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UW tech-transfer program putting discoveries to work

By Kirsten Orsini-Meinhard
Seattle Times business reporter

Aaron Coe was enthusiastic about using potential drugs licensed from the University of Washington to start his Seattle company, Promentix — right up until he was handed a 68-page legal agreement.

"It wasn't the paradigm of efficiency," said Coe, who began the licensing process in mid-2003. "At the end of the day, if I wasn't intent on doing the deal as I was, I would have cut bait way before that."

Only a year later, Alexander Lebedev found the process much less bureaucratic when he negotiated a license to use UW ultrasound technology.

"It seems to me the process became more smooth and direct," said Lebedev, co-founder of Mirabilis Medica in Bothell.

As witnessed by these startups, the UW's tech-transfer program has undergone a transformation in recent years to make it faster and more welcoming for would-be entrepreneurs, investors and university researchers.

Those changes, as well as a better funding climate for new companies, have helped increase the number of startups and licenses coming out of the university, said James Severson, head of the UW's tech-transfer program since 2003.

Top money-makers in UW technology

The university's fiscal 2006 revenues from its leading licensed inventions, with originating department

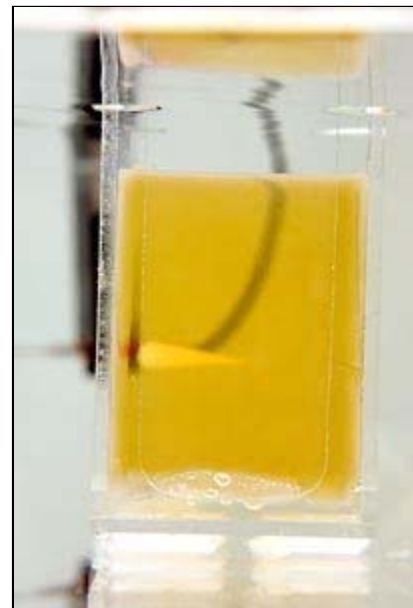
Revenues from the program increased 26 percent last year to \$23 million.

And the number of license and option deals jumped 40 percent in the first nine months of the current fiscal year, reaching 125 at the end of March.



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Alexander Lebedev, left; Justin Reed, center; and CEO Mike Connolly at Mirabilis Medica in Bothell prepare to demonstrate their product, based on technology licensed from the University of Washington. The device, which produces high-intensity focused ultrasound, is partially shown at left, but the company won't allow some of it to be shown because of its proprietary nature.



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At Mirabilis Medica a "gel phantom" is cut into by a device. The product uses ultrasound to kill tissue around fibroids.

Polypeptides in yeast (Genome Sciences Dept.)

\$4.9 million

Clotting Factor/Factor IX (Biochemistry Dept.)

\$4.4 million

Flow Cytometry Technologies (Genome Sciences Dept.)

\$2.9 million

Hepatitis B Vaccine (Genome Sciences Dept.)

\$1.9 million

Tape Management Library for STK 4400 Systems (Computing & Communications Dept.)

\$1.6 million

Source: University of Washington Technology-Transfer Office

The UW has a lot at stake in its tech-transfer program: It's a bridge between the university and the business community, and it earns millions of dollars each year from license fees and royalties from companies that use technology developed at UW.

But in the past, the office "had a bad reputation" among the business community and within the university, Severson said.

Recent changes made to the tech-transfer process include hiring additional licensing staffers with more experience, speeding up the licensing process and increasing community outreach.

Startup efforts

The UW also has increased its focus on spinning out startups, rather than concentrating on signing licensing agreements with established companies.

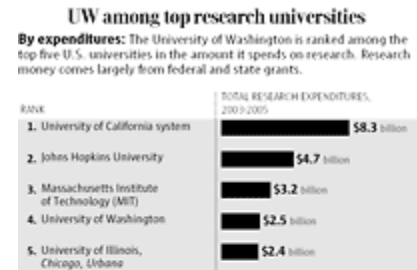
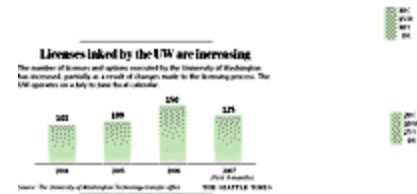
To that end, the tech-transfer office recently announced an initiative called Launchpad aimed at getting new businesses off the ground. It's also attempting to help startups with funding through its Technology Gap Innovation Fund, which provides researchers grants of up to \$50,000 for projects with commercial potential.

While the UW historically has had strong licensing activity, its technology was used to form a total of only six startups in 2004 and 2005.

Last year, 10 startups were created using its technology. Six startups have formed using UW technology so far this year.

What's also helped the tech-transfer process is a 2005 change in the state's Ethics in Public Service Act, making it easier for faculty to participate in startups. The act is commonly referred to as the state's ethics law. Previously, the law — which outlines how state employees and officials should conduct business — discouraged professors and researchers from getting involved.

The UW is ranked fourth among U.S. universities or university systems in terms of research expenditures. When it comes to license fees, royalties and other income from commercializing its inventions, the university ranks 10th.



Looking back

Severson likes to tell his staff members: "If you have a rear-view mirror, break it."

It's no surprise that he's not a fan of dwelling on the past, because the recent history of tech-transfer at the UW has been tumultuous.

When Severson came on board as vice provost of intellectual property and tech-transfer, his position had been vacant for 15 months and the office was in desperate need of direction.

"Relationships were in disrepair," Severson said. "This office had a lot of baggage."

Severson and his team laid down three main areas for improvement: completing deals, partnering well with businesses and university researchers, and working more closely with companies.

"Part of it is engaging the faculty and making sure there are not impediments," said Robert Nelsen, managing director and co-founder of Arch Venture Partners, who sits on the tech-transfer office's newly formed advisory board.

One of the biggest changes the tech-transfer team made was updating its licensing agreement, a daunting stack of documents that Coe and other entrepreneurs saw as a hurdle to obtaining technology.

Coe, of Promentix, was dealing with the university as it shook up the licensing process. His license agreement ultimately was shortened from 68 pages to about 25, making it "far less onerous," he said.

Promentix is using preclinical drug candidates developed at the UW by then-grad student and partner Joy Ghosh for protein-aggregation diseases such as Alzheimer's and Parkinson's.

"They realized they needed to do things in support of getting deals done," Coe said.

Among other changes:

- A complete turnover of its licensing staff members over the last 2 ½ years and the addition of four new employees, increasing its total headcount to 18 licensing employees.
- Creation of an advisory board of business members that consult with the tech-transfer office on a quarterly basis.
- A new Web site, allowing people to browse through lists of available UW technology.

External factors, such as the business climate and more-available funding, are also helping startups move more quickly in efforts to commercialize UW technology.

"I can't say I'm the guy on the white horse and it's all me," Severson said.

Another change that's made a difference is loosening restrictions on how Washington state employees interact with the business community, as outlined in the state's ethics law.

The Technology Alliance, a high-tech advocacy group in Seattle, lobbied for the changes in 2005, arguing

that the law was unintentionally hindering the tech-transfer process, said Susannah Malarkey, executive director of the Tech Alliance.

"The old ethics law was confusing and overly strict in terms of what state employees could do around their discoveries," Malarkey said.

The road ahead

There are still plenty of challenges facing entrepreneurs who want to take advantage of the university's technology.

Licensing a UW invention can still take several months or several years, depending on the technology.

That's something that still needs improvement, Severson said.

The Technology Alliance's Malarkey said the UW should pay more attention to the number of startups it's helping create, rather than focus heavily on license activity.

The Launchpad initiative is a step in that direction: It provides help to innovators in managing company plans, helps find mentors in the community, and facilitates networking with businesses and investors.

George White, chief executive of Pavia Systems, wishes such a program had been in place when he licensed UW interactive software-training tools for the road-construction industry to start his company in 2005.

White said the tech-transfer staff members were helpful, but it would have been better to be part of an incubator-style program. "We basically bootstrapped the company," White said.

Coe, of Promentix, said the tech-transfer office still has some work to do on community outreach. He's also in favor of a more uniform licensing process.

Those in the office should be able to look at its Web site and get some idea of what it will take to obtain a license, including the terms it can expect, he said.

"They [the tech-transfer staffers] need to be transparent and they need to be in lock-step with the market," Coe said.

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Alexander Lebedev, left; Justin Reed, center; and CEO Mike Connolly at Mirabilis Medica in Bothell prepare to demonstrate their product, based on technology licensed from the University of Washington. The device, which produces high-intensity focused ultrasound, is partially shown at left, but the company won't allow some of it to be shown because of its proprietary nature.

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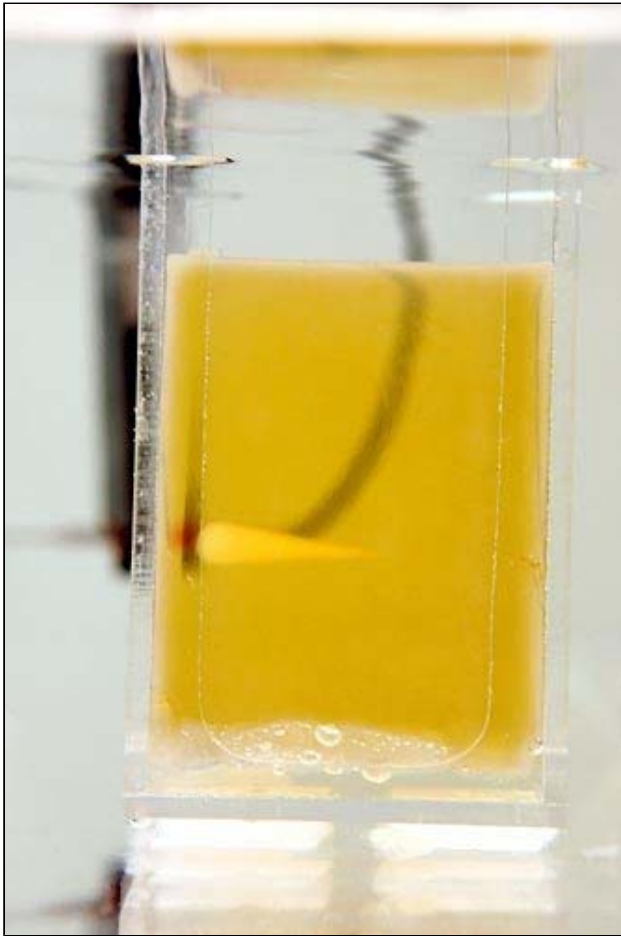


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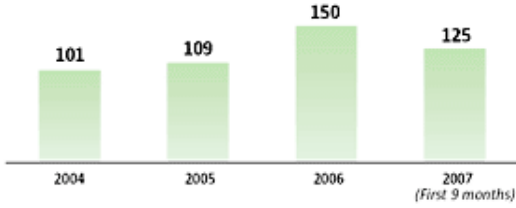
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Licenses inked by the UW are increasing

The number of licenses and options executed by the University of Washington has increased, partially as a result of changes made to the licensing process. The UW operates on a July to June fiscal calendar.



Source: The University of Washington Technology-transfer office

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UW among top research universities

By expenditures: The University of Washington is ranked among the top five U.S. universities in the amount it spends on research. Research money comes largely from federal and state grants.

RANK	TOTAL RESEARCH EXPENDITURES, 2003-2005
1. University of California system	\$8.3 billion
2. Johns Hopkins University	\$4.7 billion
3. Massachusetts Institute of Technology (MIT)	\$3.2 billion
4. University of Washington	\$2.5 billion
5. University of Illinois, Chicago, Urbana	\$2.4 billion

By income from inventors: The University of Washington is ranked among the top 10 U.S. universities by the amount of money received from license fees, royalties and equity in companies between 2003 and 2005.

RANK	CUMULATIVE ADJUSTED GROSS INCOME, 2003 TO 2005
1. New York University	\$3.3 billion
2. Emory University	\$621.5 million
3. University of California system	\$222.9 million
4. University of Minnesota	\$129.3 million
5. University of Florida	\$112.9 million
10. University of Washington	\$78.9 million

Note: Only universities that have reported their numbers to the Association of University Technology Managers are included in the ranking.

Source: Association of University Technology Managers

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