Scotland’s universities have been inspiring the development of Spin-Out Companies for more than 30 years. The creation of Spin-Out Companies is one way in which universities commercialise academic research, help to develop entrepreneurial talent and deliver economic impact. This activity is strategically aligned with the Scottish Government’s Economic Strategy and we share the vision of Scotland CAN DO to work towards becoming a world-leading entrepreneurial and innovative nation.

**Ambitious to be the best place to innovate**

Scotland’s higher education sector has proved itself to be very successful at creating Spin-Out Companies. There are more Spin-Out Companies created in Scotland than any other region of the UK, including London.¹

We want to keep building the culture and support framework in our universities to encourage this entrepreneurialism further. This set of commitments to our staff, to investors and others in the entrepreneurial community is a contribution to this. By setting out and working to a shared set of behaviours and principles for the creation of Spin-Outs across Scotland’s higher education institutions, we are helping to simplify the landscape, create consistency and improve transparency. We believe this is a basis for an ever-stronger partnership between the university sector and key stakeholders.

**What is a Spin-Out?**

Spin-Out Companies are new companies, formed to exploit commercial ideas of staff employed by, and/or Intellectual Property Rights (“IPRs”) owned by, universities.

Universities are also involved in supporting the formation of other types of companies, for example trading subsidiaries and start-ups, but this statement is specific to Spin-Out Companies.

¹ Scottish spin-out numbers ‘ahead of UK’, BBC, 2015
Our commitments

- Each university has a policy that is designed to motivate and provide potential reward to entrepreneurial staff forming Spin-Out Companies.
- Universities will generally provide Spin-Out Companies with access to Intellectual Property Rights (which may include licences and/or access to know-how and data packages) as part of Spin-Out Company formation. Typically these agreements include investor-friendly terms to encourage further downstream investment.
- Universities support the creation of Spin-Out Companies across a diverse range of sectors and types of companies (including social enterprises). Although supporting a broad range of opportunities with impact, in most cases the decision to form a Spin-Out Company will be based on similar criteria.²
- In most situations, no university will have a majority shareholding in any Spin-Out Company once the Spin-Out Company has third party investment.
- All universities take a shareholding which may be diluted at further investment rounds unless the university makes a further investment.³
- Universities will continue to share best practice across the sector, including through the Universities Scotland Spin-Out Support Group which brings together our expert support staff.
- Universities will support pan-Scotland enterprise and entrepreneurialism initiatives that lead to company formation by staff and students.

Our driving force

There are many reasons that universities seek to create Spin-Out Companies and support their staff to do so. They include:

- Spin-Out Companies can make a significant and positive contribution to the economy, to health, to our society and culture.
- Doing so delivers on the aspirations of funders of research and innovation such as the Scottish Government and UK Research Councils.
- The establishment of new, vibrant, often technology-led companies creates jobs and employs skilled graduates.
- A successful and innovation-rich environment can help universities to attract and retain high-performing entrepreneurial academic staff from around the globe to live and work in Scotland.
- Spin-Out Companies can attract foreign direct investment and contribute to internationalisation.

The cycle of company creation

Scottish universities invest considerable resources in their staff and in supporting the development of Spin-Out Companies. This support can take many forms including:

- Flexible employment / secondment terms for university staff joining Spin-Out Companies.
- Assistance with Intellectual Property Rights protection.
- Access to university facilities and equipment.
- Provision of incubation space.
- Access to mentors.
- Funding.
- Expertise and guidance from universities’ enterprise and commercialisation support staff.

² The sector reviewed it’s criteria for forming spin-outs during 2016 and this showed that a decision to form a spin-out company is based on similar criteria across the sector.
³ Abertay University, as a matter of policy, does not normally retain any rights to the IP generated by its staff or students (except in connection with teaching, or, exceptionally, when required to do so for contractual reasons). Abertay University does not, therefore, normally take a stake in Spin-Out companies, and is not normally involved in any decision to create a company.