product or service. Such companies can then graduate into full-fledged incubation programs.

Prototype	A prototype is an early sample, model, or release of a product built to test a concept or process.
Seed fund	Seed fund is a form of securities offering in which an investor invests capital in a start-up company in exchange for an equity stake in the company.
Special Purpose Vehicle	Special purpose vehicle, also called a special purpose entity, is a subsidiary created by a parent company to isolate financial risk. Its legal status as a separate company makes its obligations secure even if the parent company goes bankrupt.
Start-up	An entity that develops a business model based on either product innovation or service innovation, and makes it scalable, replicable, and self-reliant, as defined in Gazette Notification No. G.S.R. 127(E) dated February 19, 2019.
Technology Business Incubator	Technology Business incubator (TBI) is an entity which helps technology-based start-up businesses with all the necessary resources/support that the start-up needs to evolve and grow into a mature business.
Technology Commercialization	Technology commercialization is the process of transitioning technologies from the research lab to the marketplace.
Technology Licensing	Agreement whereby an owner of a technological intellectual property (the licensor) allows another party (the licensee) to use, modify, and/or resell that property, in exchange for a compensation.
Technology Management	Technology management is the integrated planning, design, optimization, operation and control of technological products, processes, and services.
Venture Capital	It is the most well-known form of start-up funding. Venture Capitalists (VCs) typically reserve additional capital for follow-up investment rounds. Another huge value that VCs provide is access to their networks for employees or clients, for products or services of the start-up

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