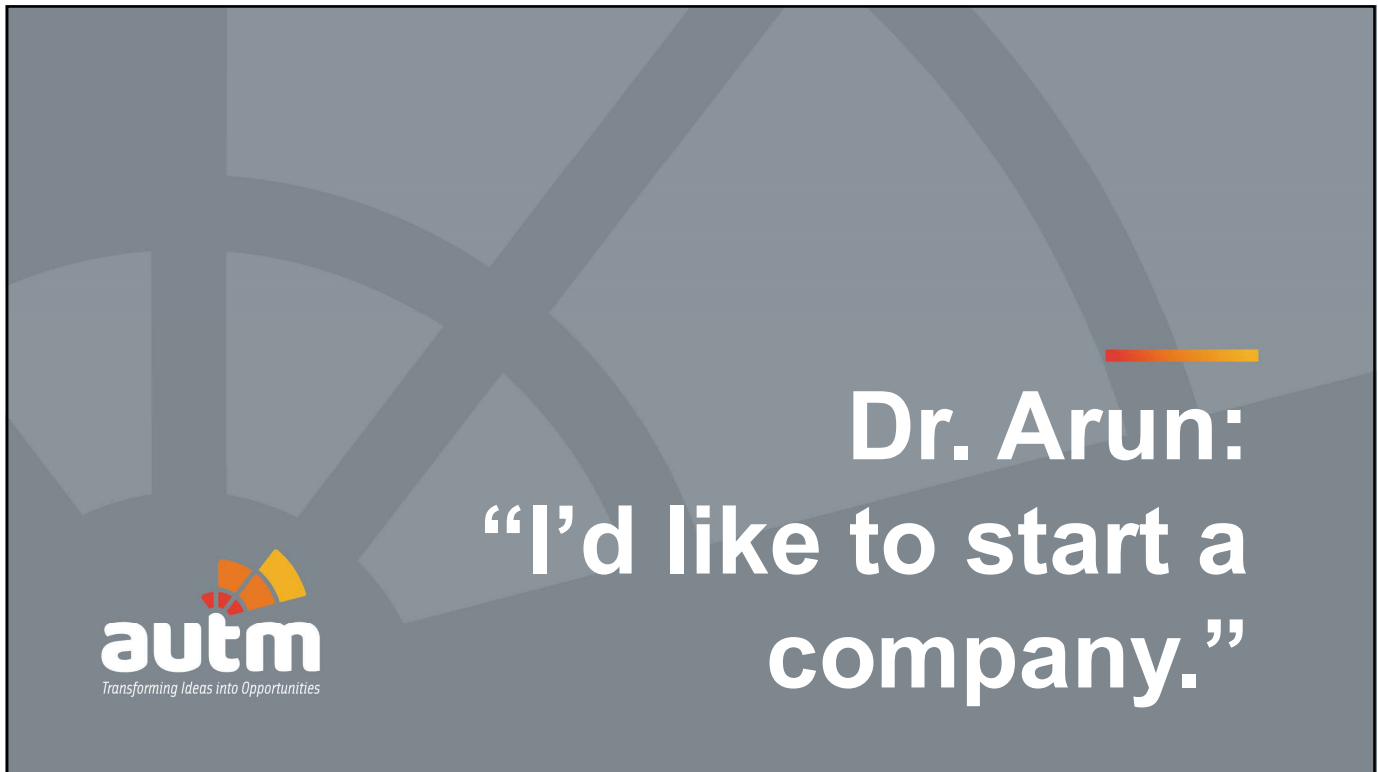





1



2



Dr. Arun:
“I’d like to start a company.”



3

What is he thinking?

Pros

- Additional sources of research funding
- May be the only way to move the technology forward
- New contacts (especially with industry scientists)
- Enhanced reputation and new experiences
- Connections for students

Cons

- Do I really want to run a business?
 - Do I have the time? Do I know how?
- Its not really research funding
- The objectives are vastly different



4

Licensing Associate Marie: “Oh, how interesting . . .”



5

What is she thinking?

Pros

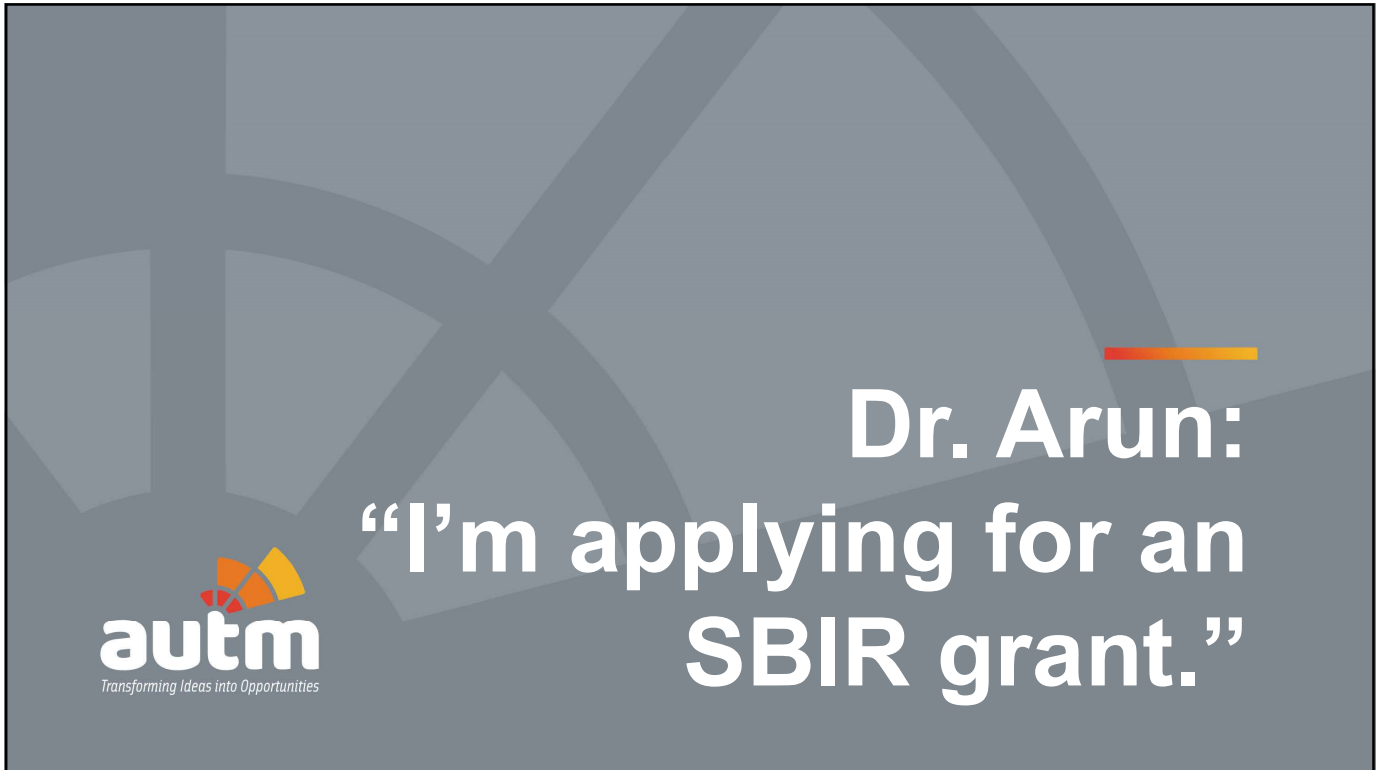
- Too early to license to established companies
- Startups are committed to developing the technology
- Inspiration for other university researchers
- Keeps researchers happy, eager to work with the TTO
- Metrics and other incentives

Cons


- Researcher-led: often inexperienced, requires a lot of education
- Entrepreneur-led: needs time to raise money and TIME erodes the value of HIGH TECH and PATENTS
- Sources of funding?



6



Dr. Arun:
**“I’m applying for an
SBR grant.”**



7

What is he thinking?



Does he realize that these are not “research grants”



Subgrants to the university will make my department chair happy



The experience will be great for my students



I know how to write and run grants



8

What *should* he be thinking?

What support does the university provide to its start-ups? *Realistically . . .*

- Lab space?
- Funding?
- Business advice or training through entrepreneurship programs?
- Business mentors?

Thinking all the time about what role I am representing (“What hat are you wearing right now, Dr. Arun?”)

- Conflict of interest in research
- Conflict of commitment
- Protecting students



9

Licensing Associate Marie:
“Let’s talk license
agreements.”



10

What is she thinking?

Is this a waste of time? I know that the company will insist on renegotiating the deal once an experienced entrepreneur comes on board.

- Company shift in business model
- Needs/demands of investors
- Needs/demands of partners/sublicensees/acquiring company

What are the internal political implications of standing firm on the deal terms?

Future rights?!? I know that Dr. Arun and his start-up will have a falling-out within, oh, three years . . .

And the diligence milestones . . . Will they make sense as the business changes? He wants them weak, but what happens if (when) he has a falling-out with his company?

Successful start-ups do not remain start-ups. Will this agreement make sense when big pharma is our licensee?

Can I talk him into an option agreement?

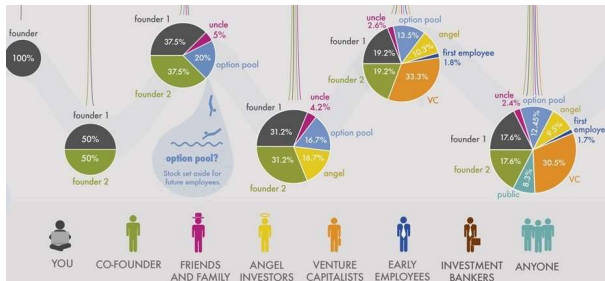
Will our express license work for Dr. Arun's company?



11

What is he thinking?

How is this company going to grow?



<https://fi.co/insight/how-to-split-the-equity-pie-with-founders-and-partners>

- Possibly a secret fear: am I afraid to reveal my inexperience with negotiation? Is Licensing Associate Marie taking advantage of me?
- How in the world am I going to find the funds to pay for patenting costs?
- This is *my* company, and equity is precious.
- I need all of my future inventions to go directly to my company.



12



Dr. Arun:
**“Time to find investors
 and other partners.”**



13

What is he be thinking?

- My company can offer:
 - Exciting, cutting-edge technology!
 - Reputation of the university
 - Inroads to other services at the university
 - Pipeline to recent graduates
 - Raising money from alumni
 - Its worth a lot!



14

What are her concerns for Dr. Arun and for the TTO?

Some investors don't like university involvement

Recognize that the company will evolve

- It may move away from your original vision
- Values: your reputation/scientific passion vs. money
- If you as a university faculty want changes to the deal, the TTO will need to make concessions

If the company is not performing, I will terminate the license. *(Will I?)*

I will always protect compliance with funding agencies

Can I avoid getting dragged into issues outside of my responsibility?

- Conflict of commitment
- Company disputes

How do I balance the university's needs with my TTO's needs?



15



Growing pains: managing long-term relationships



Transforming Ideas into Opportunities

16

It takes work to remain friendly: LA Marie

We start out
collegial,
let's
maintain
that
relationship

- Once the license is signed, have the TTO team sit down with the founder
 - Introduction to patent manager, finance manager
 - Walk through deadlines
 - Make sure all “deliverables” are delivered
- Be prompt with cost estimates, billing
- Be consistent with enforcement (reports), establish good procedures, watch for early signs of difficulty and address any emerging problems



17

Dr. Arun, what do you want now?

After some time has passed, evaluate your current wishes

- Money?
- Prestige?
- Your innovation helping people?
- Pipeline for students?

Discuss your time and resource commitments with the company



18

Company partnership

Keep in mind that interests diverge over time

- The university's equity stake doesn't make them a "partner"
- Work to maintain friendly relationships with researcher founders
- Recognize that public relations successes are valuable to the university
- Understand "university time"
 - Grant deadlines
 - End-of-semester time crunch
 - End of fiscal year
 - No communication for months, then asking for immediate response



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Thank you

Questions?



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