



Commercialisation Matters....

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Why commercialise?

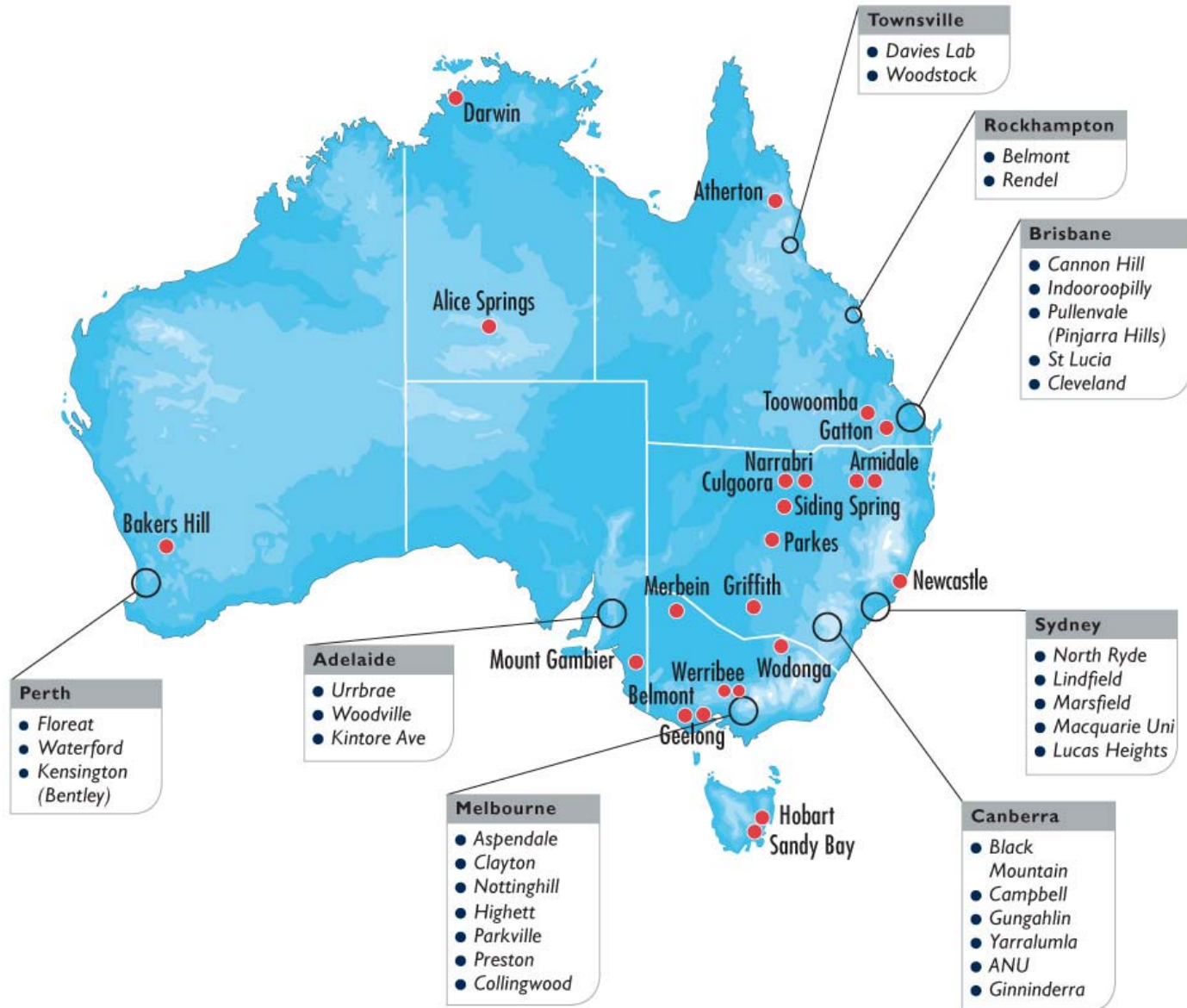
1. One of a range of ways to create impact from great research through technology transfer
2. Builds an pathway back into the research institution to ensure you are working on the right things (market demand, signals)
3. Tangibly creates economic benefits for the nation – jobs, export revenue, investment, renewal
4. Makes money for the institution!!

Australia's national science organisation and largest research enterprise – 6,500 staff, annual budget \$950M

Established in 1926, CSIRO carries out research and development for industry, society and environment:

- Agriculture
- Environment
- Information and communication technologies
- Health
- Advanced materials and manufacturing
- Minerals and energy
- Services
- Transport and infrastructure

CSIRO locations





CSIRO in Queensland

- Robotics, ICT, energy, mining, minerals exploration, maths at Pullenvale
- Biotechnology at QBP St Lucia
- Marine research at Cleveland
- Environmental research in Toowoomba and Townsville
- Food Research at Cannon Hill

CSIRO's twin goals

R&D of the highest quality

and

transferred out into the wider community to be
adopted and used

How's CSIRO travelling?

Top 1% in 13 of 22
research fields as
measured by published
outputs

4,100 items of IP, growing
by 100-150 per year

Research revenue growing
steadily (circa \$350M
external up 11%, \$600M
from Govt)

Science health strong and
growing (citation indices,
tier one journal
publications)

Published journal articles
1,945

Published reports
(chapters, books,
conferences 4,655)

Client reports 10,000

Licences approximately
150 per annum

Five new spinouts

Many research outputs

CSIRO's view of UQ's UniQuest



- Serial value creator – from one off to a stream of deals – 45 start ups since inception



- Added UniSeed to turbocharge



- Four new companies in the past year



- Respected team, broad role



- Now internationalising

Northern specialities...

- Obsessed with spinouts (but we note a recent change with the CSL deal!)
- Three technology transfer offices at UQ alone (why not ten?)

JKTech

IMBCom

UniQuest



- Recent recommitment to commercialisation (annual report, strategic plan)



- Three start ups in 2005, one “born international” with Starfish – great stuff



- Do you have the scale to succeed

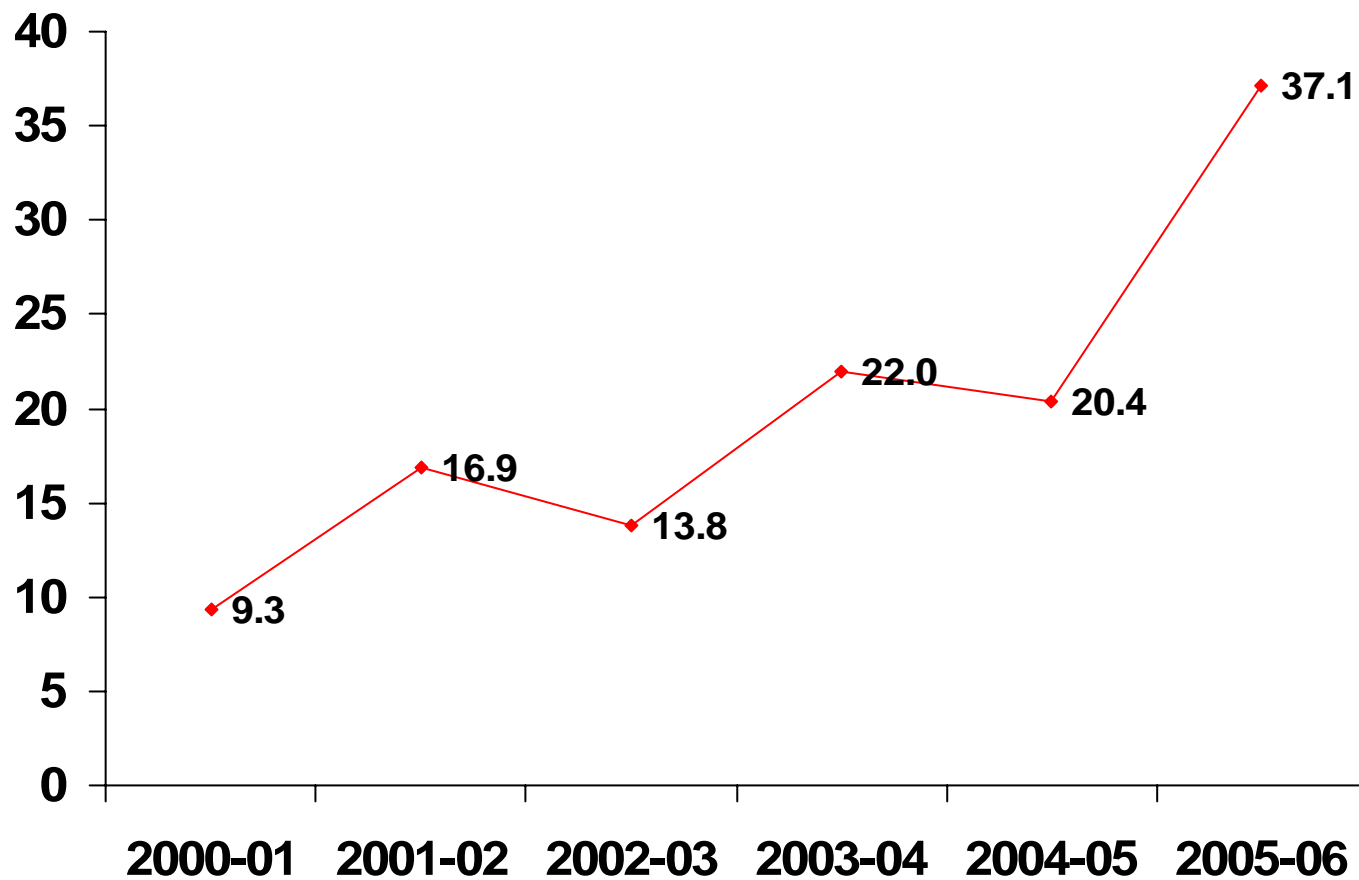
CSIRO Commercialisation

- One dedicated team of ten
- Specialist unit – a cost centre (no company role)
- Originators in research units (business development)
- Pipeline and portfolio approach
- Manages subsequent outcomes (equity, licences)
- “Deals closed” focus

CSIRO Commercialisation

- Five new companies in 2005-06
 - Antibody-like protein therapeutics
 - Chemical barcodes
 - Light weight concrete
 - Moisture analysis
 - Intranet search engine
- Record revenues – up 69% to \$37.1M
- Equity portfolio at record levels

IP Revenue Millions





The CSIRO Total Wellbeing Diet Book

2004: CSIRO's Total Wellbeing Diet published in Women's Weekly

CSIRO website hits reach 35,000 per week

Published by Penguin, first print run 30,000

Sales in Australia 700,000

Global Sales now 850,000



dr manny noakes with dr peter clifton

the CSIRO total wellbeing diet

- the weight-loss program that actually works
- a healthy eating plan for life

the new scientifically proven diet for Australians

- Mining technology – Australia is a world leader
- Intellection spun out 2003 – revenues of \$1M pa
- Located in Milton Queensland
- September 2006

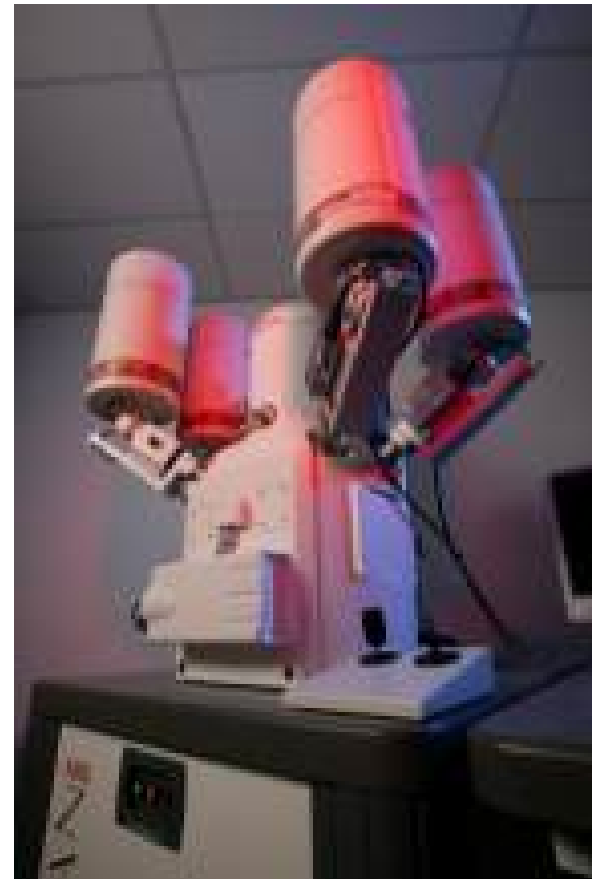
Revenues now \$10M pa

50 employees – heading towards 100

\$5M venture capital investment

Global deal with SGS

 **intellection**
profit from knowledge



CSIRO successes - Cotton



CSIRO: the long view

- Over 150 companies worldwide based on CSIRO technology
- 26 listed companies, market capitalisation \$1.4 billion
- Revenues \$450 million
 - Ceramic Fuel Cells Ltd
 - Biota Ltd
 - Cap-XX Ltd
 - GroPep Ltd

Commercialisation Policy issues

1. It's about the impact – and Australia is not the US
2. Big C commercialisation versus small c
3. Policy principle 1 – get it out into the private sector
4. Policy principle 2 – transact at an arm's length market price
 - Can't pay/won't pay = no value!!
 - Return to institution is important, but second to impact

Dimensions of difference

1. Strategy
2. Structure
3. Scale
4. Skills
5. Endowment or revenue stream
6. Returns trapping/distribution



Thank you

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DEAL PIPELINE

Issue 1, 2006

Introduction

Welcome to the first issue of CSIRO's commercialisation update – the Deal Pipeline. The Pipeline was developed to facilitate ease of investing in CSIRO technologies by providing a snapshot of our current opportunities and highlights of CSIRO's equity portfolio.

In our 80th year, CSIRO is embarking on a new era with an unrelenting focus on improving the quality of our science and the impact of our outputs. We are committed to seeing our science pay off for Australians and our industries, and vital to this is the successful transfer of our technologies to industry.

Through the Transaction Group, CSIRO is actively engaging with the private equity markets to evaluate and commercialise technologies resulting from our leading edge research.

In 2005/2006 CSIRO closed over 12 major transactions, valued at more than \$27 million. These deals include licensing arrangements, company formations, value up-lifts in equity holdings as well as successful exits from shareholdings. Some of these deals are outlined in this publication to give you an indication of the wide range of deal structures we develop and the scope of CSIRO's research.

Earlier this year CSIRO announced the outcomes of our Science Investment Process which provides clear areas of focus for our research in 2006/07 and beyond. We identified key global science trends including transformational biology, advanced materials and large scale sensor networks, and will draw on our strength in building substantial interdisciplinary teams of scientists to provide a series of platform capabilities in these areas.

Going forward, the Transaction Group will continue to work closely with our scientists to bring CSIRO's most promising technologies to investors and source the most suitable partners to deliver research outcomes of truly national significance and impact.

I hope you'll find the Deal Pipeline useful and informative. I welcome any feedback you may have on the publication. Please contact myself or the contacts for specific technologies featured in this publication for further information.

Jan Bingley
(Acting) General Manager, Commercialisation