

Office for **Technology Commercialization**

Minnesota Innovation Partnership (MN-IP)
Leza Besemann
03.16.2012
Minnesota Renewable Energy Roundtable (MNRER)



Office for Technology Commercialization Mission

To translate University of Minnesota research into new products and services that provide growth opportunities for our licensees, benefit the public good, improve the quality of life, and generate revenue to support the University's research and education goals.

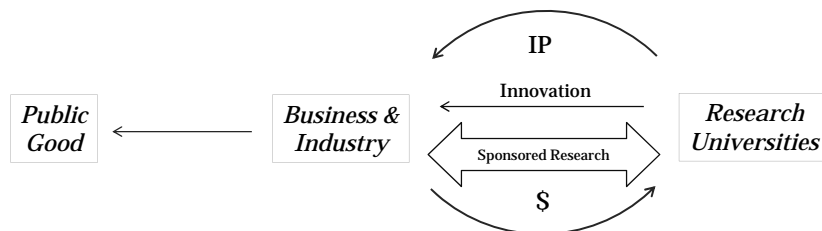


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U:Industry Partnerships

- Three traditional motivators for U:Industry relationships
 1. Translation of research to products
 2. Sponsored research funding
 3. Royalty streams (technology transfer)



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Funding as Motivation

By the Numbers (FY 2011)

Total Federal R&D funding = ~ \$111 billion

~7.8% of Federal R&D to Universities = ~ \$36.1 billion

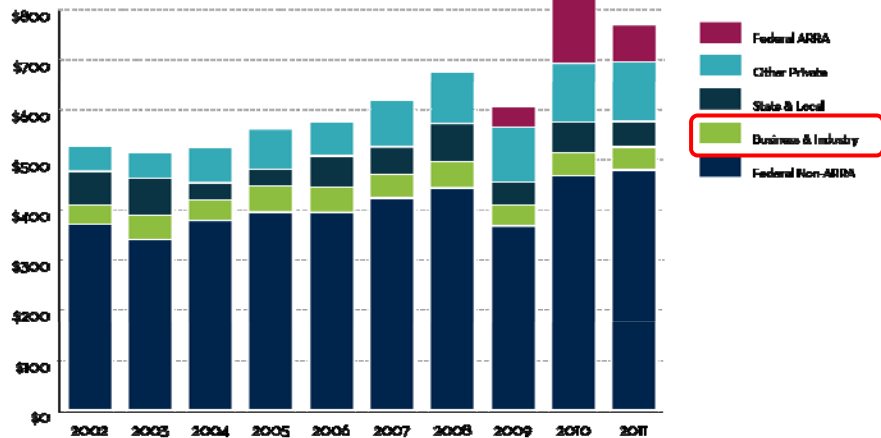
Total Industry R&D funding = ~ \$265 billion

~1% Industry R&D to Universities = ~ \$ 2.8 billion

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UMN Funding by Sponsor

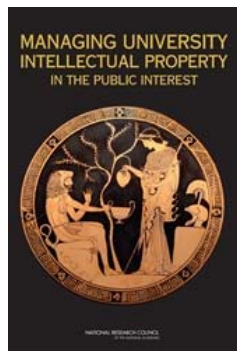


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Royalties as Motivation

- Misplaced Emphasis?



“Patenting and licensing practices should not be predicated on the goal of raising significant revenue for institutions. The likelihood of success is small, the probability of disappointed expectations high and the risk of distorting and narrowing dissemination efforts great.”

“Managing University Intellectual Property in the Public Interest”,
National Research Council of the National Academies, 2010

In 2010, only 33 universities or university systems reported licensing income greater than \$10 million.

Association of University Technology Managers

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Changing Motivations

1. Need to translate discoveries to marketable products
2. Source of sponsored research (grant money)
3. Revenue stream - Royalties from licensing and commercialization of IP
4. Federal and state pressures to contribute to competitiveness
5. Advantages of Strategic Partnerships
 - a. Improved approaches to complex research
 - b. Intellectual cross-fertilization
 - c. Practical experiences for students
 - d. Shared resources and experiences
 - e. National competitiveness

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Facilitating Collaboration

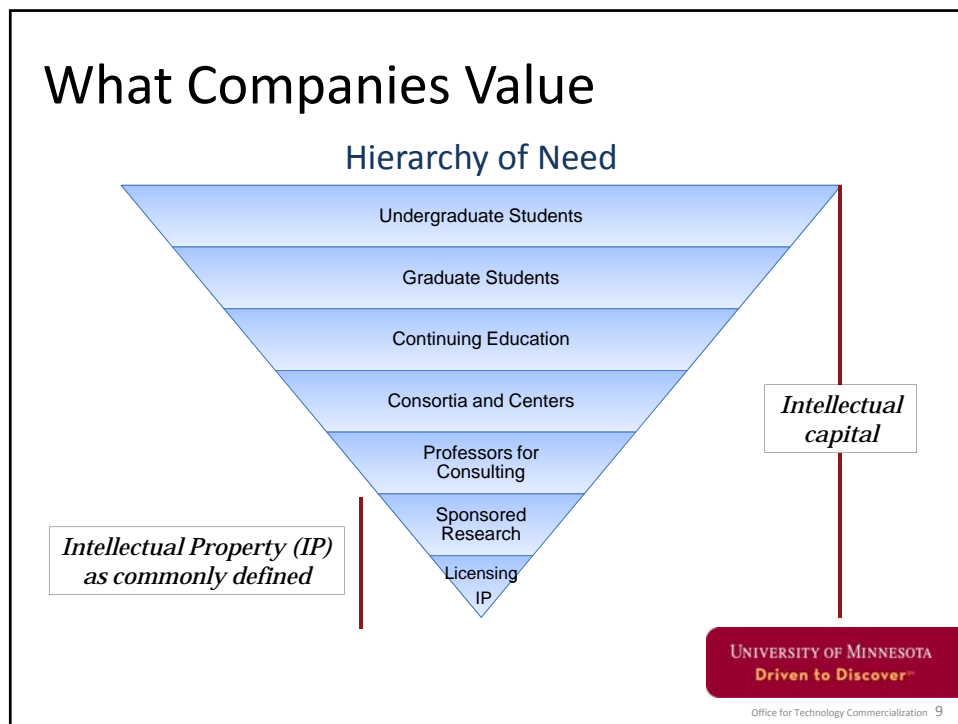
From Letter to Commerce Secretary Locke, endorsed by 135 University Presidents, April 2011

- “To facilitate university-industry collaboration, we will:
 - a. Further support programs that facilitate sharing of labs, facilities, student-faculty teams, and other resources.
 - b. Strengthen strategic investments in university-industry collaborations aimed at advancing technologies of mutual interest and renowned research programs, designed to enhance market-pull of research.
 - c. **Develop ways to incentivize and support industry R&D professionals to collaborate with universities.**
 - d. Encourage the development of accelerators and public-private partnerships on or within close proximity to campuses; and find ways to provide innovation services to new enterprises external to the university.”

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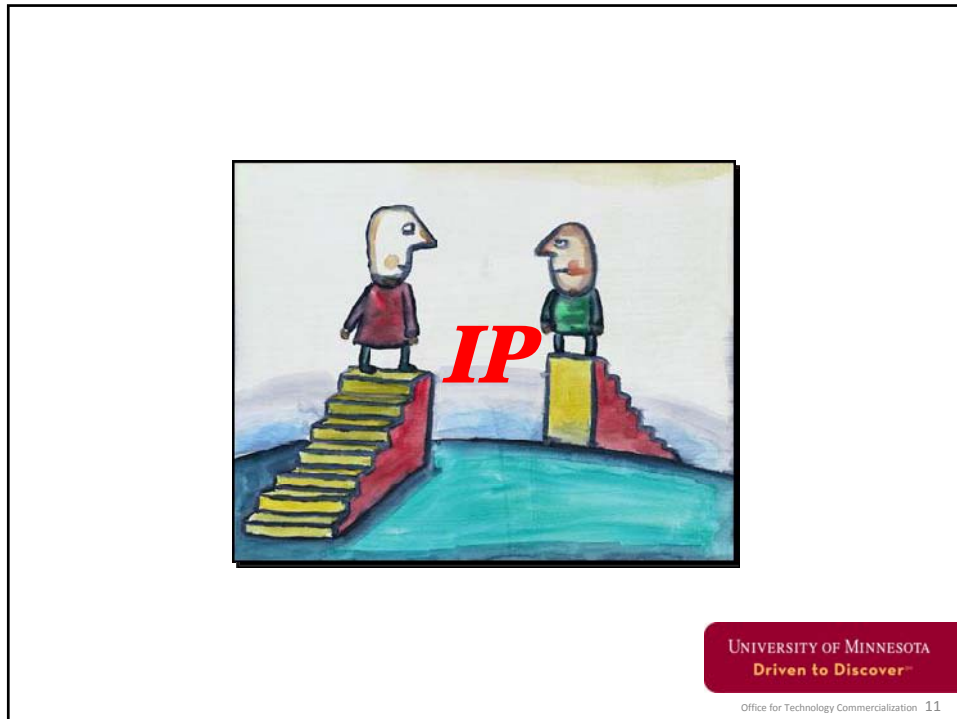
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What Companies Value



Enhancing Industry Relationships

- New approaches to IP (intellectual property)
 - a. Increasing use of master agreements
 - b. Express licensing strategies
 - c. **Minnesota Innovation Partnerships (MN-IP)**
- Office for Business Relations - “front doors”
- Research consortia
- Collaborative partnerships supporting regional economic growth efforts



Minnesota Innovation Partnerships (MN-IP)

The following two options for establishing intellectual property rights are available to for profit entities that sponsor research at the University of Minnesota.

- **Option A** was created to remove uncertainty and financial concerns that often surround industry funded research projects in a university setting.
- **Option B** was created for those sponsors who do not wish to pay an upfront fee and are comfortable with the uncertainty.

MN-IP Option A

- Pre-paid exclusive option fee
 - a. 10% of sponsored research contract or \$15K, whichever is greater
- Company pays patent costs and has the benefit of driving prosecution while collaborating with the University on patent claims
- Option to exclusive license with pre-set terms
 - a. No annual minimums or 'other' fees
 - b. No time limits or milestones
 - c. Sponsor is free to sublicense/cross license
 - d. Each year licensee sales using licensed IP is \geq \$20M, licensee pays 1% royalties on net sales
 - e. No cap on royalties unless invention improves on the sponsor's pre-existing product or processes

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Advantages of Option A

- No negotiation needed
- All terms and costs known before research starts
- Stronger incentive (pre paid fees) for company to commercialize technology
- Easier to work with the University on IP commercialization

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MN-IP Option B

- Sponsor and university negotiate a royalty-bearing license once the IP to be commercialized is developed
- No upfront fees
- No pre-set royalties

MN-IP Impact

MN-IP program will give a company sponsoring research at the U the opportunity to pre-pay an option fee and agree upfront to terms for an exclusive royalty-free world-wide license.

- An industry leading strategy
- A game-changer
- Makes UMN a research destination of choice

MN-IP

Minnesota Innovation Partnerships

For more information on MN-IP

<http://www.research.umn.edu/techcomm/industry-sponsor.html>

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