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Interface between Universities and the Marketplace

The Interface In Scotland

November 2007

I can ... and will talk about a range of projects and initiatives operating at the interface, including:

- Major Research Collaborations
- Dialogues with SMEs
- Even one called Interface

....but first

We need to understand what the interface is for:

This is a key question

- Revenue for Universities?
- Academic reasons?
- Contribution to the Economy?

Most people will answer yes to all three

BUT – the three are profoundly different in terms of objectives, management and measures of success

Let me explain ...

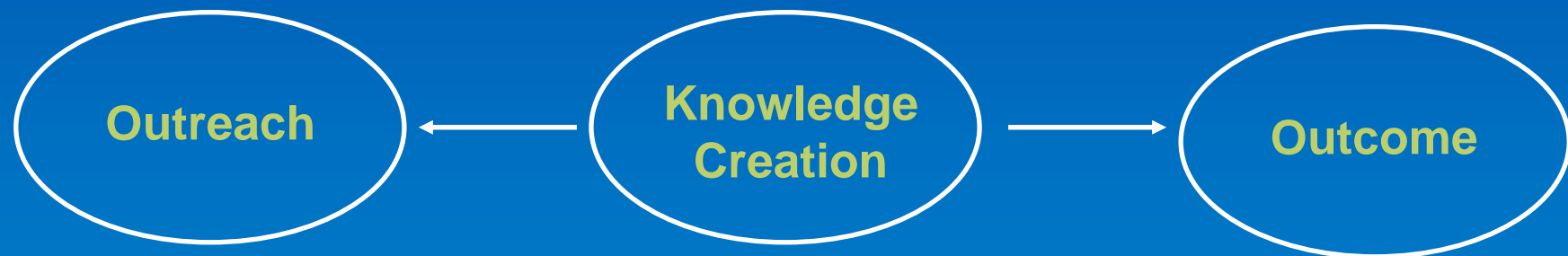
	Public Good	Academic Reasons	Revenue/Profit
Student placements	yes	?	no
Economic development	yes	?	no
SME networks	yes	?	no
Contract research	no	yes?	yes
Licences	no	no	yes
Spin-outs	no	no	yes

The motivations, objectives and partners differ hugely

Activity	SME support/student enterprise	Collaborative research	Licensing/ Spin-outs
Partners	SMEs/ Students/ RDAs	Company Research Partners	Investors/ Entrepreneurs
Aims	Economic Development/ Public Good	Research Outputs	Financial returns/ Private Gain
Measures	Socio-Economic (Outreach)	Academic	Financial (outcome)
Objectives	OUTREACH	Knowledge Creation	OUTCOME

Can think of it as a spectrum of activity

- knowledge is created at the centre and then transferred either



The University creates knowledge through research
then EITHER

- behaves like an Economic Development Agency – and
does ‘Outreach’ activity

OR

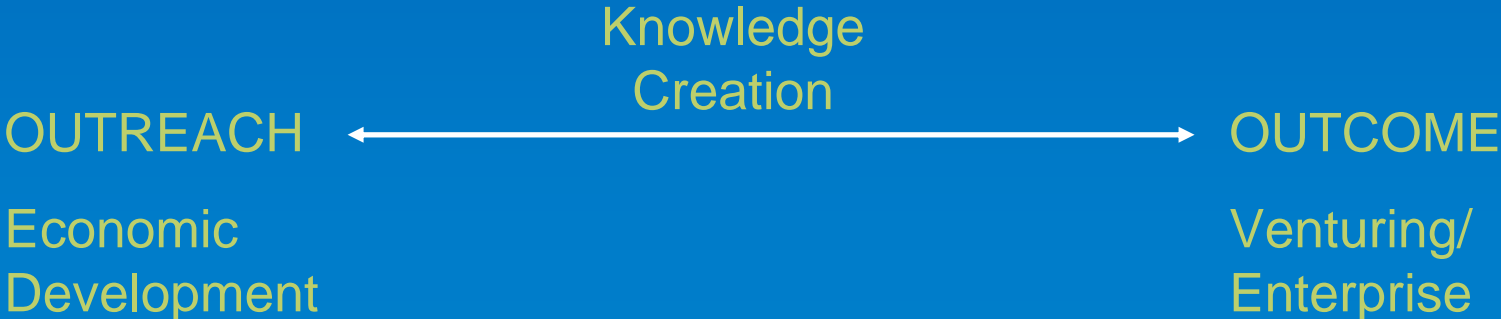
– behaves like a Venturer – and does ‘Outcome’ activity

This is important because ...

**... it defines what success is – it tells you how to
measure performance**

... and financial measures are limited

Financial Return to the University

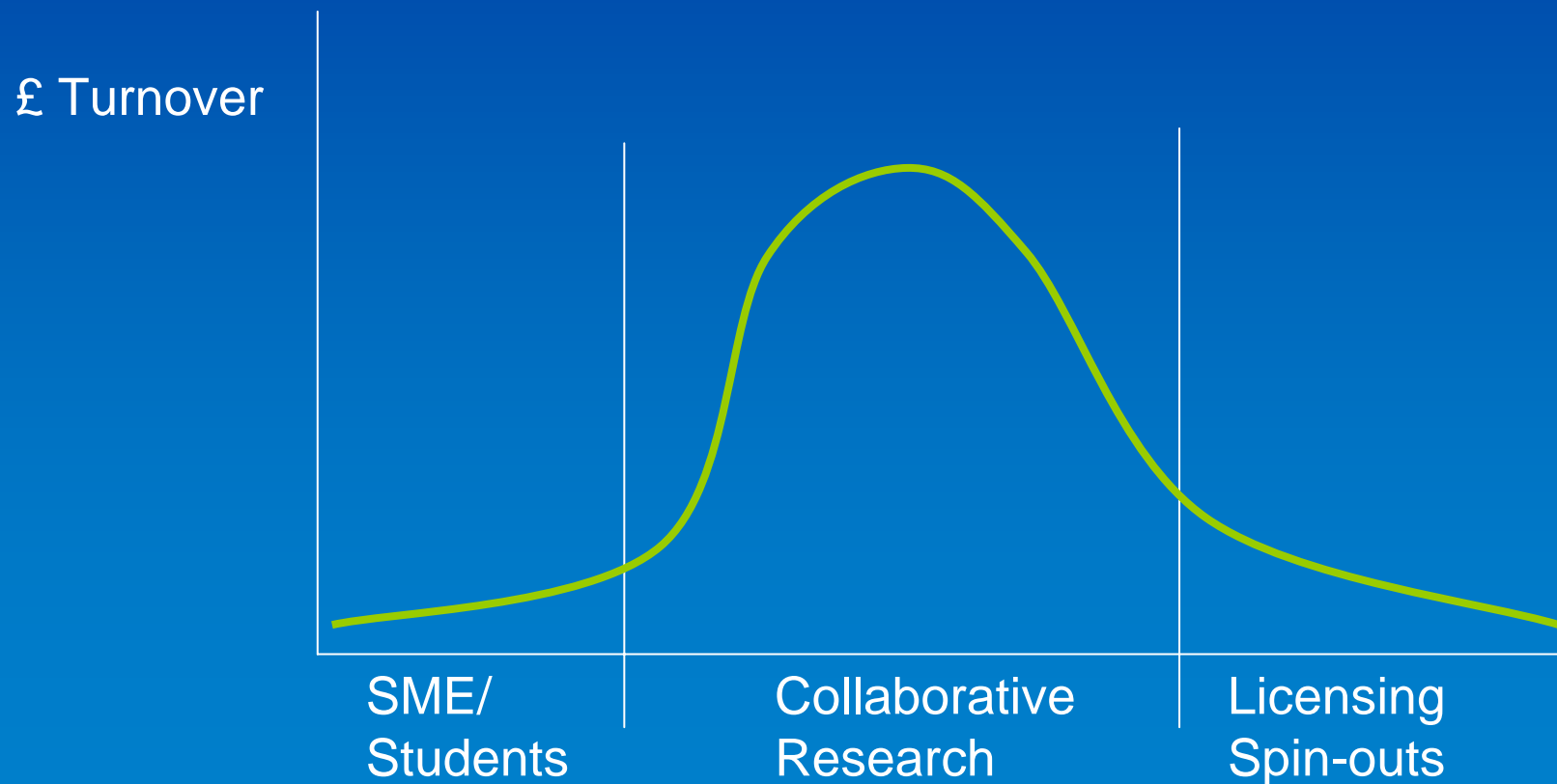


Knowledge Transfer – financial measures?

- So the more Economic Development we do, the more money we lose. Economic Development is a money-losing game
- Venturing can make money, but on a very small number of projects
 - These have significant policy implications

PLUS ...

For most Universities Economic Development and commercialisation are marginal



BUT

Knowledge Transfer is increasingly important

- key to development of the Knowledge Economy
- key to wealth creation and prosperity

**So we must find ways of balancing the University
Knowledge Transfer portfolio:**

- Sometimes we do it for the public good**
- Sometimes it is straightforward research collaboration**
- Sometimes we want to make money**

In Scotland we have examples in all 3 categories:

Outreach

Dialogues

Interface

Student
Enterprise

Collaborative Research

TMRC

Outcome

IP2IPO

OUTREACH

Dialogues



- Facilitate knowledge transfer to help build a knowledge economy
- Dedicated business development support for SMEs, primarily focused on the West of Scotland - helping the University create links with businesses



OUTREACH

Dialogues – the benefits

The SME....

Access to University facilities, improved service/product/process development, business growth, student placement/expert consultancy

The University....

Building better relationships with the business community through learning from Industry, personal development for academics
...NOT MONEY

The local economy...

Increased investment in R&D, a knowledge rich environment to encourage innovation and development within SME community

OUTREACH

Dialogues – Measures

- Number of companies dealt with
- Number of new enquiries
- New projects initiated
- US award for economic development and Scottish Government's Regiostars nomination

...income from SMEs indicates activity, and profit from the activity would be –ve.

Volume and quality are positive indicators – income not.

OUTREACH

Interface

A collaborative service to:

- Provide a **free, rapid and confidential** central point of access to the Scottish research base representing **all** Scottish Universities.
- Provide information in response to enquiries on research capabilities, consultancy, technology, access to equipment, facilities etc.
- Filter and direct enquiries as appropriate to each institution offering a one-stop matchmaker service.
- Offer support and guidance throughout process including information on potential funding sources and legal issues.

OUTREACH

Interface - engagement

- Direct contact or referral
- Establish requirements
- Search for expertise initiated or signposted elsewhere
- Expertise identified suitable for collaboration
- Additional information provided (e.g. finance)
- Company decides how they wish to proceed
- Introductions facilitated
- Project scoped out

OUTREACH

Interface - measures

- Numbers of contacts
- Numbers of referrals
- Numbers of Additional information provided (e.g. finance)
- Numbers of companies initiating projects
- Numbers of Project scoped out

Value of projects initiated would indicate volume of activity...again the actual return from the project would be –ve. The benefits are to the SMEs and the economy.



OUTREACH

Student Enterprise

Glasgow Student Enterprise aims to help students develop new skills by taking part in social events, competitions, training and hands on learning experiences as well as offering them an opportunity to start their own business.

GSE's aims are to help students:

- Be more confident, creative and inspirational
- Develop skills that will help with employability
- Gain from opportunities to manage and work with small businesses
- Take advantage of business start up opportunities
- Meet some of Scotland's most entrepreneurial and motivational speakers
- Travel the world and have fun!

OUTREACH

Student Enterprise - measures

- Numbers of students engaging
- Numbers of business plans created
- Quality of plans as measured by competition results
- Numbers of companies formed

Students involved in enterprise	1,086 last academic year – 20% growth
Student BP competitions won	13 in last four years
Student companies started	38 in last four years – +80% last year

Turnover or investment are indicators of activity, but again, return to University would be –ve....but it is good for Scotland and the students



Collaborative Research

TMRC & Wyeth

‘Development and commercialisation of Translational Medicine in Scotland to deliver substantial long-term Research and development and educational programmes in Scotland, and accelerate access to new medicines for Scottish patients’

Collaborative Research

TMRC – Wyeth contributions

Wyeth:

- \$6m for TMRC set-up
- \$500k each year of five year initial period for running costs
- \$45m in Translational Programmes (TPs) at FEC over five year initial period
- 4-10 Wyeth full time collaboration staff in Scotland

Other Benefits:

- Technology and informatics training; share best practice in clinical ops, protocol design, study management
- Access to proprietary scientific databases and software
- Reasonable endeavours to commercialise IPR, Data, TTB

SE:

- £17.5m funding over initial five year period

Collaborative Research

TMRC - University contributions

- Access to world-class academic and clinical researchers and facilities
- Background and Foreground IP (licenses or rights) relating to the TP's
- University / NHS in kind contributions of £16m million over five years
- Host institution set-up costs of £4.5m over five years
- Help get £5m in third party funding from non-industrial research bodies

Collaborative Research

TMRC – Measures

1. Number of new applications
2. Number of new awards
3. Value of new projects
4. Quality of research (publications and IP generated)

...classical research measures. Note projects are FEC....do not make any 'profit'.

OUTCOME

ILT – Off-the-shelf Licences

- Designed to address business ‘complaints’
- Designed to maximise deal-flow and reduce costs
- Intended to make licensing easier and cheaper
- Patented technology available to licence on pre-agreed terms and price at the click of a button
- Removes bureaucracy and time and COST for all

OUTCOME

ILT – Measures

- Numbers of enquiries
- Deals done
- Revenue to University

...commercial measures.

NOTE we have had great numbers for traffic and enquiries...not a single deal done...so we are revisiting the business model.

OUTCOME

IP2IPO

- LSE Listed; £300m
- Specialist investor in University spinout companies *in partnership with the University.*
- Currently in partnership with: Oxford (Chemistry), Southampton, KCL, York, Leeds, Bristol, Surrey, Bath and Queen Mary's (London)

OUTCOME

IP2IPO – key partnership terms

- £5M Initial Seed Investment Fund
- 25 year deal – but regular reviews
- Spin-out option university decision
- Exclusive first option to invest in all spin-outs
- Up to £500k per spin-out
- Joint decision making on investments
- IP2IPO 12% Founding share
- Significant fixed pre-money valuation/investment pro-rata
- Provision of one FTE member of staff to support projects
- No follow-on funding – aligned to maximise returns for founders
- Support for spin-out management team and networking to 2nd round investors

...it's like a business plan!

OUTCOME

Commercialisation - measures

- Numbers of spin-outs
- Investment in spin-outs levered
- Value of portfolio
- Returns to the Founders

...exactly the measures any venturer/investor would use

In Summary:

- We understand the nature of the interface and the different objectives/requirements.
- We believe we have in place mechanisms to support the different objectives and the right measures for each.
- **YOU MUST KNOW WHAT SUCCESS LOOKS LIKE TO KNOW WHETHER OR NOT YOU ARE SUCCEEDING....**
- The right measures suggest we are doing well.



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Thank you

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