



**CTTC**  
Center for Technology Transfer  
& Commercialization

# 2013 Entrepreneur Boot Camp

*Presented by*



**BAKER DONELSON**  
BEARMAN, CALDWELL & BERKOWITZ, PC





# Introduction

*Alan Bentley, Assistant Vice Chancellor, Center for Technology Transfer & Commercialization*

*Peter Rousos, Director, Economic & New Venture Development*

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# Ownership of Intellectual Property

Vanderbilt Policy on Technology  
and Literary and Artistic Works

*Peter Rousos*, Director – Economic & New Venture Development

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# What is the Policy?

- “The Policy governs the ownership, protection and transfer of technology (inventions, discoveries, and other innovations) and literary and artistic works created or authored by Vanderbilt faculty members, staff members, or students.”
- “All rights in Technology created by Vanderbilt faculty members, staff members, or students with the use of University facilities or funds administered by the University are granted to the University, with income to be distributed in accordance with this Policy.”

*Policy adopted July 1, 1993*

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# Ownership of Technology

## **TEST 1:** University Facilities or Funds

“All rights in Technology created by Vanderbilt faculty, staff, or students with the use of University Facilities or Funds are granted to the University...”

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## “University Facilities or Funds”

*includes* the use of

- R & D funds (government, industry, etc.)
- Support staff
- Lab space and equipment
- Long distance phone charges
- Vanderbilt’s name



# Ownership of Technology

## Test 2: Scope of Employment

“All rights in Technology created by Vanderbilt faculty, staff, or students without the use of the University Facilities or Funds, but which fall within the Inventor’s Scope of Employment, are granted to the University...”



# Scope of Employment

Factors considered in determining the scope of a faculty member's employment include relationship of the Technology to faculty member's:

- recent teaching
  - research
  - activities stipulated in any appointment contract
  - and other University activities
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# Ownership of Scholarly Works

“All rights in scholarly books, articles and other publications, artistic, literary, film, tapes, [CD’s], and musical works (“Literary and Artistic Works”) are granted to the ... authors.”

## What are Scholarly Works?

- “...publications used simply to disseminate information”...
- “...no matter how much the work earns commercially.”
- “[A principle] consideration is whether the work would be included as part of a basis for tenure or a promotion.”

**All other works are considered non-scholarly.**

“... include texts stored on computer media, but not programs or software that are neither accessory to nor an electronic expression of a scholarly text.”

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## Works-for-Hire

“...technology created as a specific requirement of Vanderbilt employment or as an assigned duty are owned by Vanderbilt with no rights vesting in the inventor or creator.”

Specifically *excludes* “...discoveries or inventions made ... in the course of research where the results, although perhaps anticipated, are not directly or indirectly assigned...”

# Allocation of Income

“Net income from the transfer or licensing of Technology will be allocated according to the percentages in the following Schedule.”

Net Revenue for Distribution	Inventor/ Author Share	Department / Center Share	School Share	University Share
First \$100,000 (per fiscal year)	50%	20%	20%	10%
Above \$100,000 (per fiscal year)	40%	20%	25%	15%

# Allocation of Income

A couple of points to keep in mind:

- Vanderbilt faculty/staff/students may also participate in new ventures as a member of management (e.g., Chief Science Officer) presuming that role has been cleared through Conflict of Interest process.
  - As this role is separate from your role as an Inventor or Creator, it is compensated separately.
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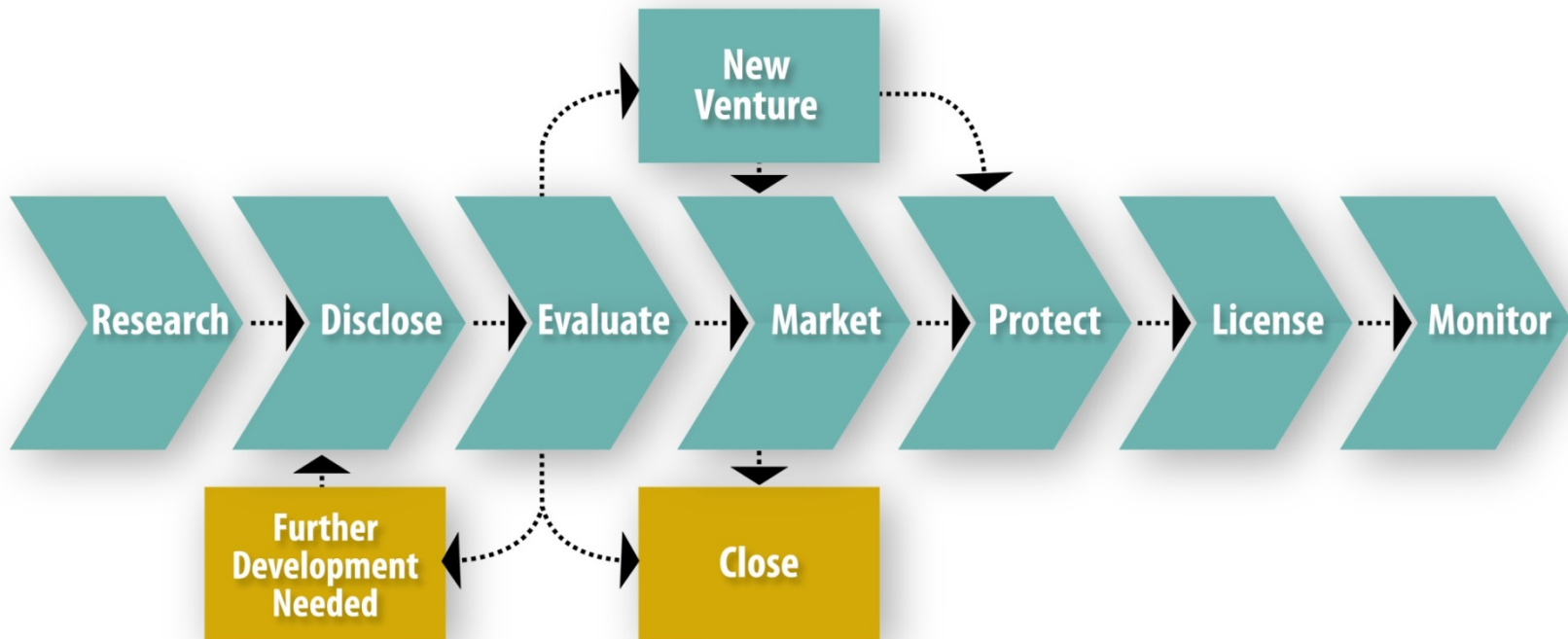
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# Vanderbilt Commercialization Process

*Mike Villalobos, Manager - Biotech Licensing*

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# Commercialization Process

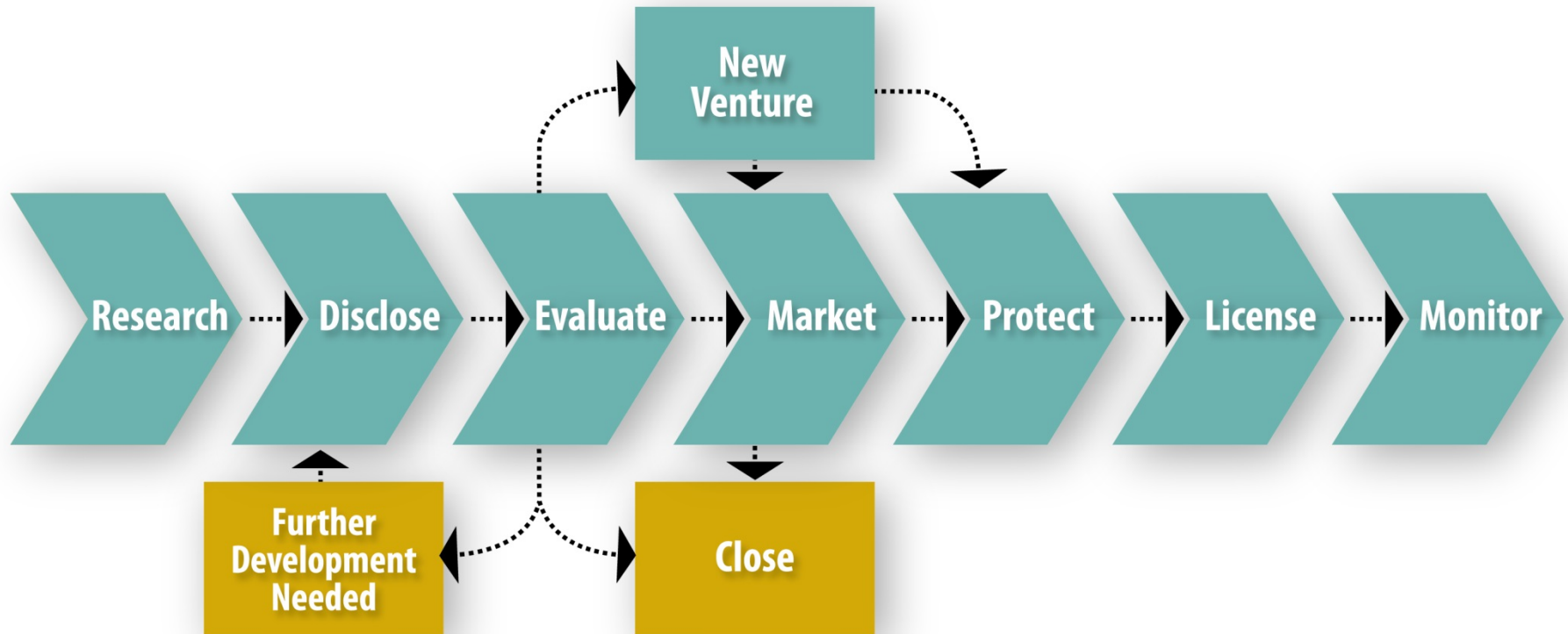


- Stage of Development
    - Concept
    - Proof of concept
      - Prototype developed
      - Therapeutic molecule identified
    - Validation
  - Market
    - Addressable market
    - Size (e.g. affected patient pop.)
    - Penetration
-

- **Competitive Environment**
    - Products & companies
    - Strategic partners
    - Techs in development
  - **Regulatory Impact**
    - OTC/DTC, 510k, PMA, CBER, CDER, EPA
  - **Pricing**
    - Payor reimbursement
      - Established CPT code?
    - Direct-to-consumer
-



# Commercialization Process



# Key University Issues



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- Venture vs. Academic Mindset
  - Ownership / Control
    - Controlling share
    - Conflict of interest
    - Use of Vanderbilt resources
  - Direct v. Indirect Investment
  - Board Participation
    - Voting vs. Observer Rights
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- Right to consult and receive equity
  - COI process
    - Conflicts of interest
    - Conflicts of commitment
    - NIH requirements
    - Use of students in R&D
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- License Agreement
    - Upfront Fee
      - Equity vs. cash
    - Patent expenses
    - Diligence events
    - Royalty on net sales
  - Sponsored Research
  - Future Invention Issues
-

- Standstill Agreement
    - 1-3 months
    - No fee
    - Allows analysis of the business opportunity
  - Option Agreement
    - 3-12 months
    - Option fee
    - Patent expense reimbursement
    - Allows PoC or validation of the technology
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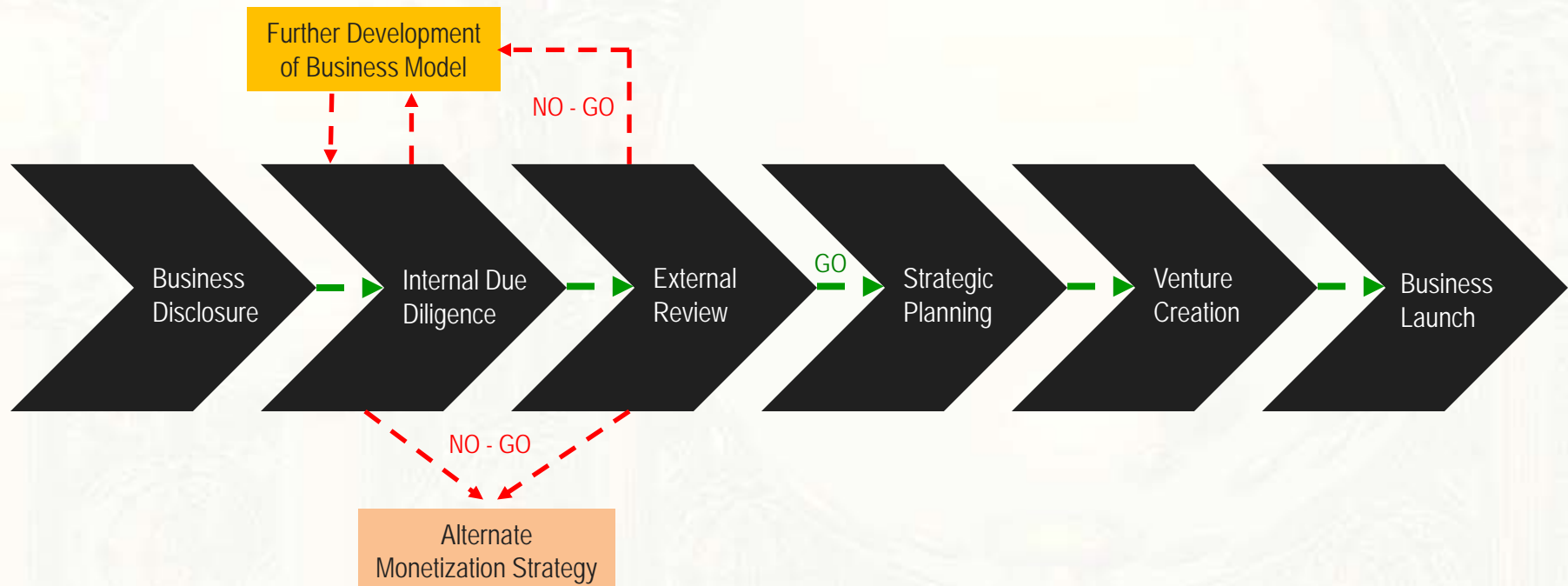
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# Vanderbilt New Ventures Process

*Rigved Joshi, Manager - New Ventures*

# New Ventures Support Process




# New Ventures Support Process




## Business Disclosure

- Conduct entrepreneur / faculty interview
- Perform initial concept review
- Evaluate current stage of development, product feasibility, IP strength (patentability), end use, market and growth potential
- Assess “go to market” timelines



## Internal Due Diligence

- Perform 360 degree due diligence on technology, team and market
- Analyze industry dynamics, market trends and competitive landscape
- Create technology and business development plan



## External Review

- Engage with industry and business experts in the evaluation of new venture opportunity
- Get feedback on “invisibility” of new venture
- Recommend a “Go – No Go” strategy based on Internal and external evaluations
- Explore alternate paths to monetization if analysis suggests “No Go”



# New Ventures Support Process



## Strategic Planning

- Define the business mission and set corporate objectives
- Analyze the external and internal environment - SWOT
- Formulate competitive strategies and develop tactical plans – Porter's Five Forces



## Venture Creation

- Develop [business plan](#)
- Develop financial and valuation models
- Analyze funding needs and use of funds
- Evaluate [investment options](#)
- Create business structure and determine form of organization



## Business Launch

- Identify management team and board of directors
- Set-up business entity
- Facilitate establishment of mentor and advisory board
- Complete IP licensing (Vanderbilt to New Venture)
- Engage potential investors (Angels, VC's, Strategic Investors)

# Forms of Investment

## Direct

- Pre-seed funding (< \$500k)
  - Angel Networks, Grants, 3F's, Strategic Partners
- Seed funding, Series A, B (>\$500k)
  - VC's, HNIs, Follow on Grants, Strategic Partners

## Indirect

- Proof of concept funding
- Patent expenses deferment
- Market research & business planning



# CTTC Presenters

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Questions?

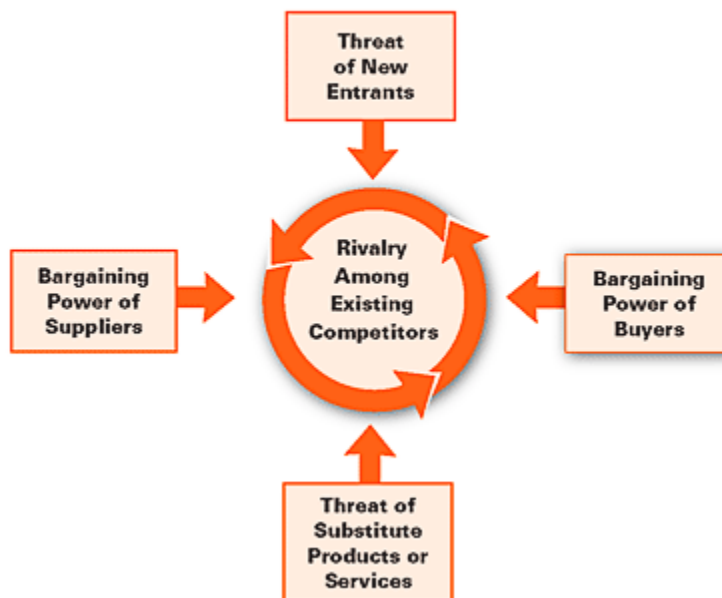


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Back up

## The Five Forces That Shape Industry Competition





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# Sample Business Plan TOC

**EXECUTIVE SUMMARY**.....

Company Description .....

Mission Statement .....

Products and Services .....

Management Team .....

Financing Requirements .....

Use of Proceeds .....

Financial Forecast .....

**BUSINESS STRATEGY** .....

Development Plan .....

Advertising & Marketing .....

Pricing .....

**MARKET RESEARCH** .....

Competitive Environment ...

Long-Term Opportunities ....

Geographic Area .....

Market Opportunities .....

Economic Factors .....

Social Factors .....

Competitive Analysis .....

Competitive Advantages .....

Potential Future Competitor .....

**PROJECTIONS** .....

Sales Forecast .....

Cash Flow Projections .....

Income Statement .....

Break-Even .....

Funds Required and Timing .....

Exit Strategy .....