



The research commercialisation office of the University of Oxford, previously called **Isis Innovation**, has been renamed **Oxford University Innovation**

All documents and other materials will be updated accordingly. In the meantime the remaining content of this Isis Innovation document is still valid.

URLs beginning www.isis-innovation.com/... are automatically redirected to our new domain, www.innovation.ox.ac.uk/...

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Streamlining Negotiations with Chinese partners

Negotiations between foreign and Chinese partners are complicated by differences in industry structure, role of government, respective corporate competencies, business culture and language. But the benefits, when successful, can be immense.

Exposure to Chinese investment capital and the rapidly developing Chinese internal market for more advanced products and services drive growing technology companies to develop their China strategy.

Isis Innovation, from its base in Hong Kong, is supporting the transfer of technologies from foreign organisations, including Oxford spin-outs, to Chinese partners through licensing agreements and the creation of joint ventures.

Dr David Baghurst, Managing Director of Isis Innovation (Hong Kong) offers advice and recommendations for negotiations:

- 1. Technology Absorption Capacity** – search for skilled technologists on both sides who will embody the transfer of technology and know-how. Medium sized Chinese companies may draw on experts from local research institutes to act as their outsourced R&D team. Meet with these non-company people sooner rather than later.
- 2. Identify the Decision Maker** – often the President and/or Chairman are genuinely in charge. If you receive new queries or a restatement of old queries then there may be a founder/owner in the background who is driving decision-making. Seek out this individual and listen to their concerns.
- 3. International Experience** – identify if the senior team has past experience of dealing with international partners. Expect the Chinese side to have concerns about the quantity and quality of the information they receive, whilst the foreign side will have concerns about IP rights. Both sides will be aware of historic failures.
- 4. Speed** – there tends to be a big mismatch in cycle times with the Chinese side moving much more quickly. Delays may be perceived as a lack of interest and need to be managed carefully.
- 5. Deal Structures** – preferences are changing. Pure licensing, particularly in Medtech, is becoming more common, than the parties collaborating through the creation of a new international joint venture company with shared ownership.
- 6. Explain 'No'** – Chinese negotiators tend to set out their proposed deal terms very clearly but will accept counterarguments or terms. It is important to be firm and provide explanations when there is something which cannot be agreed this may be contrary to their accepted ways of business.

Please contact David.Baghurst@innovation.ox.ac.uk to discuss Isis Innovations' support for developing a China strategy.