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**October 2012 Thursday Afternoon Presentation - Schrankler**

Author: Jay Schrankler

Published Date: 11/06/2012

# U of MN Tech Transfer and Minnesota Innovation Partnership (MN-IP)

COGR Meeting

October 25, 2012

Jay Schrankler

University of Minnesota

# Have Universities Lived up to Pre Determined Expectations-which are not always good?



# Situation Dynamics

## Vicious Cycle

- IP-centric
- It takes too much time, effort, money to negotiate agreements
- Perceived deterioration of trust and goodwill, adversely affecting long-term partnerships & collaborations
- Increased flow of sponsored research funds to other parts of the world
- At the working level, people just walk away



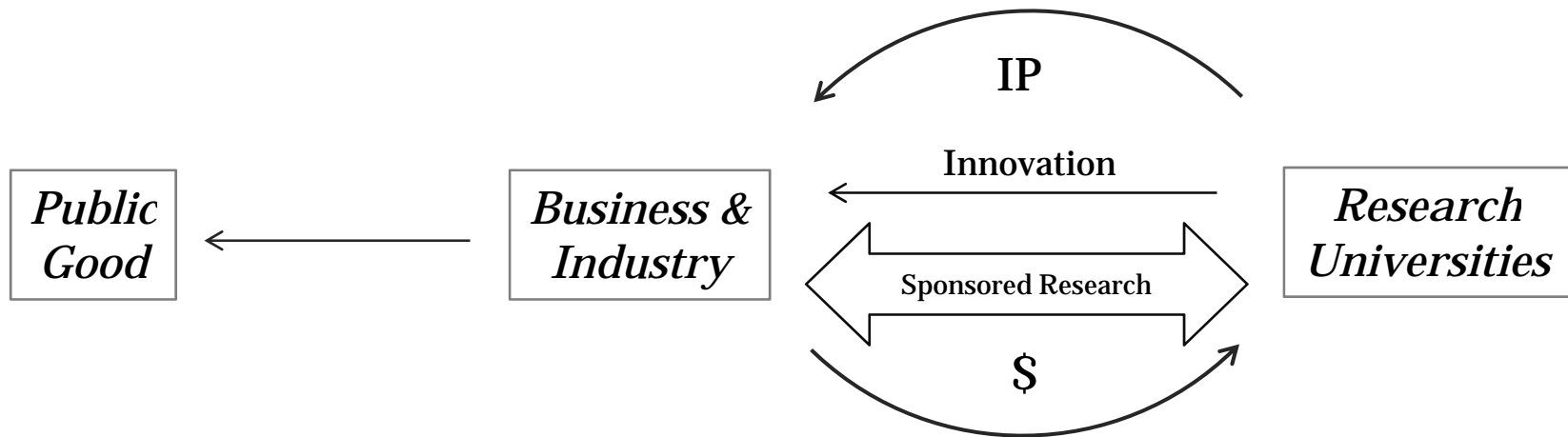
## Virtuous Cycle



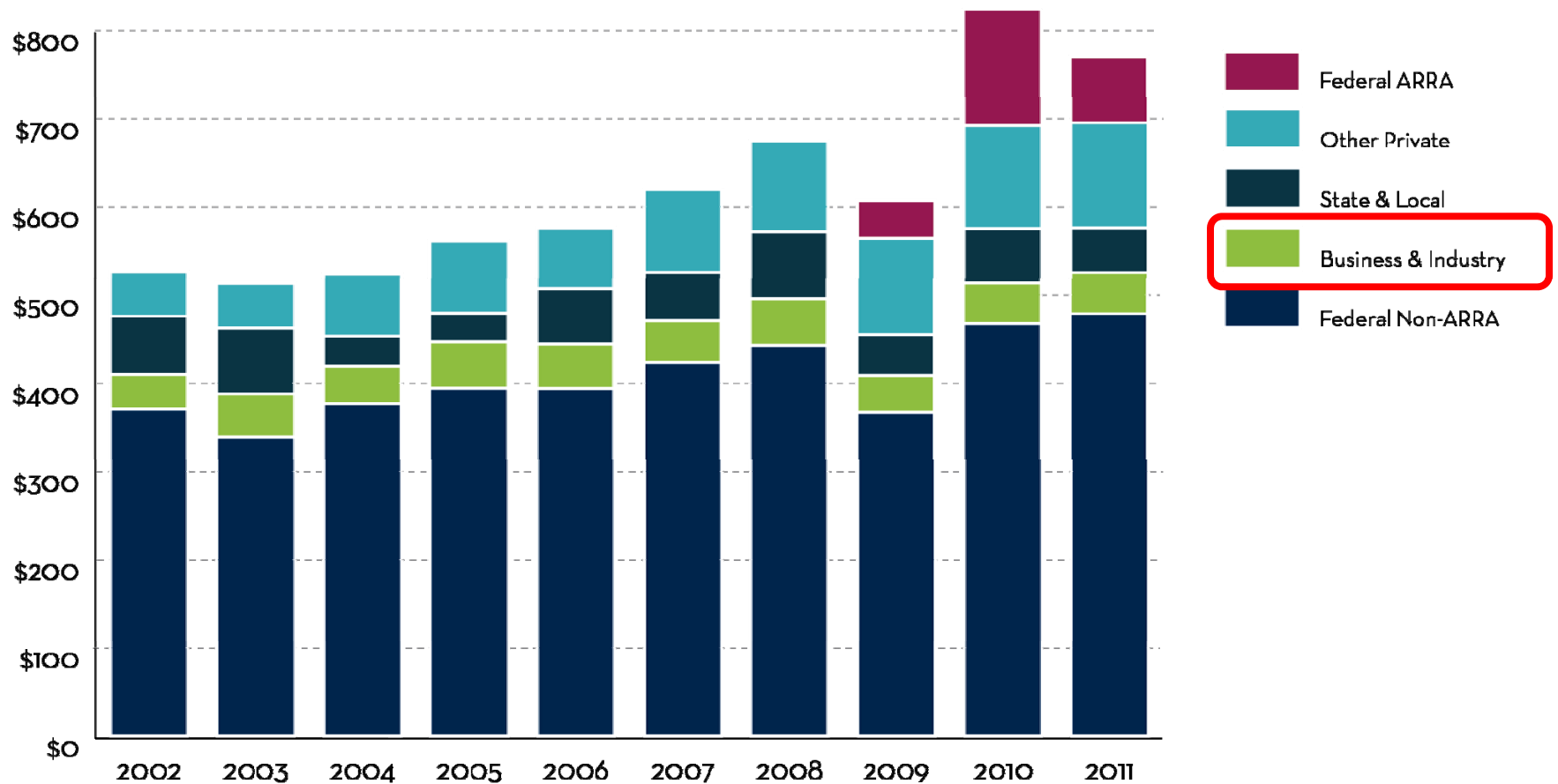
- Relationship-centric
- Trust-enhancing
- Builds on each other's work
- Attracts increasing financial support
- Motivates increasing commitment and contribution of the current contributors
- Attracts increasing involvement of other organizations

# U:Industry Partnerships

- Three traditional motivators for U:Industry Partnerships
  1. Translation of research to products that companies need
  2. Sponsored research funding-solving problems for industry
  3. Royalty streams (technology transfer) if #1 is successful

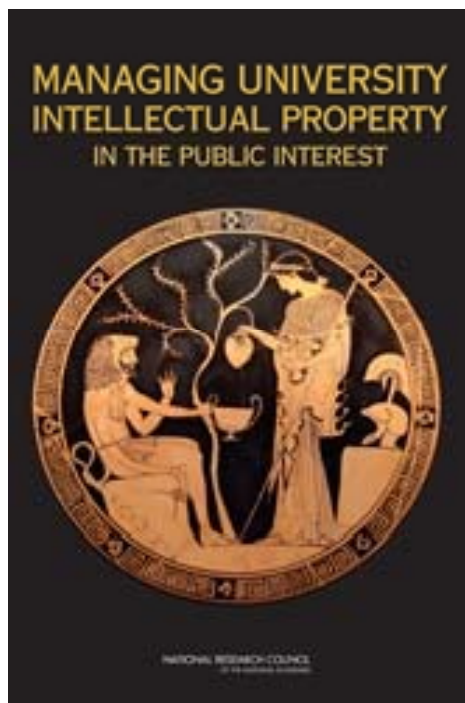


# UMN Funding by Sponsor-Business and Industry Funding Simply not Growing



# 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. (out of 145 reporting-about 20%)

*Association of University Technology Managers*

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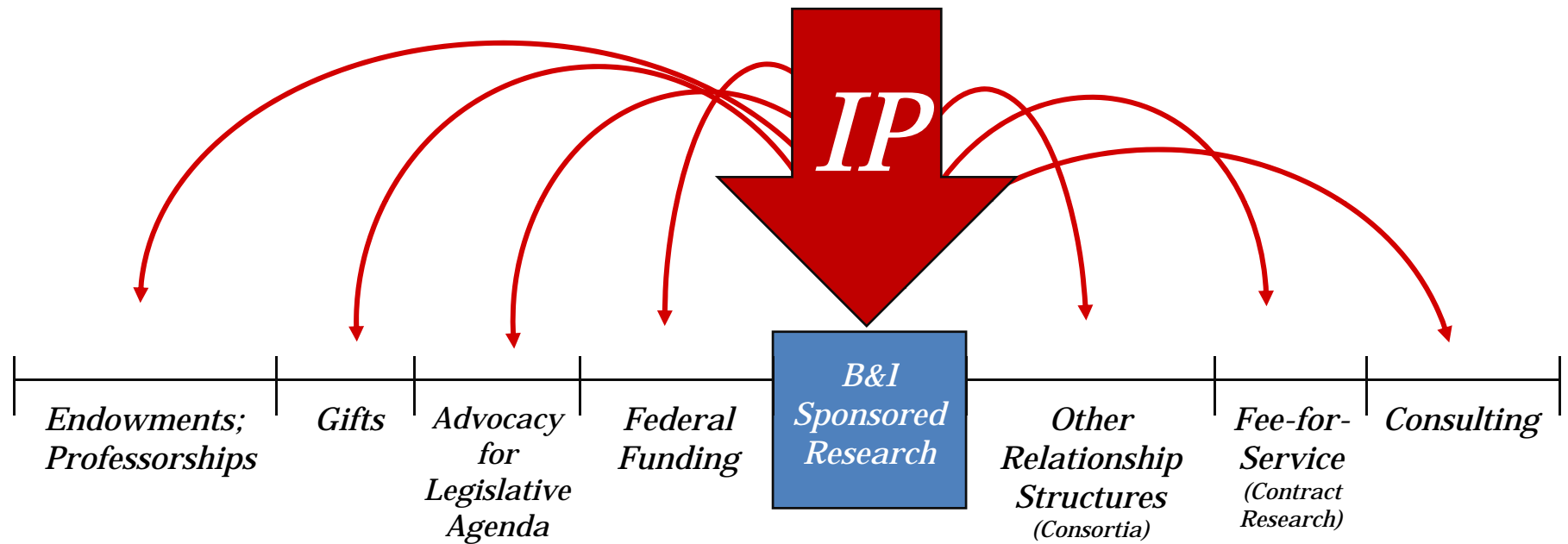
# Changing Motivations-Moving Toward Partnerships

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. **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



# Relationship Implications

## Consider the Net Value



### ***Negative “Spill-overs” From Poor Relationships***

Adapted from: “The Collaboration Imperative: Universities and Industry as Partners in the 21st Century Knowledge Economy.” Wayne Johnson, VP Hewlett-Packard

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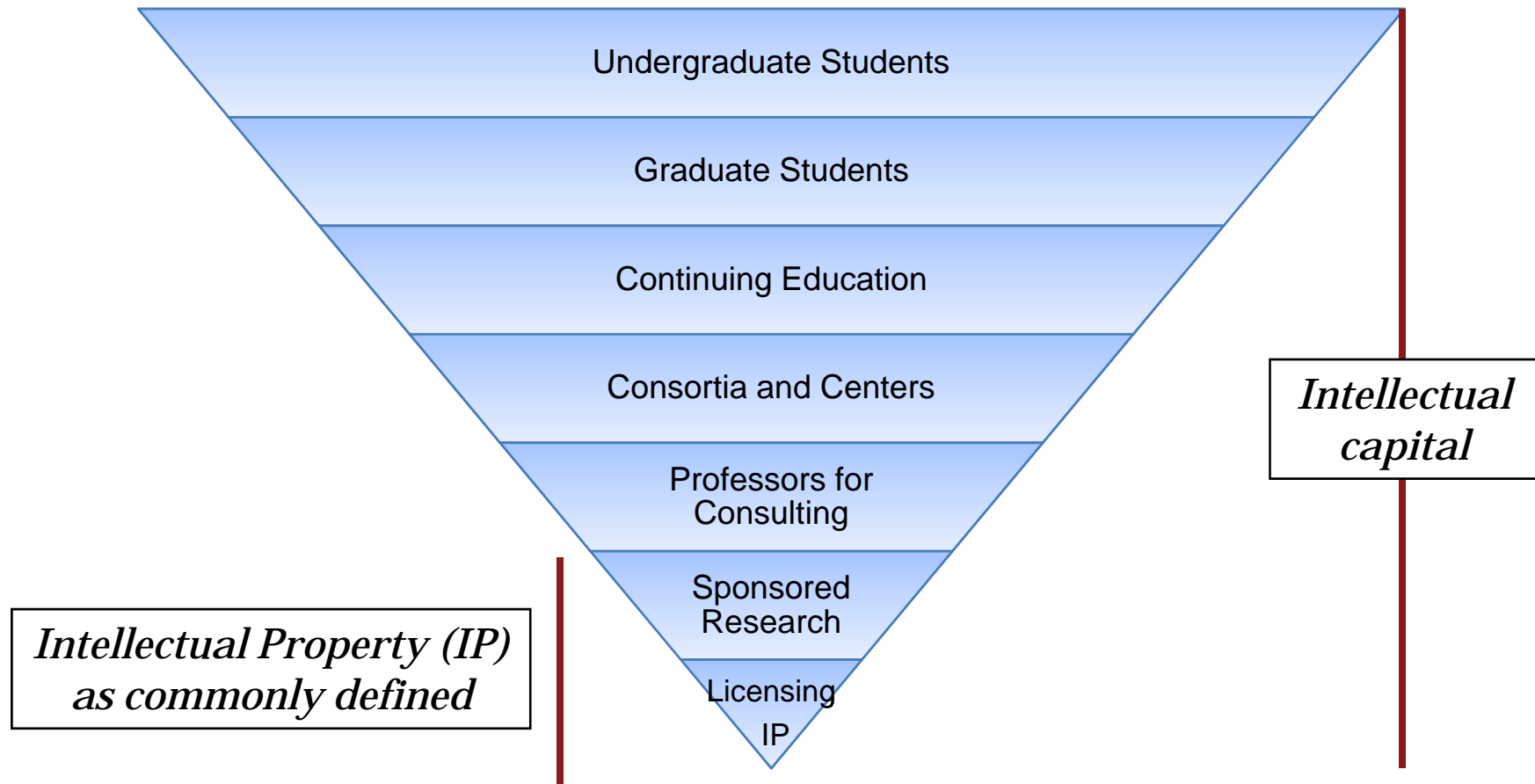
# Facilitating Collaboration

*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.”

# What Companies Value

## Hierarchy of Need

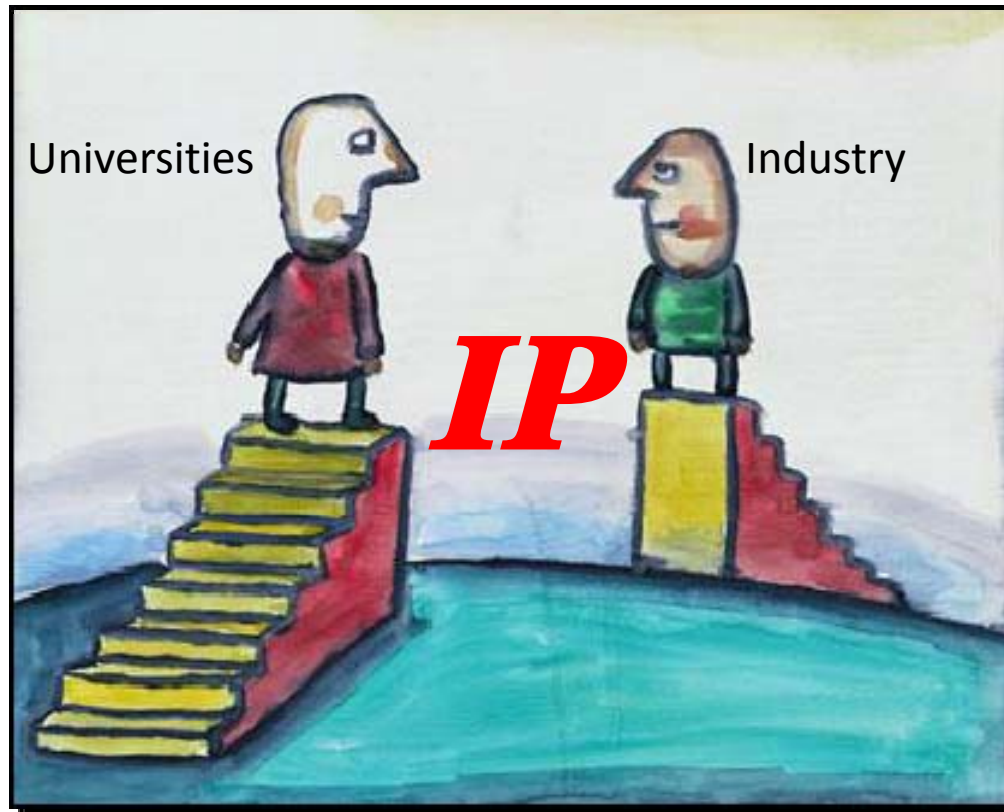


# Enhancing Industry Relationships

- New approaches to IP (intellectual property)
  - a. Increasing use of master agreements(active ones)
  - 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

# U of MN New Tech Transfer Initiatives

- MN-IP (Industry Sponsored Research)
- Internal Business Unites (IBUs)
- Venture Center
- Tech Showcases
- Investor Showcases
- CEO in Residence (New Venture Center)
- Ignition Loans



Basic Research and  
Technical Expertise

New product needs  
Preferably closer to  
“market ready”

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# 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



# Advantages of Option A

- No negotiation needed (although minor modifications ok)
- All terms and costs known before research starts-key for new product development planning
- Stronger incentive (pre paid fees) for company to commercialize technology
- Easier to work with the University on IP commercialization

# 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>

Jay Schrankler

Executive Director

Office for Technology Commercialization

612.624.0869

[schra223@umn.edu](mailto:schra223@umn.edu)

<http://www.research.umn.edu/techcomm>

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