

Texas Ignition Fund

The University of Texas System

Office of Research and Technology Transfer

Cathy Swain, MS, CFA, AIFA[®]
Assistant Vice Chancellor for Commercial Development

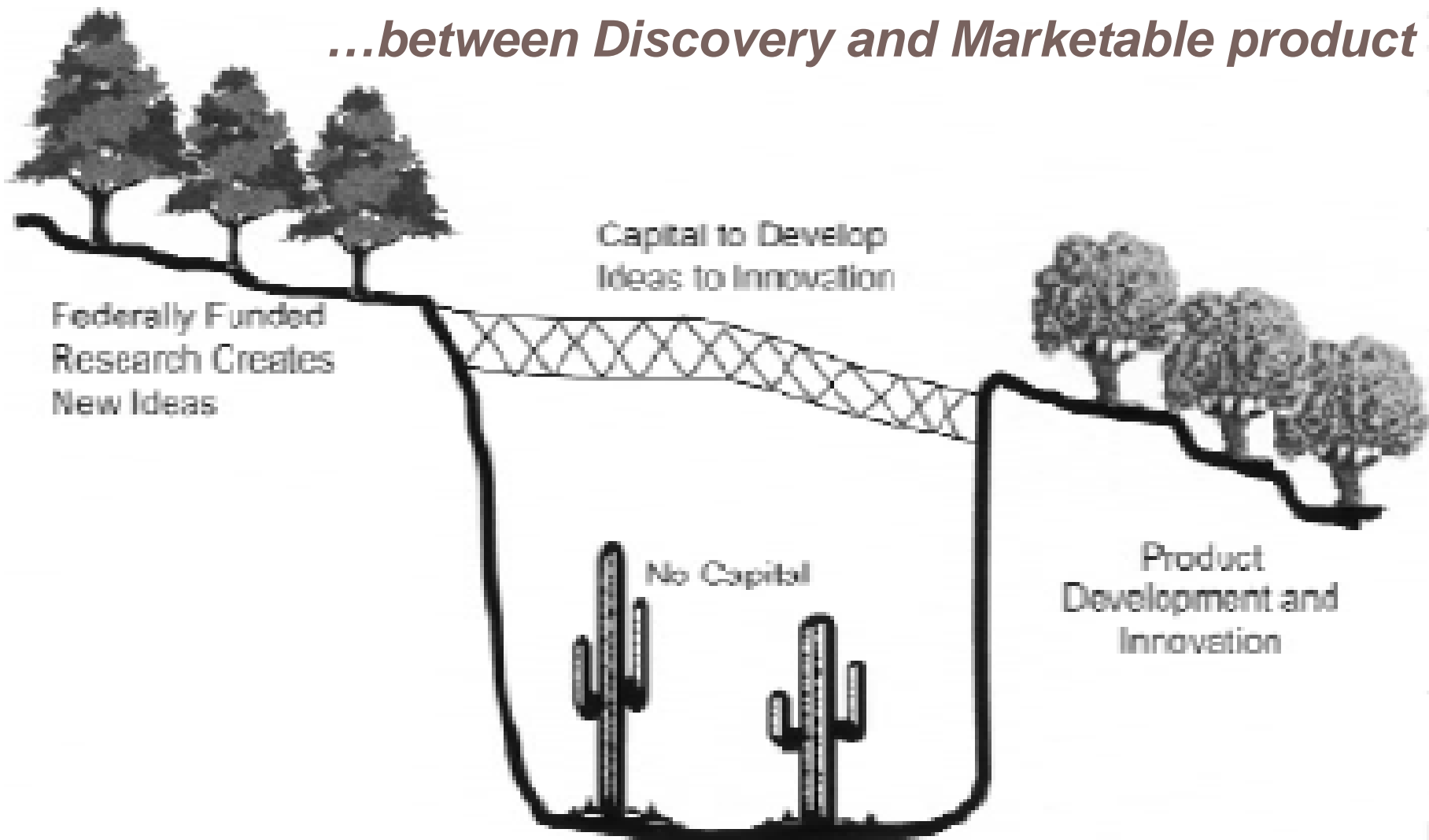
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September 30, 2009



“Valley of Death”...

...between Discovery and Marketable product



“Valley of Death”...

“My Research Grant Won’t Fund...”

- Proof of concept...
- Reduction to practice...
- Prototype development...



FUND SUMMARY

- \$2.0 million grant program
- Approved by UT System Board of Regents Dec '07
- Stimulate commercialization of research discoveries at 15 UT institutions
- Help bridge gap between discovery and marketable product



FUND GOALS

- **Support culture to promote innovation and commercialization of new ideas and technologies arising out of UT research**
- **Nurture viable technologies to avoid abandonment due to lack of seed capital**
- **Create robust infrastructure to support validation of discoveries, external mentorship and commercialization**



FUND ACTIVITY TO DATE

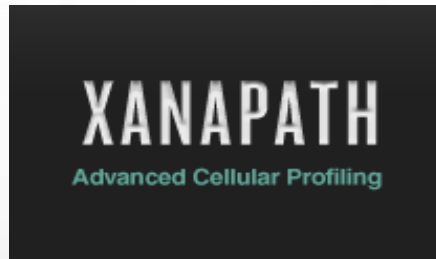


- 4 funding rounds complete
- 89 proposals, 13 universities
- 37 awards, total \$1.6 million
- \$393,000 available
- 5th round proposals due **October 9**



FUND RESULTS!

- 4 startups so far
- 3 more in formation!



PULMOTECT

- Applied to TIF to accelerate the development of an aerosolized lung innate immune stimulant (ALIIS) discovered at UTMDACC
- Significant “proof-of-concept” data existed; needed more work to reach clinical trials
- Received \$10K from TIF, used toward equipment
- Received \$2.575 million in other external funding (NCI, private foundations)
- Start-up company formed: received \$200K VC + up to \$1 million TETF funding



ORGANIC FUELS ALGAE TECHNOLOGY

- Applied to TIF to help demonstrate “market-readiness” of algae-based biofuel extraction process developed at UT Austin
- Needed funding to position for DARPA JP8 & private funding
- Received \$50K from TIF to create working prototype
- Developed business plan, filed 2 patents, presented to 6+ VC firms, received DARPA funding
- Established start-up company joint owned by faculty and a Houston-based company



ZT SOLAR

- Applied to TIF to demonstrate improved efficiency of anti-reflective coating texture on commercial solar cells, developed at UT Arlington
- Prior work created coating process and demonstrated advantage over existing surface textures
- Received \$50K from TIF to provide efficiency data, perfect manufacturing process, develop business plan
- Created start-up company, received NSF SBIR Phase II award, currently testing the coating on other types of solar cells

ZT Solar



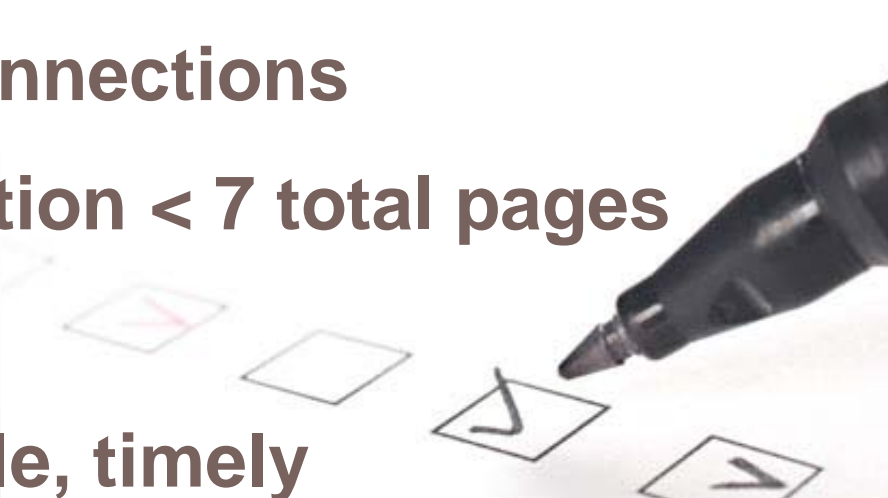
XANAPATH

- Applied to TIF to launch a microscope system and consumable test kits for pathology labs
- Received \$10K to complete commercial design and develop business plan
- Formed a start-up company in collaboration with Lynntech

XANAPATH
Advanced Cellular Profiling



FUNDING CRITERIA

- “Proof of concept” purpose leading to commercial application – NOT basic research
 - Preference to foster new startup companies
 - OTD, Authorized University Official signatures
 - Regional business connections
 - Complete TIF Application < 7 total pages
 - Costs eligible
 - Milestones measurable, timely
- 
- A black pen is shown pointing to a checklist of boxes on a document. The boxes are arranged in a row, and some contain checkmarks or arrows. The pen is positioned over the fourth box from the left, which contains a checkmark.



ELIGIBLE COSTS

- **Up to \$50K DIRECT costs to demonstrate:**
 - “Proof of Concept” or “Reduction to Practice”
 - Prototype product development
 - Business plan development
- **Supplies, equipment, instrument use fees**
- **Personnel (non-faculty)**
- **Market analysis, financial analysis**



FUNDING PROCESS

1. **Submit non-confidential application to institution's TTO**
2. **TTO screens, submits to RTT**
 - ✓ Authorized university official signature
 - ✓ Business/ community/ industry support
3. **RTT and external review, IFAB approval**
4. **RTT communication, contract negotiation (especially milestones)**
5. **RTT review of program metrics at program end + annually**



MILESTONES AND BUDGET JUSTIFICATION

Milestones [What will be Accomplished?]	Completion Date [When?] [xx/xx/xxxx]	Estimated Cost [How much?]	Budget Justification [What resources will TIF fund?]
		\$	
		\$	
		\$	
	Total	\$	



REPORTING METRICS

1. Commercialization Activities

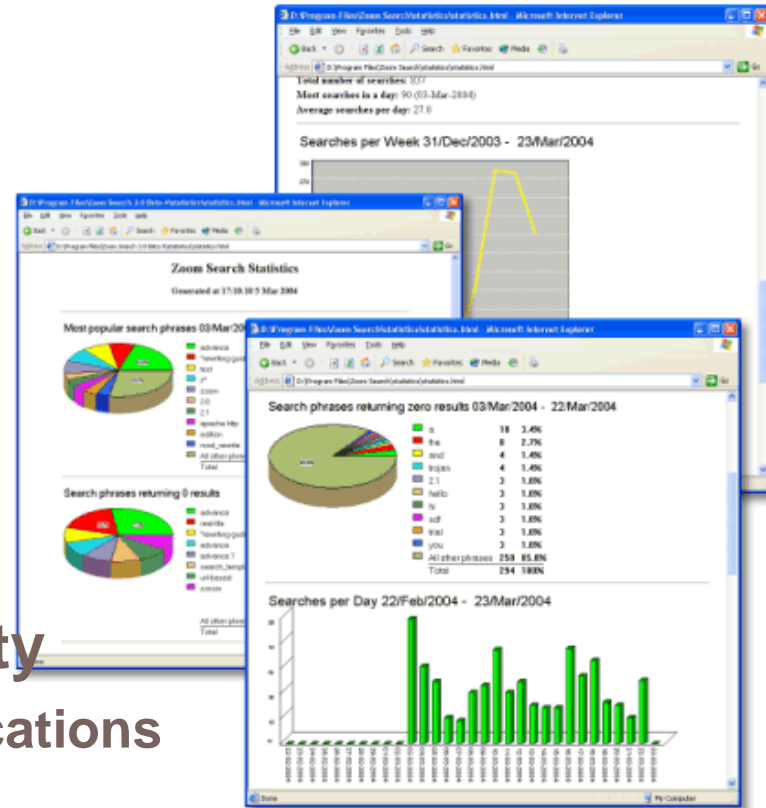
- Licenses executed
- Startup companies formed
- Income from royalties, upfront payments, equity, other

2. Protection of Intellectual Property

- Patent, copyright, trademark applications
- Patents issued
- Copyrights and trademarks registered

3. External Funding

- Extramural research and other grant awards (e.g. SBIR, STTR)
- Angel and venture capital investments
- Texas Emerging Technology Fund (TETF) awards



CONTENT/TEXT...



- **NOT basic research: What problem does it solve?**
- **Focus on commercial/ market potential**
- **“Cocktail party” – Minimize technical language**
- **Proposal title: Simple < 10 words**
- **Short paragraph synopsis: Think “press release” for general public**



MONEY...



Helpful
Tips

- Prior funding (federal, private, POC, institutional)
- TETF applied or eligible?
- Company formed? Licensing interest?
- Milestones → Goals? When? How much? What for?
 - Date certain for completion
 - Short timeline (weeks/ months), MAX one year
- Articulate budget justification
 - Think invoices: Who/what will be paid?



REPORTING...



Helpful
Tips

- Technical due 30 days after last milestone
- Financial due 60 days after last milestone
- “No Cost Extension?” 😞 Must be justified
- Program metrics



REPORTING METRICS

1. Commercialization Activities

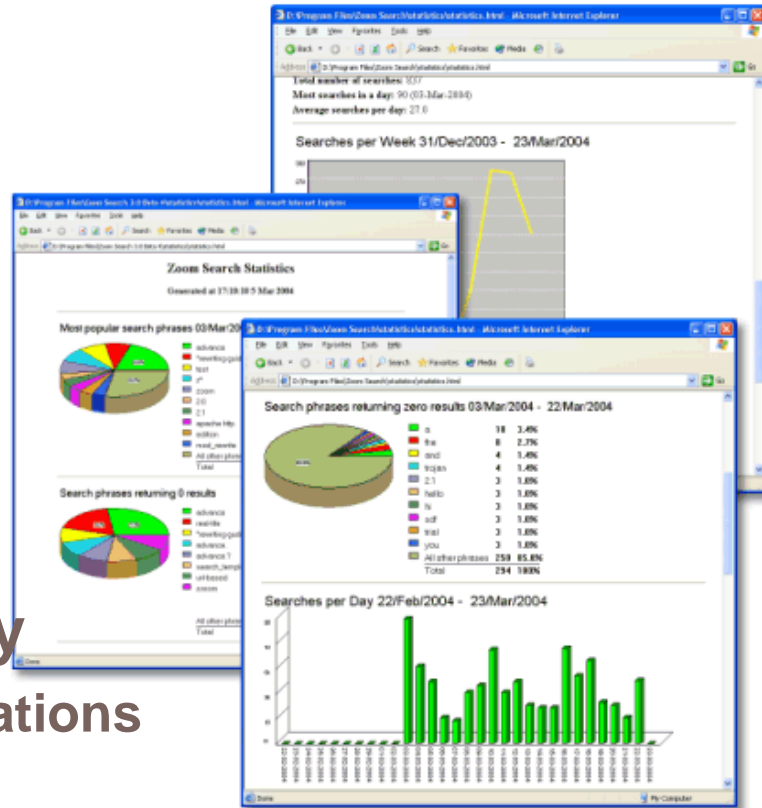
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FUTURE OF TIF/POC...

- TETF 5% research superiority incentives for capacity building
- TETF “Matching Grants?”
 - Proposal submitted -- May 2009
 - Public Universities Statewide
 - ~\$43 million spent or committed statewide
 - Focus on pools of funds to match campuses
 - Include Private universities and RCIC’s?
- CPRIT?
- System funds?
- Foundations/ alumni?



UT is Making a Difference...

- ✓ **RTT Web Site:** <http://www.utsystem.edu/rtt/>
- ✓ **RTT TIF Web Page:** <http://www.utsystem.edu/rtt/TIF/TIFPAGE.html>
- ✓ **UT Start-up Companies:** <http://www.utsystem.edu/rtt/technologytransfer/TTStartUps/start-ups.htm>
- ✓ **UT Tech Transfer & Commercialization Offices:** <http://www.utsystem.edu/rtt/Reps/RepsTT.htm>
- ✓ **UT Office of General Counsel – IP Web Site :** <http://www.utsystem.edu/ogc/IntellectualProperty/index.htm>



TEXAS IGNITION FUND

**Questions?
Comments...
Suggestions!**

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