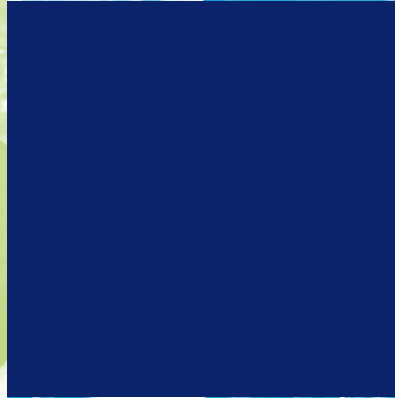




THE UNIVERSITY OF  
MELBOURNE



Annual Review 2009

MELBOURNE  
VENTURES

PTY. LTD.

# Annual Review 2009

“Our commitment to creating wealth from knowledge took many forms in 2009, from coordinating the University’s successful bid for a \$42m grant to drive development of a bionic eye, helping new startups raise \$2m in capital from a cautious investment community, through to nurturing the ambitions of final year engineering students who are the entrepreneurs of the future.”

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## CEO’s Welcome



Welcome to the Annual Review of Melbourne Ventures for 2009. This is the sixth year that the company has operated in its current form, and our team has been privileged to work on a diverse range of technologies with researchers from across the University. Some of these are in the market already, whilst others have a long and highly risky development path ahead, but they all share a common heritage here at the University of Melbourne.

In this Review you will find stories about some of the many projects we have worked on this year, and details of the impact these have had both within the University and outside, and I won't repeat them here. However it's worth noting the breadth of support we have been able to provide, both in terms of the technology fields encompassed as well as the types of services provided, and the corresponding breadth in the impact

we have achieved. The feedback we have received from the academic community tells us that this breadth is one of the most valuable capabilities we can offer.

As Australia's leading research University, the University of Melbourne has a proud tradition of working at the cutting edge of science and technology. In recent years the University's support of Melbourne Ventures has enabled us to add an extra dimension to this tradition, and created new opportunities for both researchers and technologies alike. I would like to take this opportunity to thank the University for their ongoing support, and in particular our board of senior University personnel, Allan Tait, Ian Marshman, and Peter Rathjen. Commercialisation is by its nature a long-term project, and the University's sustained commitment to Melbourne Ventures has been vital to ensuring our ongoing growth and development.

Technology commercialisation sounds to many people like a high-technology business, and in some respects it is. However, it is also quintessentially a people-business, where success involves harnessing the creativity and drive of inventors, accessing the skills

and experience of entrepreneurs who've been there before, and selling new and challenging concepts to potential investors and partners, all the while co-coordinating the cast of characters to ensure that everyone knows what they need to know and plays their required role as part of the team. It is with this in mind that I pay tribute to the Melbourne Ventures team, whose hard work and professionalism has once again produced a highly successful year, and at the same time laid the foundations for ongoing growth and development in the business.

I hope you enjoy reading about our activities and look forward to sharing many more stories in the future.

**Charles Day**  
Chief Executive Officer

# The Team

In 2009 we benefited from a high level of stability and a growing maturity in our team. Our cross functional teams with their broad ranging experience and backgrounds enabled us to provide both a greater level of service, as well as a more diverse range of services, to our clients in the academic community during the year.

The arrival of a new baby towards the end of the year meant that we welcomed

Simon Wilkins to the team to fill the maternity leave vacancy. Simon joined us with a scientific background in molecular and cell biology, as well as experience in commercialisation, gained at the Institute for Molecular Biosciences at the University of Queensland. During the year we also said farewell Tracey Wilkinson and Ingmar Wahlqvist, and thank them for their contribution to the team.

The profile of our team on campus benefited from the involvement of virtually all of the team in various seminars and workshops on the finer points of commercialisation held throughout the year. This, combined with our more formal engagement with research institutes such as Bio21 and the Institute for a Broadband Enabled Society, has ensured that awareness of our people throughout the University is continually growing.



## Chief Executive Officer

Charles Day

## Operations Group

Zeena Lobo, EA/Office Manager  
Priscilla Mellado, Marketing Manager  
Shirley Zapata, IP & Marketing Officer

## Front Row (left to right)

Shirley Zapata  
Roberta Stead  
Ivan Mellado  
Richard Day  
Andrew Leech  
Paul Perry  
Grant Morley  
Simon Wilkins  
Priscilla Mellado

## Back Row (left to right)

Ruth Park-Jones  
Jason Coonan  
Sabina Zahirovic  
Lewis Schulz  
Sean Lumb  
Grant McLachlan  
Christophe Demaison  
Simone Quin  
Zeena Lobo

## Business Development Group

Christophe Demaison, Senior BDM  
Sean Lumb, Senior BDM  
Ivan Mellado, Senior BDM  
Ingmar Wahlqvist, BDM  
Paul Perry, BDM  
Richard Day, BDM  
Andrew Leech, BD Associate  
Ruth Park-Jones, Maternity Leave  
Sabina Zahirovic, BD Associate  
Elisabeth Ma, Maternity Leave  
Simon Wilkins, BD Associate

- Liaison with research groups
- Invention Disclosure review
- Technology assessment
- Commercialisation strategy
- Business case development
- Deal sourcing and negotiation

## Asset Management Group

Jason Coonan, IP Manager  
Roberta Stead, IP Administrator  
Simone Quin, Manager Equity Holdings

- Patentability assessment
- Managing patent drafting & filing
- Managing the patent process
- Royalty management
- Shareholding management

## New Ventures Group

Lewis Schulz, Manager  
Grant Morley, Project Manager  
Grant McLachlan, Project Manager

- Start-up management support
- Project management
- Commercialisation grant preparation
- Consulting on early-stage development

**Our Mission: To build commercial value upon the foundations of Intellectual Property developed at the University of Melbourne. It is through these developments that the value housed within the University can realise its full potential; improving the world we live in while generating real economic value for the broader community.**



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## The interface between cells and silicon

One of the most rapidly advancing fields in medical research today is that of medical bionics: the interface between the human body and electronic systems. The pace of this advance is driven on the one hand by the rapid development and miniaturization of electronic components, as well as the explosion in our understanding of how the brain works and develops connections between its many component parts.

The University of Melbourne is no stranger to this kind of research, having been home to the ground-breaking work of Professor Graeme Clark in the development of the Bionic Ear. In 2009, this work is now carried on in several departments across the University, tackling many different aspects of the challenge. Melbourne Ventures staff have been fortunate to be able to contribute to this work in a number of ways.

In perhaps our most publicly visible project, we have worked closely with Professor Tony Burkitt from the School of Engineering, as well as former Vice-Chancellor (and former Chairman of Cochlear) Professor David Penington, to develop a successful proposal to the Federal Government to develop a bionic eye. Bionic Vision Australia, a joint venture led by the University of Melbourne and including UNSW, NICTA, the Bionic Ear Institute, and the Centre for Eye Research Australia, was awarded \$42m in funding from the Australian Research Council to conduct research and development leading to a functional bionic eye.

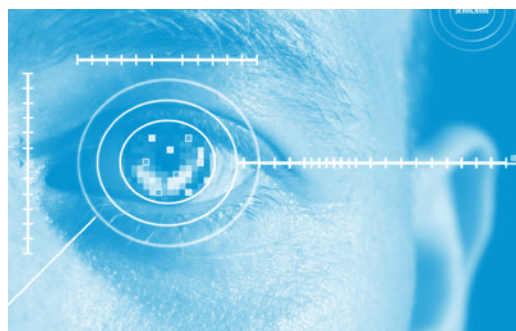
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**This project is truly inter-disciplinary in nature, and will place Melbourne at the forefront of advanced medical bionics.**

Melbourne Ventures was fortunate to be able to draw on the skills and experiences of many people involved in the development of the bionic ear to guide the structure and planning of this important national project.

Even as some researchers push into the nascent field of bionic vision, there is considerable ongoing work at the University in the area of bionic hearing, and Melbourne Ventures continued to work with leading companies in the field, such as Cochlear, to ensure that these technologies developed at the University are able to find their way into the market.

Many people are surprised to learn that medical bionics relates to more than just interfaces to the brain. In this vein Melbourne Ventures also worked with Prof John Furness from the Faculty of Medicine, Dentistry and Health Sciences to assist the ongoing development of technology relating to electrical stimulation of muscles to manage incontinence.



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## New angles on well-known diseases

Many of those who are unfamiliar with technology commercialisation assume that we focus solely on the “new thing” – the problems that technology has created and for which many hope technology can provide the solution. However, it is very common for us to see creative researchers taking new approaches to very well-established problems, or making breakthroughs that finally shed light on what had previously seemed either impossible or uninteresting. The best-known example of this at Melbourne Ventures is the start-up Hatchtech, which is commercialising a discovery made by Dr Vern Bowles of the School of Veterinary Science with the potential to treat that age-old scourge of young children, head-lice. Melbourne Ventures’ relationship with Hatchtech dates back many years, and in 2009 we continued to support the company with specialist project management as they took their lead compound into an international phase II trial.

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**Making breakthroughs that finally shed light on what had previously seemed either impossible or uninteresting.**

In more recent times, Melbourne Ventures has worked with Dr Colin Anderson and Prof Burkhard Franz on the creation of the start-up company Otifex Therapeutics, which is pursuing a new application of an existing drug to treat Otitis Media, a well-known condition which is one of the most common diseases of young children in the developed world. During 2009 we worked with the inventors and with investors to both refine the development plans for this compound and secure the vital funding necessary to put the technology to the test in the clinic.

The University’s long-standing expertise in Oral Health research continues to provide a rich source of commercial opportunities. Work by Prof Eric Reynolds has identified a vaccine-based approach to treat periodontitis (which affects half the population in the developed world) with the potential to attack key bacteria responsible for the disease. During 2009 Melbourne Ventures worked with the CRC for Oral Health Science, which led the negotiation of a deal to develop a periodontitis vaccine with CSL and Sanofi-Pasteur, two of the world’s leading vaccine companies.

Another disease which is all-too-familiar to Australians, and likely to become more so as the population ages, is Rheumatoid Arthritis (RA). In 2007, Melbourne Ventures was delighted to secure a licensing arrangement with the German biotech MorphoSys concerning technology, developed by Prof John Hamilton and Prof Gary Anderson, relating to the treatment of inflammatory diseases such as RA using an antibody directed against GM-CSF. This year we were excited to extend our relationship with MorphoSys into new therapeutic areas, ensuring that the deep expertise of Profs Hamilton and Anderson in the biology of GM-CSF is rapidly transferred to the market.



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## Preparing for a hyper-connected world

During 2009, much of Australia's telecommunications community were focused on the planning (and the politics!) of the Rudd government's \$43bn National Broadband Network. When completed, this network is expected to place Australia at the forefront of broadband connectivity around the world, and open up a wealth of new applications for the benefit of Australia and its people. Within the University, researchers have been engaged for many years in thinking about what a hyper-connected world might be like, and creating the technologies that will both make it possible and benefit from its existence, and Melbourne Ventures has become an important part in that process. Indeed, Melbourne Ventures' Senior Commercialisation Manager Ivan Mellado was one of the early members of the Executive Committee of the Institute for a Broadband Enabled Society, which was formed in mid-2009, and worked closely with its director, Prof Rod Tucker, as it developed an impressive array of commercial linkages.

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**The technologies that underpin broadband networks are complex, rapidly evolving, and subject to a range of competitive forces that make them particularly demanding from a commercialisation perspective.**

During 2009 Melbourne Ventures was fortunate to have the opportunity to work with cutting edge technologies such as those developed by PhD student Dr John Papandriopoulos and Prof Jamie Evans, and those of Prof Bill Shieh, which attracted the attention of some of the world's largest networking companies. Both of these technologies help to push much higher levels of information through existing network infrastructure, and thus have the potential to greatly enhance the networks' return on investment.

During the year Melbourne Ventures also worked closely with Prof Raj Buyya of the Melbourne School of Engineering to support the further development of his company Manjrasoft. As the networks that connect computers become more capable, the demands on the computers themselves to deliver maximum performance are also increasing, and Manjrasoft is developing advanced grid-based computing technologies which will help large organisations get the most out of their computing hardware. The company has attracted interest from customers in several countries, and is in advanced discussions with venture capitalists who are interested in investing in the company's expansion.

Perhaps the most well-known symbol of a hyper-connected world is the Apple iPhone, which has set a new standard for a handheld, always-connected computing device. Not surprisingly, this device has generated much interest at the University, and during the year Melbourne Ventures was able to assist some creative software engineers as they sought to take their new "app" to market.



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## Confronting the degeneration of the brain

It is a little-known fact that the University of Melbourne sits at the heart of one of the world's strongest clusters of neurosciences research – a cluster which will only grow in reputation over the coming years thanks to major new investments by the University as well as State and Federal Governments.

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**During 2009 Melbourne Ventures worked with researchers from across the cluster to advance technologies for treating some of the most challenging diseases in the field of neuroscience.**

In Alzheimer's disease, we worked closely with our colleagues from the Walter and Eliza Hall Institute, as well as the Mental Health Research Institute, to secure funding for a start-up company aiming to develop a new class of therapeutics for this debilitating condition. University researcher Dr Genevieve Evin will play a critical role in the ongoing research to confirm the validity of this new approach, and Melbourne Ventures will continue to be actively involved with the company as its technology moves along the development path.

In Parkinsons Disease, Melbourne Ventures has worked with Prof Kevin Barnham and Prof Paul Donnelly on the creation of a new company, Procypra Therapeutics, which is seeking to develop a new class of disease-modifying therapeutics, which show great promise in animal models of the disease. Melbourne Ventures' experience with drug development programs, as well as our familiarity with a broad range of funding sources, has helped Procypra lay a firm foundation for growth in the years ahead.

In Multiple Sclerosis (MS), we worked with a leading Australian biotechnology company to conclude a commercial arrangement relating to a new approach to the treatment of MS. This will see University researchers work closely with their commercial counterparts to investigate the effectiveness of this new approach, potentially opening up a new front in what has been a long-standing battle against MS.



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## Corporate Overview

2009 was a busy year for Melbourne Ventures, with 61 new invention disclosures ensuring a steady stream of new technologies was available to potentially be taken to market. We filed 14 new provisional patent applications for the University, and continued to manage the University's existing portfolio of over 200 patent and trademark families. Our Proof-of-Concept fund, the Growing Innovation Fund, continued to provide much-needed support for the early-stage development of University technologies, bringing to approx \$400,000 the funds deployed on nine projects over the two years of its pilot operation.

On the dealmaking front we concluded 13 new licences, options, and assignments, and established 2 new start-up companies, attracting commitments of nearly \$2m in early-stage capital in the process. We managed the receipt and distribution of \$5.3m in royalty income for the University, as well as overseeing the University's portfolio of equity holdings in a number of start-up companies.

Our advisory services covered over 17 different projects, ranging from complex multi-centre research bids to the establishment of important new strategic initiatives such as the Institute for a Broadband Enabled Society, which collectively related to over \$50m in research funding. We continued to roll-out our education and marketing program to raise awareness of, and skills in, commercialisation amongst the academic community, and also provided support to a range of student-focused programs such as the final-year projects Endeavour and Meridian.

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### **As part of our commitment to providing leadership within the broader University technology transfer community, we contributed to policy and regulatory reviews and debates at both the State and Federal level.**

Financially, in 2009 we continued to receive the majority of our income (~80%) from the University of Melbourne under our existing services agreement, although we secured valuable fee income through provision of services to startups. Our financial result for the year was broadly in line with budget.

Our Board of senior University staff, namely Allan Tait (CFO), Ian Marshman (Senior Vice-Principal) and Peter Rathjen (Deputy Vice-Chancellor(Research)), continued to provide strong strategic guidance and ensured close integration with the University's strategic priorities. We thank them for their continued service to the company.

Looking forward to 2010, we are hopeful that the external financial environment will continue to improve and lead to increasing demand for University technologies. At the same time, we look forward to continuing to support the University's needs across a broad range of opportunities.

**Melbourne Ventures Pty Ltd is a wholly owned company of the University of Melbourne and is a key component of the University's overall commercialisation strategy. We provide the academic community of the University and its affiliate organisations with a comprehensive range of services that support research commercialisation and technology transfer.**

**We offer the following services:**

- Commercialisation advice**
- Technology assessment**
- Business development expertise**
- Patent and trademark management**
- Technology licensing**
- Creation of start-up companies**
- Attraction of investment capital**

**Melbourne Ventures Pty Ltd.**

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