DEEP TECH STARTUPS FROM UNIVERSITIES

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Quick Background

- Led the tech transfer function at the University of New Hampshire and New York University

- Led the life sciences practice at UNC-Chapel Hill

- Helped start over 50 companies, including two as a member of the founding team

- 2020 Chair of Board for AUTM

- Worked with two Nobel Laureates

- Advisor, Ferocity Capital

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University Startups

- Universities start over 1,000 companies each year

- Over 70% of companies still operate in the county in which they were founded

- Backbone of Silicon Valley, Boston/Cambridge, RTP, and New York City are great research universities

- Core transaction is a license

- Technology is rarely, if ever, "sold"

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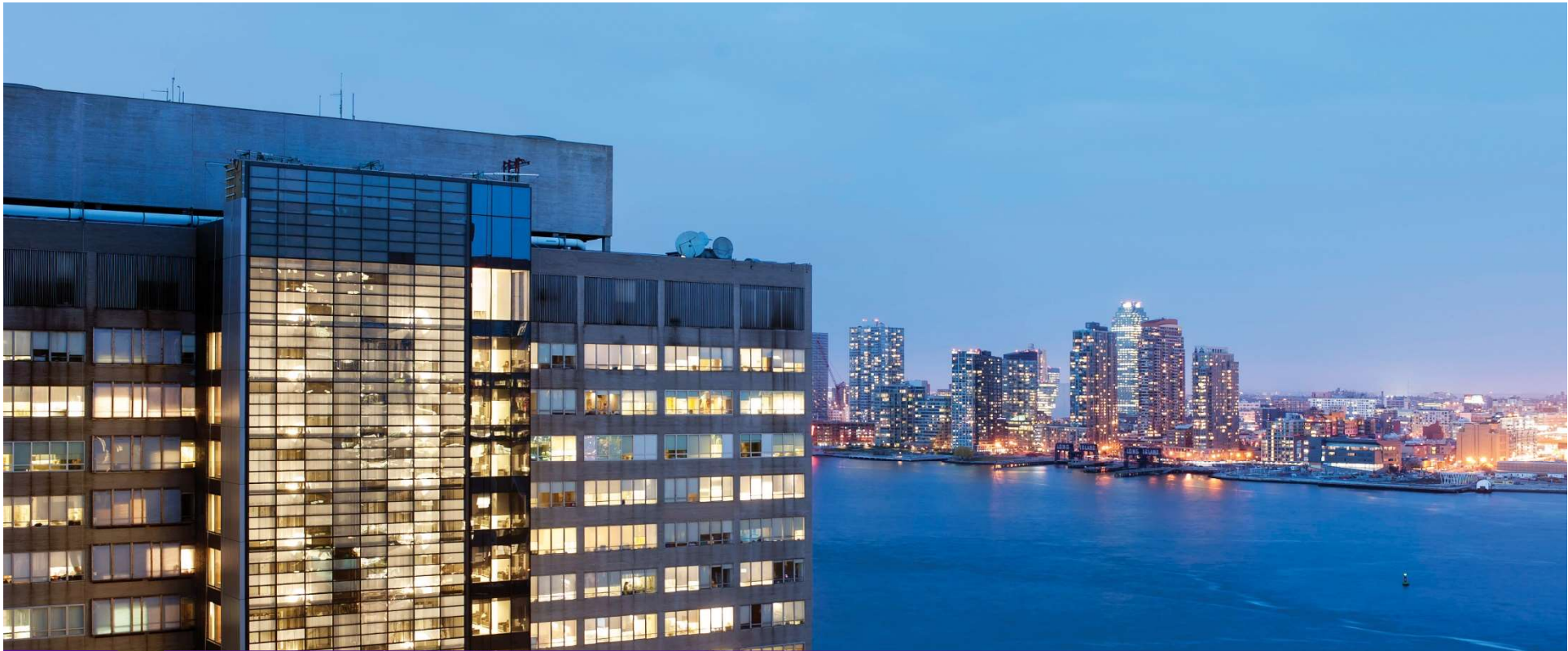Health

Things to Know about University Startups

- Most universities take equity or success fees

- Anti-dilution, though minimal, is not uncommon

- Running royalties are expected

- As is a commercialization plan and diligence milestones

- Who gets to file/review/approve patent prosecution can be a major sticking point

- Universities have an obligation to the Federal government to report on the outcomes of commercialization

- Major universities are very sophisticated launch partners

  – NYU started 52 companies in the past 3 years

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Major Sticking Points

- Conflict of interest/commitment by founding scientist

  – University COI policies bring scrutiny on incentivized Founders

- Oversight of founders on both sides of the project

- Issues with trainees/post-docs

- Freedom of inquiry

- Freedom to publish in a timely manner regardless of directionality of data

- Failure to draw bright lines around sponsored projects

- Generic requests for background rights "owned by" the U, or "related to" research area

- Requests to own/control future IP even if research is not paid by company

- Lack of an arms-length discussion for financial terms

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How to Create a Mutually-Beneficial Launch

- Assume the TTO has the expertise to evaluate the opportunity

- Share data, information, reports, and business model

- Focus on having the license map to the articulated business model

- Understand the many stakeholders inside the university and how each will be rewarded from your launch

- Stay local / rent space in regional innovation clusters

- Bring comps, just like a B2B deal

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THANK YOU