



VIT - Technology Business Incubator

VIT-Technology Business Incubator
Vellore Institute of Technology
VELLORE-632 014, Tamil Nadu, India

**BUSINESS INCUBATION POLICY AND
GUIDELINES**

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Business Incubation Policy

1. Preamble

Vellore Institute of Technology-Technology Business Incubator (VITTBI), (hereinafter referred to as VITTBI) has, over the past sixteen years, been constantly striving to promote technology based innovative startup ventures and thereby contribute to the nations developmental needs of creating knowledge , wealth, skills and employment. Such innovation led ventures promoted by VITTBI would also address societal challenges pertaining to healthcare, education, energy, mobility, quality of life and ease of living etc...

VITTBI constantly strives to enhance its capabilities in order to nurture and guide young startup ventures in their early / formative years. Over the years VITTBI has built working relations with various Indian Government agencies/ departments such as 'Department of Science and Technology(DST)', 'Technology Development Board(TDB)', 'Ministry of Micro and Small Enterprises (MSME)', 'Department of Scientific and Industrial Research (DSIR)', 'Technology Information Forecasting and Assessment Council (TIFAC)', 'Biotechnology Industry Research Assistance Council (BIRAC)' and 'Entrepreneurship Development and Innovation Institute (EDII)', Govt.of Tamil Nadu. In addition, VITTBI has worked with 'The World Bank Group's infoDev' and 'United Nations Industrial Development Organizing on (UNIDO)' on projects pertaining to Innovation and Incubation capacity building. VITTBI actively engages with other business incubators, Indian Science Parks and Business 'Incubators Association (ISBA)', 'Asia Pacific Incubation Network (APIN)', 'The indus Entrepreneurs (TiE)', 'Startups-Club', 'Confederation of Indian Industries (CII)', 'Federation of Indian Chamber of Commerce and Industry (FICCI)' and several corporate firms.

VITTBI recognizes that its catalytic role by virtue of its presence inside 'Vellore Institute of Technology (VIT)' would pave way for motivating a large group of

students to pursue entrepreneurship as a career option. While providing its services to the pursuits of VIT's faculty and its students, VITTBI is also mandated to act as a hub of technopreneurship in order to cater the requirements of innovators and startups from across the country and abroad.

The policy is expected to promote a conducive environment for all the potential innovators / startups for pursuing a hassle free development and commercial exploitation of the innovative ideas.

It is to be stressed that this 'Business Incubation' policy is to be treated more as a guideline than a strict rule in the legal sense in view of the evolutionary scenario in the larger startup ecosystem VITTBI operates and is, therefore, subject to changes if a need arises. This document, together with the Operating guidelines is designed to give a wholesome picture of 'Business Incubation' process at VITTBI.

2. Purpose

The purpose of the Business Incubation policy of VITTBI is to:

- i facilitate, encourage, promote and nurture innovative ideas of individuals and teams in to a commercial product / venture;
- ii. create an innovative culture which fosters the creation and development of innovative solutions at VITTBI;
- iii. establish a 'Business Incubation' management policy and procedural guidelines for converting the knowledge to wealth;
- v. enable VITTBI to make beneficial use its resources and networks so as to confer maximum benefit to the inventors, startups and the society at large and;

vi. shape VITTBI as an important hub of innovation and startups in this region through dissemination of the benefits of startups supported to the community and society;

3. Objectives

The Business Incubation policy of the Institute aims to:

- i. facilitate innovators and startups to address the challenges through access to modern product development / testing facilities, work spaces, mentoring, funding, business and team development support.
- ii. evangelize entrepreneurship and more particularly innovation led venture creation
- iii. provide a comprehensive single window reference system for all Business Incubation related issues and;
- iv. provide a clear understanding of the rights and responsibilities of the beneficiaries / prospective users of VITTBI's services and protect the interests of VITTBI its members:

4 Scope

This policy covers the current incubation program and associated schemes and initiatives operational at VITTBI. The scope of this document is to define the policies and procedures for the operational matters related to the **VITTBI, VIT, Vellore**. It covers the following processes:

1. Eligibility
2. Admission procedure
3. Infrastructure and Services provided to incubatees
4. Mentorship
5. Period of Incubation/ Exit
6. Intellectual Property

7. Seed Funding
8. Periodic Assessment
9. Conflicts of interest
10. Disclaimer
11. Agreements

5 Policy Statement

VITTBI wishes to facilitate the ideas emerging from individuals/teams using 'Science & Technology' to result in developments that would benefit society. In order to address this, VITTBI has adopted this 'Incubation Policy' to provide guidance and management structure to facilitate the development of entrepreneurship skills and start-ups.

The policy is subject to periodical review and amendments. It will be the responsibility of the companies admitted to VITTBI to update themselves from time to time on amendments in the Incubation policy and procedures.

VITTBI reserves the rights to make an exception of all or any of the terms of the policy for a particular company or a promoter on a case to case basis.

6. Definitions :

6.1 Incubatee :

The startup company selected for incubation support under incubation

6.2 Business Plan : A document prepared by applicants to articulate the problem addressed, proposed solution, technology, road map, team, resources required, market, revenue statement and risk mitigation steps. This is generally a non-confidential version of the planned work to be undertaken by the start-ups

6.3 Intellectual Property Rights (IPR) means the rights derived from the IP e.g. patents, registered designs, copy right etc.

6.4 Incubation Tenure means the period for which incubation support is provided to the startups.

6.5 Graduation / Exit means the conditions under which the incubation tenure ceases.

7. Incubation Eligibility

7.1 Any person /company desirous of availing incubation facilities has to apply in the prescribed format (given in the website www.vittbi.com) along with the required documents.

7.2 The companies promoted by faculty of VIT, Vellore shall be governed by rules and regulations of VIT. The companies promoted by students enrolled for full-time degree at an educational institute shall be considered for pre incubation / incubation based on a case to case evaluation of the readiness of the student(s) to start the venture.

7.3 Any company that is engaged or proposing to be engaged in imparting educational courses and/or training programs or is planning to undertake such activities during its incubation at VIT is not deemed eligible for incubation and their application will not be entertained.

7.4 Any company that plans to develop products / services violating legal / Statutory / environmental / ethical regulations would not be eligible for support at VITTBI.

8. Incubation admission process

8.1 STAGE 1: Submit Executive Summary/ Business Plan

As a first step in the admission process, the prospective applicants should submit an Incubation Application containing the business plan, Certificate of incorporation and 'Memorandum & Articles of Association' (if incorporated already). The applicant(s) shall present the executive summary to an incubation screening committee for comments on technical and business feasibility of the idea.

Following are the general evaluation criteria:

1. Problem identified
2. Proposed solution / innovation / technological feasibility
3. Strength of core team/ promoters.
4. Potential of the idea for IP creation / IPR possessed by applicant(s).
5. Financial/ Commercial Viability and 2-3 year projections of income/expenses / break even.
6. Financials (CAPEX/ OPEX) / sources / plans
7. Market (opportunity/size/segment / competition landscape)/ Marketing/Sales plans.
8. Scalability.
9. Risks/Mitigation strategies

8.2 STAGE 2: Presentation to screening committee of VITTBI

If the initial evaluation of the business plan / executive summary is positive, VITTBI will arrange a meeting with the company founders, during which the company will be expected to present a business plan to the screening committee. After the presentation, a final decision will be made by the screening committee regarding the company's entry into the incubator. The company will then be informed of the final decision. The presentation through video conferencing is also permitted under special circumstances.

8.3 Non-Disclosure:

VITTBI adheres to confidentiality throughout the application process. However, VITTBI will not sign any 'non-disclosure' agreements.

8.4 Incubation Agreement

Selected applicants/companies will have to enter into an incubation agreement with VITTBI. A draft of the incubation agreement would be shared along with the selection communication.

9.0 Services provided to Incubatees

9.1 Common Infrastructure: VITTBI provides a common pool of hard and soft infrastructure to be shared by all incubated companies. The following resources are provided:

- Photocopying machine.
- Document Scanner.
- Library access
- Meeting/Conference room with projection equipment.
- Tele or Video conferencing facilities.

Upon admission to VITTBI, the following facilities will be offered to the incubated companies on an individual basis:

- Office space / co working space.
- Internet connection.
- Standard furniture as decided by VITTBI.
- Access to the product development / prototyping facilities in VITTBI

9.2 Access to VIT institute infrastructure:

VITTBI may facilitate access to the institute infrastructure or laboratories as per the norms of VIT subject to the availability.

9.3 Services:

VITTBI may associate with professionals for accounting, IP, legal and management expertise on a part-time basis. The incubated companies may avail their services. Any direct services provided to an incubatee would have to be paid for by the incubatee to the service provider.

VITTBI will also provide soft infrastructure and business services to the incubated companies. The possible services and support items are listed as follows:

9.3.1 Intern Support:

To provide support in management and team building, incubatees will be facilitated with the talent pool from VIT. The terms of engagement has to be mutually worked out between the incubatees and interns.

9.3.2 Mentoring and Advisory Services:

- Strategic Checkups: The VITTBI team will meet the incubate CEOs periodically for strategy reviews and discussion of operational issues.
- An incubated company may opt for a faculty advisor as a mentor on technology issues.
- Specialized mentors will also be made available to the companies to assist with particular strategic areas or to provide project-oriented consultation. These arrangements may begin as a pro bono arrangement with an option for both parties to graduate to a paid relationship.
- An incubated company may avail the consulting services by empanelled professionals.

9.3.3 Seed Funding:

VITTBI facilitates the startups to raise their seed funding. Such facilitation would be based on the stage the venture, quantum of funding, rationale for the funding and its suitability to avail support under the ongoing grant / seed funding schemes of VITTBI. In addition, VITTBI would facilitate linkages between angel investors, early stage Venture Capital providers.

10.0 Tenure of incubation

The companies will be permitted to stay in the incubator for a period of three years. They may be granted extensions for 6 months-12 months each at a time at the sole discretion of VITTBI.

10.1 Graduation / Exit: An incubated company will leave the incubator under the following circumstances:

- Completion of three years stay (if no extension granted) is generally considered as graduation.
- Underperformance or non-viability of business proposition as decided by VITTBI on case to case basis.
- Violation of VIT / VITTBI policies /rules
- When the company enters in an acquisition, merger or amalgamation or reorganization deal resulting in a substantial change in the profile of the company, its promoters, directors, shareholders, products or business plan.
- Change in promoters'/ founders' team without concurrence of VITTBI.
- Any change of more than 50% of equity ownership would require a prior approval of VITTBI.
- Any other reason for which VITTBI may find it necessary for an incubated company to leave.

Notwithstanding anything written elsewhere, VITTBI's decision in connection with the exit of an incubated company shall be final and shall not be disputed by any company.

11.0 Periodic Assessment

A committee set up by VITTBI / VITTBI team will evaluate the performance of incubatees every 6 months. The emphasis of evaluation will be on checking if the milestones specified in the business plan are met. For a company which has taken seed fund loan, additional checks will be done on the financial health of the company

in terms of its order booking, expenses, profitability, utilization of seed money loan for the specified purposes and its ability to repay the loan. Further seed fund disbursement will be dependent on the progress shown in previous appraisal. The same would be governed by the seed fund agreement document entered between the incubatee and VITTBI. Periodic assessment would vary depending on the stage of incubation the company is in.

12.0 Intellectual Property

If an incubatee company develops any Intellectual Property on its own during the incubation tenure, it may protect the same on its own. If the company partners with a Faculty of VIT and if there is a collaborative work, the IPR policy of VIT would govern such as association and the resulting intellectual property arising out of such an association.

13.0 Conflict of interest

In case of any conflicts of interests, the decision of the VITTBI shall be final and binding upon the parties.

14.0 Disclaimer

VITTBI does not guarantee success and/or feasibility of the technology transferred from the VIT or any person representing them shall not be liable for any acts or omissions of the incubated company. However, in case of any such event the incubated company shall do all that is required to hold VITTBI/ VIT or any person representing them harmless from any loss including damage, penalty.

15.0 Agreements

Incubatees shall enter into the following agreement/s with the VITTBI:

1. Incubation Agreement: Contain rules and other incubation norms, consideration, etc. (Applicable to all. A draft of the agreement would be shared along with the incubation offer letter.)
2. Seed-Fund Agreement: Contain rules of disbursement and repayment (as applicable). A draft of the seed fund / grant agreement would be shared along with the seed fund offer letter)

16. Dispute Resolution

In case of any disputes between the Institute and the inventors regarding the implementation of the IP policy, the aggrieved party may appeal to the Chairman of VITTBI. Efforts shall be made to address the concerns of the aggrieved party. The Chairman's decision in this regard would be final and binding

Further, the VITTBI reserves the right to amend the Incubation Policy as and when such a need arises/deemed fit.

11. Right to Regulate Policy:

The VITTBI's team shall have the responsibility for interpreting the policy, resolving disputes, the application of the policy and recommending changes to the policy from time to time to the Chairman, The Chairman shall consider such changes/recommendations and take such decision thereon as he/she deems fit. The Incubation policy may be reviewed after three years or earlier, if there is a need arising out of changes in the startup ecosystem in the country.

12. Legal Jurisdiction:

As a policy, all agreements signed by the Institute and dispute(s) arising there from, will be subject to the legal jurisdiction of the Court of Adjudicature at Vellore only and shall be governed by the appropriate laws of India.



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