Topic #16: Pre-Licensing Activities

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Assumption

The following assumes that:

- You have received a COMPLETED Invention Disclosure or Copyright Work Disclosure Form.
- The faculty researchers are willing to work with you.
- The faculty have not publically disclosed the Invention in enough detail to enable duplication.

Step # 1

- **Define a Product or Service based on the Invention or Work Disclosure**
  - Then research who already has a Product in ‘your’ Market space.
  - Define the Value Proposition: **For the [customer], Product/Service X offers [this], [this] and [this], allowing the user to achieve [this] and solve [this problem] better than [the competition].**

STEP # 2

- Collect Market Information

  - Do Secondary Research First
  - Google/Internet
  - Patent Databases
  - Market research databases.

  - Do Primary Research Second
  - Industry contacts
  - The inventor
  - Investors/entrepreneurs
  - Your TTO network - Contact AUTM or LES Member companies. Ask them to help you understand the importance of your invention. Educate yourself. Don't sell at this point.

STEP # 3

- Do a Prior Art Patent Search – You can uncover incredible information about Target Companies.

- Ask the Faculty researchers to do an Open Literature Search (see Disclosure Form).

STEP # 4

- Create the non confidential Marketing one Pager. See examples at http://research.ufl.edu/otl/ 'Available Technologies', or others:
  - Define the Application/Product and the Value proposition: For the [customer], Technology X offers [this], [this] and [this], allowing the user to achieve [this] and solve [this problem] better than [the competition].
  - Define the market (Do not waste a lot of time obtaining market data as the companies you approach will know more about market data than you ever will).
  - Define the IP position.
  - Define what you are looking for in a partner.
  - Name yourself as contact.

STEP # 5

- For later use, create a confidential background info package of:
  - publications,
  - draft publications,
  - analyzed research results,
  - draft patent applications (without the claims), and
  - other technical papers or presentations.

STEP # 6: What to say to the Faculty researcher?

- This activity may take up to 12 months.
- You and the Faculty member must work together, particularly on financial issues - Even if a company says they have only $XX for a research collaboration and cannot pay for indirect costs, the faculty member must not agree without a conversation with you.
- Your research may be years ahead of a Company's ability to use it.
- The company may have another solution to the problem that you are addressing and be close to the product introduction.
- There is a set series of steps in such negotiations, each with certain paper documents.

STEP # 7: How to find companies?

- Talk with Faculty member - a US study showed that for 60% - 75% of licenses signed, the Faculty member identified the company or a fellow researcher in the company.

- Many times they know a researcher or friend in a company that you and the faculty member should talk with to identify the right person to talk to.

STEP # 7 - 2

- Talk with national TT association - i.e. local colleagues.
- Do internet search: Intel story - subcontractor to subcontractor to INTEL.
- Look for Wish Lists posted by companies.
- Conferences - NCET2 - spinout companies and what target companies are looking for.

STEP # 7 - 3

- Do a review by external professional companies who do this work – e.g. Tremonti Consulting, Foresight Technologies and Innovation Matters.
- Evaluation will contain: prior art, companies in field, market trends and issues, specific people to contact and why they might be interested.

STEP # 8 –
Practice What to Say to companies

- NOBODY CARES WHAT YOU HAVE. They only care about their problem you might help solve.

- Sometimes, they are interested in the research expertise in the lab, not the particular technology invention.

- Often the research is 5 years ahead of the company ability to use research to solve their problem.

STEP # 8 - 2

- Before you can talk about the research, identify a potential Product or Service to solve a problem that your research might be developed into.

- Need to find Business Development or University Liaison officer in very large companies. The smaller the company is, the closer you need to be to talk with the CEO. Stay away from the legal counsel in the company at first.

STEP # 8 - 3

- Big firms have a process of not talking until you have a patent application filed.

- In the Business Development or Licensing community, if you are a member of AUTM or the Licensing Executive Society (LES), this company contact may be a member as well. If so, they WILL talk with you from a professional courtesy viewpoint.

STEP # 8 - 4

- When you find the right person. **DO NOT TRY TO SELL THEM** the technology. Rather, ask them if they will spend 10 minutes with you to help you understand why your invention might be important in the industry. **Ask them to educate you.**

- They may say they are not interested, so ask if they know a company who might be interested - they may give you a lead. If you are a university student, even a PhD, most companies will be happy to talk with you as part of being a good corporate citizen.

STEP # 8 - 5

- The chance of finding a company interested in your research on the first telecom is 5% - 15%.

- The chance of finding a company that educates you and directs you to another company that might be more interested is 50%.

STEP # 8 - 6

- If you talk to a company which is not native to your county:

- You must convince them that your researcher is significant, their results are significant, well researched and published in well known journals.

STEP # 9 - How to sell a technology, types of questions to ask companies.

- See above, but start with your **Elevator pitch or Value Proposition**: We think we have the following: Our (proposed Products and Services based on our Invention), helps (Customer Segment) who want to (jobs to be done) by (use verb), and identify a customer pain which is addressed by your potential product.
- **Then you add** this: Unlike current the product in the marketplace.
- See example at : https://slidebean.com/blog/startups/elevator-pitch-deck.
- **Then**. Can you help me understand the possible importance of this to your Industry, please?

STEP # 9 - 2

- The real issue is that to turn the research into a product will take time and the company (or competitor) may have other products that will enter the market and address the market needs before your research can be changed into a product ready for the market.

- Thus, to say again, it is more important to talk with a company **to have them educate you** about trends, action in the market place, before you really pitch your research.

STEP # 10
How to move towards a deal.

- If you suggest sending information on the research, it must be non-confidential, so create a 1 pager like those at http://technologylicensing.research.ufl.edu/.

- If and when they are interested, they may sign a mutual confidentiality agreement before the next step i.e. to send them a package of RELEVANT confidential information i.e. faculty publication in draft form, patent application(s) submitted (omit claims always); interesting experimental results not yet ready for publication, etc.

STEP # 10 - 2

- Find out what the company approval process is, who is involved and what the likely timeframe is.
- Explain your process.
- Tell them you will be happy to set up a visit or a SKYPE call for further info.
- Many times if a company visits, they will be really impressed with your people and facilities and are interested in signing a research collaboration deal to work together to understand the technology.

STEP # 11 - Deal Documents

- Marketing 1 pager: http://research.ufl.edu/otl/ 'Available Technologies.'
- If a Confidentiality Agreement is signed, then send a Confidential Marketing Package (see above).
- Evaluation License - if you have a compound, the company may ask for samples to see if they can reproduce your results in their own labs. See AUTM website or the AUTM TTP Manual.
- Term Sheet – list of bullet points for an Agreement.
- An Option Agreement - Several pages, or an Option clause as part of a research collaboration agreement, then finally.
- A formal License - see AUTM Resources.

STEP # 12 - Timing

- Finding one interested company and having them do an Evaluation takes 6 months. Add another 3-4 months for deal document negotiations. Overall, 12 months approx.

- The whole relationship can fall apart at any time, so you need to be the person driving the train to keep all people focused on actions to attempt to close a deal.

SUMMARY

- To prepare
  - Do your background homework.
  - Identify Target Companies.
  - Practice what to say.
  - Be able to explain your process. Ask about theirs.
  - Remember Timing.
  - Persist.
  - Communicate with your team and leadership.

RESOURCES

- AUTM 2015 Marketing Course Workbook.
- Sample TreMonti Technology Evaluation/Go-No-Go Report.
- Samples of
  - Term Sheet.
  - Option Agreement.
  - License.
  - Etc.

THANK YOU !

Q & A

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