Activate

SiPA: A New Tool to Accelerate Startup-Corporate Collaborations

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Abstract

Open innovation is hard enough without inefficient contracting. Particularly for startups and corporates, the time between a first conversation and signing a longer-term partnership such as a joint development agreement (JDA) is long, nebulous, and filled with the risk of abandonment because of the legal costs and complexity involved.

The Simple Partnerships Agreement (SiPA) approach offers tools and a method to shorten the time to partnership value while reducing relationship risk, knowledge risk, and cost throughout the process. By employing this approach, both partners can efficiently determine if there is a solid base upon which to build a longer-term partnership. SiPA partners understand each other's workflows and company cultures and provide insight into strategic alignment… and both parties still have energy left for a full-scale negotiation later on!

Read on to learn about how SiPA can empower you to launch more collaborations and build more valuable partnerships.

Why is it so hard for startups and strategics to work together?

Consider a startup working on a new energy storage technology. The technology is early but promising—if successful, it could impact the industry significantly by meeting a critical price point in the battery space. The founders are feeling excited and confident heading into discussions with a strategic energy provider. For their part, tech scouts at the energy giant are equally enthusiastic about the possibilities of the collaboration.

Months later, despite both organizations having regular check-ins with cross-functional stakeholder teams, and having signed mutual non-disclosure agreements, neither the startup nor the energy provider is any closer to benefitting from the relationship. What went wrong? How could it have gone better?

Then, a rival energy storage startup approaches the same utility. It also has a promising innovation. But within four months, this rival and the energy provider have signed a collaboration agreement and are planning a pilot program to evaluate the battery's fit for a microgrid project.

What did the rival have that the first startup lacked? A clear partnership agreement to streamline early collaboration between startups and potential strategic providers. **Enter: The Simple Partnership Agreement (SiPA)**, a contracting tool designed to smooth the path to early collaborations between startups and strategics by streamlining existing agreement processes while maintaining key interests on both sides.

Before diving into the SiPA model and how to deploy it, let's consider the value of these types of partnerships—particularly at the early stages of technology innovation in the physical and biological sciences (i.e., hard-tech innovation).

The Missed Opportunity

As markets seek new technology to address myriad needs across society, startups have become indispensable. New solutions in energy generation and storage, artificial intelligence, biomanufacturing, new materials, and next-generation electronics hardware are in great demand. Startups have the speed and risk tolerance to develop these solutions—but to test new products in established markets, startups must partner with established players in historically conservative industries such as energy, manufacturing, chemicals, and semiconductors. At the same time, corporate research and development budgets and timelines to deliver value have been shrinking. Corporate leaders have looked externally to startups for ideas to reinvigorate their offerings and bring new solutions to their customers. **Startups and corporate partners need each other to bring urgently needed new technology solutions to the market, create better products, and foster a stronger, more resilient infrastructure, thereby creating value. However, the current approach to collaboration is limited and hinders this process.**

Currently, startup-corporate collaborations are very common in the post-product testing phase, primarily to facilitate market entry. Such collaborations are less common at the pre-product phase. However, in hard-tech innovation, factors like product design, manufacturing readiness, and scaling can be too costly (strategically and fiscally) to pivot later in the development cycle. Industry collaboration at the pre-product phase can uniquely inform product development in line with market needs, manufacturing considerations, and other important factors. Very early project collaborations are needed in order to de-risk technologies and align around value creation. Unfortunately, there are no industry-recognized and trusted options for creating such collaborations.

Understanding the Problem with Early Startup-Corporate Collaboration

Activate is a non-profit that, through a two-year fellowship, provides funding, technical resources, networking, and community to support science entrepreneurs at the outset of their journeys. We observed a pattern arising for Activate Fellows as they bring their ideas to market. Their first corporate engagements were often slowed or derailed not by scientific or technical considerations but by issues in the contracting process. We wanted to know the extent and cost of this pattern. We spoke to dozens of startups and large companies across six innovation regions in the U.S. to better understand the scope and depth of the collaboration challenges for hard-tech companies. Specifically, we wanted to better understand obstacles that prevented collaborations from coming to fruition, especially at the earliest stage. A common set of frustrations emerged:

- **"Legal purgatory":** Startups and corporations stated that it can often take six to 18 months to execute a partnership agreement. This time is spent in working out an expansive scope of work, settling on an existing corporate contract, and negotiating terms (often overreaching for an early project) between legal teams. For startups that have a funding runway of only 12-18 months, this is too slow! Furthermore, the legal costs to go through this process make this infeasible for many startups, causing many to escape this "legal purgatory," as one startup CEO put it, by withdrawing from discussions prematurely. Rather than adding mutual value, this process drains both parties of energy, bleeds the startup dry and leaves both the corporate and startup without additional learning or insight.
- **No common project scope:** Often, an interesting early conversation between parties would end there, said respondents, because neither the startup nor the corporate proposed a clear next step. Prior to any active collaboration, neither party can determine whether the opportunity is worth the risk. Some partners would race toward a large project

employing a standard JDA, which proved too elaborate for the get-to-know-you phase they were entering. Conversations around commercial terms (like revenue sharing), mandated by JDA terms and clauses, often caused parties to withdraw before having clarity on the foundational value creation of the collaboration.
- **Poor communication on needs and resources:** Both corporate and startup partners described transparent and clear communication as a critical piece of building a successful partnership—however, communication seemed to be missing from early conversations, in practice. For example, one tech scout from a top-three chemical firm told us that startups often fail to articulate a clear ask, assuming perhaps that working within the same industry warranted a formal partnership. On the other hand, startups expressed frustration about the lack of clarity and transparency of resources (financial or in-kind) the corporate partner could put towards the partnership.
- **Mismatch of timelines:** It also became clear that corporate processes, whether in legal contracting or procurement, operated at timescales that were untenable for the startup—a 90-day pay cycle is not uncommon but is also not feasible for an early-stage startup!

Overall, as a result of these misalignments, both corporates and startups told us they had difficulty assessing if a potential opportunity was worth pursuing.

We confirmed these observations at a 2019 workshop with the Corporate Accelerator Forum, called Bridging the Gap: Materials Giants and Startups. Five advanced materials corporations and five startups serving the materials industry compared expectations and found very similar challenges to those from the Activate interviews.

Stepping back, these observations revealed a dearth of common language and tools to approach an early-stage collaboration successfully.

A few corporate groups we spoke with had been moderately successful in addressing these challenges by simplifying internal contracts with an enthusiastic and creative corporate legal counsel, or by fast-tracking approvals for small projects under a certain dollar amount. However, these cases largely remained internal to the organization and sometimes within a certain department.

We wanted to find a way to solve these problems more broadly and enable further evolution and adoption across the startup-corporate ecosystem!

The Current State of Collaboration

Our interviews revealed a conventional collaboration workflow. The figure below charts this collaboration timeline from business development activities to a mature commercial collaboration or investment, two common end targets of corporate-startup engagement.

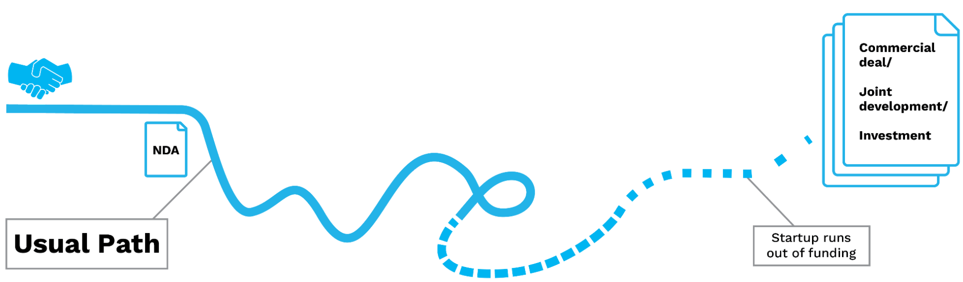


Figure 1: Usual collaboration path

The first stage of the process is driving business development and sifting partners to align on overlapping technology and market areas. These connections are made through industry conferences, warm introductions, or cold calls. Increasingly there are forums, conferences, and online tools to find suitable partners, and this process continues to improve, especially in regions with a strong startup presence.

Once partners establish mutual interest, they share details of their target use-case after which they often sign a non-disclosure agreement (NDA) to enable sharing more strategic details. However, in our findings, early collaborations often stall after an NDA is signed and before any formal engagement is signed. Why?

There are various outcomes parties may be aiming for, such as co-development, another type of commercial venture, or perhaps investment. But the path to those end goals is littered with obstacles if trust and mutual strategic interest are not built upon, slowly. For example, our research shows that many partners jumped headlong into negotiating a full scale JDA to co-develop something new, without a robust understanding of the proposed partnership's mutual strategic benefit. **Partners chose a JDA because it was a well known contract with an established corporate process, even though it was a poor match for the goals of a first collaboration.** On the way to joint development, the negotiation process faced twists and turns that ultimately derailed many partnerships, as shown in Figure 1.

In cases where partnerships fell apart early, parties failed to collaborate toward a more significant engagement. By attempting to negotiate a large, expensive project prematurely, the parties are faced with tackling too many steps at once:
1) Get to know each other as collaborators.
2) Identify project risks.
3) Resolve these considerable risks through technical or customer work.
4) Build something new to address the highlighted need.
5) Negotiate and allot resulting rights, revenue and other outcomes.

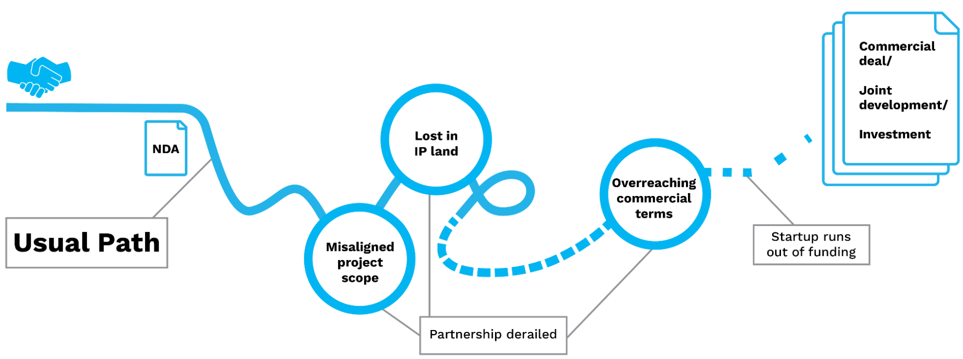


Figure 3: Usual collaboration path, with obstacles described

In trying to tackle too many questions at once without a good sense of strategic fit and potential value, the current partnership approaches often lead to a breakdown of the relationship due to poor fit and/or because of legal, IP-related fatigue as mentioned in the last section. In some cases, the startup may run out of funding mid-negotiation. Without a way to build a solid foundation quickly and early, these collaborations often end before they have a chance to generate new knowledge, leaving potential value on the table.

On the other hand, our research suggests that successful startup-corporate collaborations usually invest in smaller trust-building engagements along the way, building on consecutive win-win's and generating enduring value and connectivity. These collaborations also provide the startups a steady source of revenue to avoid running out of funding. Additionally, it's important to note that these successful projects often require the support of a high-level corporate champion and a high level of mutual trust between parties to weather short-term challenges.

Creating an environment to foster these smaller-scale engagements is key to creating valuable partnerships for the long term. However, a review of existing practices showed that there exists no widely agreed upon standard framework to arrange these types of projects. Without a standard approach, many projects will continue to fail in execution or fail to even come to fruition. The SiPA is designed to provide a standard, industry-recognized, trusted and easily available framework. The SiPA path leads either to a fully informed, cordial "No thank you!" based on ongoing collaboration, or a fully informed "Yes!" with a rich foundation of early wins behind it.

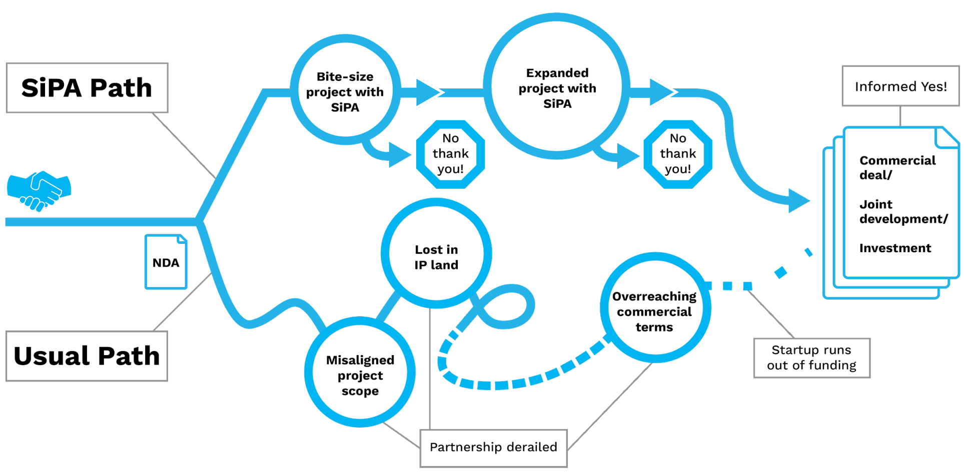


Figure 4: The SiPA approach, in contrast with the typical approach

Current Landscape of Partnership Agreements

Aside from lacking a standardized and suitable collaboration path, the current set of contracting solutions are generally poorly suited and/or over designed for the purposes of a first engagement. To begin with, many large companies do not have a dedicated startup-friendly collaboration contract and instead work with existing contract documents meant for vendors or collaborators of similar size and structure. These contracting solutions range from purchase orders to joint-development agreements, to bespoke contracts for each collaboration. Each of these documents present challenges for startups and corporations looking to collaborate for the following reasons:

- They are meant for similarly sized, established partners and vendors with considerable legal resources to draw upon.
- They contain ownership clauses that disfavor the startup.
- They are subject to slow, multi-stakeholder approval processes.
- They are poorly aligned for the scope of a first collaboration.
- They put the startup at a great disadvantage with regard to legal expertise.

A few examples of recurring current solutions include a purchase order (PO), material transfer agreement (MTA), a joint development agreement (JDA), and a custom contract. (See an expanded explanation of these existing tools and their drawbacks in the appendix.)

All of these existing contracting solutions share a common drawback: they unduly place the burden of expensive and lengthy legal review on the minimally resourced startup, while robbing both parties of early value creation and learning opportunities. Corporate groups will have legal teams on staff as a ready resource, but early-stage startups do not have resources to match. Conducting a legal back-and-forth over months, with no guarantee of success, is not feasible for most startups and hence they need to hedge their bets on which partnerships they choose to spend their limited resources pursuing. *This protracted process can be a deal-killer that leaves both parties worse off: startups are left with significant legal fees and months of lost business development time, while the corporate partner is left without any additional knowledge about a new opportunity, technology, or market, and likely with a bad reputation in the startup community.*

Activate believed there had to be a better way to help partners 1) test fit, 2) build trust, and 3) engage in a mutually beneficial exchange to set up a more involved engagement! We realized that the ideal solution and tool would have to encompass the following:

- A well-defined, three- to six-month project scope with the purpose of testing whether a more expanded engagement would be of value. This project scope should ideally be IP-neutral for the first engagement to minimize entanglement. Read more about designing an IP-neutral scope in the appendix.

- Short, simple language
- Approval on both sides within a few weeks to a month
- Coverage of the minimum set of considerations: scope of work, deliverables, mutually agreed upon resources, next steps depending on outcomes, timeline, and payment and deliverable schedules, with appropriate basic warranties and disclaimers.

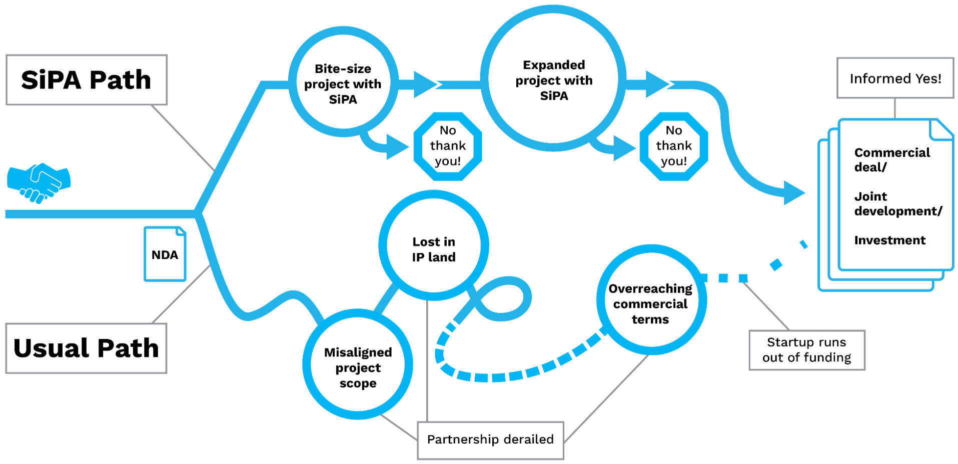
A New Approach: The SiPA

To address the challenges observed in the collaboration process, Activate created the Simple Partnership Agreement (SiPA), with global law firm DLA Piper. **SiPA comprises a methodical approach to scoping and structuring these early engagements, as well as simple templatized contracts that help focus partner discussions on the key questions in executing an initial collaboration.** The goal of SiPA is to reduce the time from mutual intent to collaborate to a signed contract. A SiPA can cut this time down to as little as one to three months, while drastically reducing legal fees in the process.

The scope of the SiPA project is critical to its effectiveness as a tool: SiPA is not about co-development or immediate go-to-market. It is focused on framing a bite-sized project where parties can demonstrate valuable capabilities in a context that both care about, to validate the need for a follow-up collaboration. The focus is on proving *what* you can do, not on revealing *how you do it*. Sensitive ownership and complex IP matters are saved for later projects once interest is established.

Built from our analysis of early-stage collaboration projects, the SiPA templates incorporate the core elements to govern an early project engagement while removing onerous and overreaching terms that stall timely execution. The templates include a scope of work, a term, deliverables for both parties, and expected payment schedule, and other elements detailed below.

See the figure below showing a parallel workflow of the usual collaboration path, compared to the SiPA path, which is designed to facilitate projects of increasing cost and scope, building on ongoing learning and mutual value creation.



A Closer Look at the SiPA Templates

The two template agreements—the SiPA Quote and the SiPA Service Agreement—are based on observed pathways for approval of small projects within a large company, while keeping the language as simple as possible for accessibility. Both documents are under three pages for quick review and approval and cover the following terms.

- **Services/Work:** Laying out the work and deliverables for both parties.
- **Deliverables and Payment:** A payment schedule allows for clear agreed-upon milestones, and monetary compensation for the work conducted. It is advised that some percentage be paid on signing to cover the first stage of work.
- **Limited Exclusivity:** A “stand-still” exclusivity clause limits partners from working with others in the defined space, usually just during the length of the project. This is meant to provide some assurance to the corporate partner of the startup’s strategic dedication in return for the support and financial compensation, while not tying down either party in the long term.
- **Confidentiality:** This clause refers to an existing Non-Disclosure Agreement to uphold confidentiality for the course of the project, and does not create additional provisions.
- **Invention:** The pre-existing know-how and background IP that partners bring to the table is assigned to each. No rights to

the product or service arising out of the work conducted, or foreground IP, are explicitly assigned. Ideally, the project is scoped to forestall development of foreground IP. If additional provisions are absolutely necessary, parties can consult appropriate legal counsel.
- **Warranties:** As appropriate to the business intent in these early-stage collaborations, all deliverables are provided as-is, and this clause ensures that the parties are not guaranteeing perfect performance. This paragraph may need to be amended per industry standards across different sectors (e.g. utilities).
- **Liabilities:** Liabilities are limited to and not made to exceed the monetary value of the contract work, so as to protect the startup from excessive damages to be paid.

On observing collaborations with startups and corporates, two pathways for approval and execution emerged: 1) through procurement as a vendor and 2) through a more traditional legal approval as a services agreement. The two SiPA templates are formatted to suit these approval paths and can be used individually, or in series depending on the corporate partner's normal approval processes. The intent is to provide all of the information and coverage that the partnership needs for the initial project, in a format that is familiar and easily digested by the corporate infrastructure.

SiPA Quote

- Structured as a modified purchase order or quotation
- Suitable to be approved through the procurement process

SiPA Service Agreement

- Structured as a standard service contract
- Suitable for approval through legal contracting

Beyond the structure of the documents themselves, the bite-sized scope of work is critical to maximizing strategic value, while building in minimal entanglement between the groups upfront. At this stage of the relationship, both parties need to explore the value in a potential collaboration by identifying potential risks in a light engagement as a gating factor to future collaboration. For example:

- Price tag: ~ $5,000 - $200,000
- Timeline: 3-12 month project timeline

- Payment terms: 15-30 days
- Scope of Work: Answers key questions with minimal entanglement of IP, and leads to next steps if the outcome is positive.

These small project boundaries also have the benefit of testing interpersonal and inter-organizational fit before jumping into a longer, more expensive engagement. It is well known that trust and good interpersonal dynamics can make or break a successful relationship—therefore using a SiPA project to test the relationship's integrity early on can build trust before embarking on the next step.

What SiPA is NOT

While SiPA can be a critical contracting and communication tool that kickstarts collaboration, it is meant to complement, rather than replace the following existing documents:

- A **Non-Disclosure Agreement (NDA)**: In fact, SiPAs refer back to signed NDAs for confidentiality purposes so as to suit each pair of collaborators.
- A **Joint Development Agreement (JDA)**, which is intended for a co-development engagement, often with unique IP creation, and commercial-ready outcomes. SiPA is a precursor to a JDA (or a pre-JDA) and will help the partners assess fit and set goals for a longer-term engagement in the future, which may include proceeding to a JDA.
- Other engagements such as **joint ventures,** or **strategic investments**: The SiPA can be used ahead of both of these to assess mutual fit and test relevance for the intended next step, but it does not replace these unique engagement opportunities.

As shown above, existing contracts and agreements are not made obsolete by SIPA—rather, a SiPA makes existing contracts and agreements more valuable as the relationship matures. SiPA creates a critical high-speed step to qualify the need for further collaboration, building trust and better tuning the purpose of the next step. By executing a SiPA, both parties come away with early learnings upon which to build further work through joint development or other commercial engagements.

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Examples: SiPA as a Valuable Tool

On sharing these templates with stakeholders in the community, it became clear that SiPA enabled partners to reduce the complexity and time in executing early projects in many ways. All of these benefits contributed to the explicit goal of reducing legal fees and time in getting a first project contract signed.

Semiconductor Giant and Early Stage Semicon Startup

An early-stage semiconductor materials company was in discussions with an established semiconductor technology leader to explore a new fabrication technique developed by the startup. After signing an NDA, a follow-up discussion highlighted a mutual interest in demonstrating how this technology would adapt to certain specific uses.

The startup sent a SiPA Quote with a statement of work, detailing the delivery of materials samples, and setting a time limit on the use of the samples to build an incentive to act quickly. The contract was signed within a few weeks, channeling revenue to the startup to cover materials and time, while building a valuable relationship with a major player in the industry. The corporate partner received a unique insight into new emerging technology and its capabilities within adjacent market applications.

Early pilots reveal that SiPA can achieve these goals for both partners through two pathways:

1. *Partners used SiPA as a final project contract.* In our research, this path was accessible when partners had already established high trust in the relationship and had a senior champion to drive quick review and approval. As SIPA continues to grow in recognition, we envision that this scenario will be the default.
2. *Partners used SiPA as a communication and alignment tool.* Having a short document with all the necessary fields handy helped teams align on the core purpose, cost, and timeline of a proposed project, even if SiPA was not the final contract signed. This format provided corporate teams a way to efficiently share details on the project internally to fast track

the contracting process, shaving weeks and sometimes months off the process.

In one case, the SiPA Quote shaved off many weeks of contract processing.

SiPA Quote Helps Projects Get to the Front of the Line

An early-stage biotech company captured the attention of a VP at a market-leading global biotech firm. The startup wanted to demonstrate that its bioproduction platform could provide a valuable alternative to the large firm's current method.

After recognizing that internal corporate contracts would prove long and costly for both sides, the VP requested a contract from the startup. Happily, the startup had a SiPA Service Agreement ready to send. It scoped the project to create a designated product and added IP protection language. The SiPA was signed after a month and kicked off the collaboration.

The startup was able to focus its resources on drafting IP language in the contract with its lawyers rather than paying to draft an entire contract from scratch—this reduced the overall time to a signed contract by months.

Startups saw critical benefits in this process: SiPA efficiently covered all the main topics of a project proposal and basic contract clauses, without generating excessive legal overhead. SiPA avoided the cost to draft a new contract from scratch. For new entrepreneurs, the SiPA's pared-down content provided critical education on the core clauses required in such contracts.

To complete a SiPA, early-stage companies are forced to think about and communicate the critical tasks, costs, deliverables, and requests directed at the partner, in addition to what they are willing to negotiate on. In addition, leading the discussion by sending a completed SiPA to its would-be partner enables the startup to lead with its preferred scope and terms. The startup enters the negotiation on a more even playing field and saves legal fees resulting from reviewing and modifying a lengthy corporate contract.

Corporates we spoke with strongly agreed with the problem statement that the early project engagement, while crucial, is hindered by contractual complexity, lack of project scope clarity and related expense. Experienced corporate liaisons told us the SiPA provided a platform for open dialogue that helped them identify valuable projects and partners through open communication and without getting bogged down in too many questions early on—they could get to a yes or no from internal stakeholders quickly, saving both parties time.

Corporate Pilots Activate's SiPA, Then Adapts Its Own Internal Processes

An industrial automobile parts manufacturing corporation was setting up a new innovation group to engage with startups and external partners. The team knew it wanted to operate in a startup-friendly manner and came across SiPA while launching early projects.

Finding it too cumbersome to generate a startup-friendly contract from scratch, the tech scout worked with their legal team to employ a SiPA with some modifications, and launched the project, noting that the startup partner was happy with the ease and speed of the execution.

When looking for their next project, the tech scout began working with their own legal team to create an internally-approved startup-friendly legal contract and process inspired by SiPA to replicate the ease of that project.

Even in cases where companies used their corporate contracting documents as a matter of policy, groups interfacing with startups recognized that SiPA can reduce the back and forth and allow them to push for a concise project outline internally. Users also appreciated that a completed SiPA concisely presents a clear proposal to respond to, which increases efficiency in the assessment process.

One tech scout from a large chemical firm noted that in the past, vague requests for collaboration and endless check-ins failed to articulate strategic needs and prevented the corporate from getting to a clear yes or no. The same scout also noted that any attempt on the part of the corporate to reduce contractual headaches and move swiftly is appreciated and leads to a better reputation in the startup community, which is critical to continue drawing the best startups.

Conclusion and Going Forward: Seeding SiPA as a Standard

SiPA has been active in the ecosystem, driving consequential collaborations within efficient timeframes, and is becoming a more familiar term. As this impact grows, each subsequent collaboration becomes easier to create. **To that end, join us in creating an ecosystem in which SIPA signals a shared language and understanding between startups, corporates, investors, and other ecosystem players in testing and deploying new solutions.** Please share widely with founders, innovation groups, and others and help us improve the tool by providing your feedback and suggestions through the Contact Us form on the SiPA webpage: activate.org/sipa

Get Started!

In short, SiPA enables both partners to:

- Focus limited energy and resources on aligning on a relevant short-term project, rather than on drafting and negotiating commercial and legal jargon that is irrelevant early on.
- Communicate clearly on resources and time that both partners are willing to put towards the effort.
- Set clear and concise deliverables on a payment schedule, with actionable outcomes.
- Quickly clarify whether a larger collaboration is the right next step
- Get a quick no if there is no alignment to collaborate—now or in the future.

Here are ways you can get started!

Corporates Legal Teams: Use SiPA to kickstart initial projects with startup teams. Modify as needed for your specific circumstances.

Startup Lawyer: Use your client's completed SiPA as a starting point in your negotiations with the corporate partners's legal team.

Accelerators/Incubators/Investors: We also want your companies sign deals faster, gain traction, and generate more revenue to aid their growth. Add SiPA to the tools you recommend to your teams, and schedule a SiPA workshop webinar with the Activate team!

Read more here about what SiPA users in the startup ecosystem think about the tool.

Let’s make SiPA a standard approach to building early corporate-startup partnerships!

Appendix:

Current contracting solutions and their drawbacks:

1) A **Purchase Order (PO)** enables a direct transfer of funds to cover the cost of collaboration with a short scope of work. ***However,*** corporate POs usually include language that turns over ownership of any product, material, or hardware and related intellectual property exchanged to the corporate. This is not suitable for a test case trial that leaves the startup exposed to liabilities and open to losing its core technology ownership while offering little financial incentive in return.
2) A **Material Transfer Agreement (MTA)** allows two parties to exchange and test physical materials and was used in many cases in our research. But MTAs usually do not articulate the overarching goals of the engagement between those parties, for example, to investigate technology or market fit. Nor do they chart the next steps following the transfer or establish any other follow-up. We saw examples in our research of partnerships that attempted to craft custom agreements with appropriate goal language. Unfortunately, in these cases, the bespoke agreement process required lengthy legal exchanges at high cost to the startup.
3) A **Joint Development Agreement (JDA)** is a common go-to commercial-stage agreement to co-develop new technology or a product. However, because these are usually designed in mind with a commercial product at the end, it stipulates commercial rights and terms that are not known and too speculative for a first engagement.
4) A **custom contract** is another option for many corporate legal teams because it can be designed for the collaboration in mind, however this requires extensive time and coordination, stretching many months to draft, and requiring multiple rounds of review and commentary by both parties over the negotiation. There are no standards that can be relied upon here.

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IP-Neutral Scope of Work: What It Means and What to Consider

In designing your SiPA project scope, the ideal and simplest way to structure is by ensuring the work you will be doing avoids co-creating new intellectual property (IP)—in other words, that the scope should be IP-neutral. Below are a few principles and tips around designing such a project scope.

- An IP-neutral scope keeps background IP where it originated—the startup keeps its IP, and the corporate keeps its IP, and avoids building anything truly novel together. As much as possible, leave that aspect of collaboration for a later phase of the partnership.
- An initial project can be made IP-neutral by focusing on an adjacent area instead of directly on the primary challenge in question, which may be sensitive in nature. Example: The corporate wants a molecule of a certain type. The startup has a platform that can generate novel molecules. The giant sees risk in sharing the specifics of the question they want to answer. The startup might be hesitant to give up the actual product for an early, less lucrative agreement. It's clear that eventually they will need a complex IP agreement. For a first project, the giant can ask for a different molecule of similar complexity to test the capacity of the platform. This keeps the challenge private and the terms reasonable, while learning a key lesson that progresses the partnership.

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