

**The University of Iowa**  
**Economic Development Grow Iowa Values Fund Proposal**  
**FY10**

**OVERVIEW**

The University of Iowa is requesting \$1,732,500 from the Grow Iowa Values Fund (GIVF) to develop and enhance our commitment to technology transfer, commercialization, job creation and economic development. In FY09, The University of Iowa began to shift the emphasis on the use of GIVF funds. Over the past several years, significant investments were made to build the infrastructure in people and facilities, needed to succeed in several key areas of economic development initiatives. These include the new BioVentures incubator, the creation of IOWA Centers for Enterprise, the creation of a cGMP facility and the expansion of the John Pappajohn entrepreneurial education outreach programs. At the same time we have had considerable success utilizing Battelle and GIVF funds to invest in several new spin-out companies based on UI technologies developed by faculty, including Optherion (developing treatments for adult onset macular degeneration), ASL Analytics (developing a non-invasive blood glucose monitor), Terpenoid Therapeutics (designing novel cancer therapeutics), and Exemplar Genetics (developing porcine models of human disease). These past successes have laid the foundation for strong economic development initiatives moving in FY10 and beyond.

**PROPOSED APPROACH IN 2010**

In FY10, The University of Iowa's emphasis will be to continue investing to enhance disclosures, technology transfer, commercialization, and especially new company formation by creating an integrated model involving the Office of the Vice President for Research, the University Research Park, the Pappajohn Entrepreneurial Center and the University of Iowa Research Foundation. The ultimate goals are to facilitate university-private sector partnerships in entrepreneurship and continue to create new companies in Iowa based upon UI technology. After successfully building a more robust infrastructure, particularly related to assisting life science start-ups, we are now in a position to increase this focus on identifying promising new companies and commercial opportunities.

The main elements of this approach are:

- The Vice President for Research has increased his focus on Economic Development and will lead this coordinated model focused on new business development, as well as linking Iowa based companies with various university assets.
- The University of Iowa Research Foundation (UIRF) will focus on two primary activities. First, continue with its contribution to the integrated model of new company formation. Second, educate faculty in key colleges and departments towards identifying viable technology that has potential to create intellectual property that can be protected and lead to new companies and/or licensing opportunities.
- The Pappajohn Entrepreneurial Center, while continuing its strong state-wide focus on educating undergraduates, will increase its commitment to working with faculty/student and staff entrepreneurs who are interested in creating a start-up company, developing business plans, devising marketing strategies and seeking funding opportunities. JPEC will also provide the linkage between Iowa companies and the University expertise.
- The University of Iowa Research Park will be available to provide unique facilities and incubate technology based companies as well as facilitate linkage with key university core resources.

## PROJECT DESCRIPTION

The University of Iowa proposes to allocate 1,732,500 from the Grow Iowa Values Fund (GIVF) in with a new integrated model of economic development support. Based upon our recent successes with start-ups that have emerged out of UI technology and IP, and based on successful models of other major research universities, we propose to increase our focus on providing funding to promote increased faculty disclosures with the potential to identify promising transfer/start-up opportunities and assist in the formation and development of companies. Specific allocation of FY10 funds include:

**\$450,000 to support new company formation and faculty educational programs through the University of Iowa Research Foundation.** With this new component to faculty education, UIRF is now focused on all stages of new company formation, from conceptualization in a basic research laboratory through legal entity formation and early development to first equity investment. As these programs are implemented and sustained, we expect the pipeline of promising new ventures to become a robust source of on-going economic development in Iowa. New company formation based on UI or Iowa-related intellectual property involves assessment and exploration, early planning and development, and pre-seed and seed investing. Among others, GIVF funds will be used to support these activities in forming new companies:

- University-private sector collaborations for “proof of concept” support for the commercialization of UI- or Iowa-related intellectual property.
- Gap funding for early-stage technologies and start-up companies based on UI- or Iowa- related intellectual property.
- Engagement of technology savvy-business development experts to identify new technology transfer opportunities from our most productive units.
- Engagement of Entrepreneurs-in-Residence to support UI spin-out companies.
- University-private sector formation and development of start-up companies in Iowa directly related to existing UI- or Iowa-related intellectual property.
- Collaboration with JPEC on student teams that will assist in assessment, exploration, early planning, and development.

The new faculty education program is designed to identify, and possibly increase, research that can be commercialized. Existing efforts have been focused on increasing awareness of intellectual property and the UIRF invention disclosure process. These existing efforts will continue, but it is important to supplement them with dedicated resources seeking promising commercial research in well-regarded laboratories. It is an activity “upstream” of new company formation and will increase the number of research projects that have the potential to become new ventures by sustained, focused discussion with faculty and staff. Among others, GIVF funds will be used to support these activities in educating:

- Hire a “Seeker” to lead the UIRF effort. This describes a senior person with both academic research and commercial expertise. Primary responsibility will be to identify promising faculty research and begin to explore its commercial potential. (UIRF funds will be utilized and serve as part of the required match.)
- Support a standing “Elevator Pitch” competition with JPEC (joint funding).
- Evaluate and begin to implement other programs (including a possible “Meet the Inventor” conference with entrepreneurs and investors).

**\$435,000 to support operational and personnel costs of key economic development areas.** These funds will support critical economic development support functions associated with the University of Iowa Research Park, BioVentures Center, Technology Innovation Center and IOWA Centers for Enterprise.

**\$385,000 to fund expenses associated with operating costs of the new BioVentures Building.** The BioVentures Building was made possible by a collaborative partnership between Ryan Companies and the University of Iowa. The new building provides critical space and services for life science startup companies at the University of Iowa Research Park. The BioVentures Center will use these funds to pay debt associated with the construction of the new BioVentures Building.

**\$272,500 to integrate and develop all economic development support functions.** These funds will be used by the Vice President for Research & Economic Development for program integration and development.

- \$150,000 - Fund portion of Vice President for Research & Economic Development salary and other key staff members with new responsibilities in economic development,
- \$122,500 – Fund opportunities to foster medium to long range projects that will impact economic development. The funds will be used in a variety of ways including competitive funds to support the creation of new ventures. Examples include matching grants to support additional fundraising, SBIR/STTR, the Wellmark Venture Capital Fund, and/or other equity funds or simply proof of concept/commercialization funds. Funds could also be used to support new companies at the Research Park as a way to provide competitive leverage to raise additional growth capital.

**\$190,000 to fund expenses associated with training, consultation and outreach for Iowa entrepreneurs.** John Pappajohn Entrepreneurial Center will continue to expand outreach programs for Iowans.

- A new Project Manager will be hired and will devote his/her time to identifying opportunities and manage projects for existing Iowa-based companies to work with UI faculty/students in the areas of strategic business planning, market research and analysis, and operations/financial assessment.
- Accelerate the creation of UI graduate and undergraduate student-based ventures through expanded campus-based business plan and elevator pitch competitions.
- Launch statewide distance Certificate in Entrepreneurial Management undergraduate program to provide top quality entrepreneurship education to undergraduate students in the UI distance education program and college students studying in other institutions across Iowa.
- Expand support to the existing Iowa small businesses community through faculty/student consulting assistance in the areas of market research, analysis and planning, financial analysis and forecasting, capital acquisition, and strategic business planning.
- Establish a mentor program for aspiring Iowa entrepreneurs seeking to start and grow new Iowa-based ventures.
- Initiate a distance-based entrepreneurial training program open to all Iowans interested in learning how to write a successful business plan and start a new business.

The University of Iowa will leverage GIVF funds with a dollar-for-dollar match. Examples of funds that will be used to match GIVF include:

- Research funding focused on applied research with IP capability.
- Licensing revenues – directly used for support of above initiatives.
- Industry funding.
- BioVentures operating expenses and lab lease rental payments.
- Developer funding of BioVentures Center facility.

- In kind personnel support, Business Development and patent expenses.
- Revenue from land leases.
- TIF (Tax Increment Financing) Funds from City of Coralville.
- Revenue from Oakdale Research Park facilities leases.

**OUTCOMES and Metrics:**

Iowa Department of Economic Development (IDED) administrative rules require certain information on the use of Grow Iowa Values Funds, which include:

- Number of research and development agreements executed with Iowa companies as part of GIVF projects funded.
- Company matched resources: Company sponsored funding provided by companies as part of GIVF projects funded.
- University matched resources: Involvement of university/college centers and institutes: description of laboratory equipment used and services provided measured by hours used, samples run or dollar amount of services provided.
- Number of licenses or option agreements executed with Iowa companies as part of GIVF projects funded.
- Number of new companies formed and jobs created as part of GIVF projects funded.
- Revenue to companies as a result of technology licenses executed as part of GIVF projects funded.

**Other metrics in addition to the IDED metrics:**

- Increase in activity in research that has rapid potential to reach the public marketplace.
- Collaborations with Iowa-based industry.
- Annual increase in taxable company revenues from identified firm.
- Reported total earnings and earning impacts of Research Park and incubator company employees.
- Total number of companies, number of start-ups in Research Park and incubator.
- Collaborations and interactions with Iowa-based industry.
- New federal small business innovation research (SBIR) and small business technology transfer (STTR) applications and awards.
- Intellectual property disclosed, patented and licensed, and licensing income generated.
- Start-up companies formed and reaching critical milestones.