



## BULLETIN

### › University of Colorado Start-ups FAQ

#### Contact Us:

For information about  
licensing to start-up  
companies

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#### How many CU start-up companies are created each year?

In fiscal years 2004-06, twenty-nine new companies were started based on University of Colorado inventions. This represents approximately 6% of the inventions disclosed to the Technology Transfer Office (TTO) during that period.

#### What are some examples of CU start-up companies?

CU researchers have a history of inventing groundbreaking platform technology that forms the basis for a number of successful start-ups. Some leading examples include:

- Myogen is a biopharmaceutical company headquartered in Westminster, Colorado that is focused on the discovery, development and commercialization of drugs for the treatment of cardiovascular disorders.
- Taligen Therapeutics, based in the Colorado Bioscience Park in Aurora, is developing technology from the CU Health Sciences Center focused on controlling the initiation of inflammation for the treatment of serious inflammatory diseases, such as severe asthma.
- Phiar Corporation, located in Boulder, is developing the world's fastest electronic devices for a wide range of applications based on technology developed at CU-Boulder.
- MedShape Solutions is developing a new class of orthopedic fixation devices using novel shape memory polymer materials, based on CU inventions.
- CDM Optics, located in Boulder, is commercializing CU technology for improving the clarity and depth of field of optical images. CDM was purchased by OmniVision Technologies in 2005.

#### How is a technology chosen to become a start-up?

The decision to consider a start-up occurs after the initial technology assessment. The inventor(s) and the licensing manager assigned by TTO work jointly to assess both the commercial and the technical value of the invention. The following factors are considered in evaluating the feasibility and potential for a start-up:

- Inventor commitment to support product development and commercialization via a start-up
- A third-party business champion/entrepreneur involved with the company
- A viable product development plan consistent with the market opportunity for the technology
- Market size and the potential for raising investment capital and attracting additional management
- An understanding of conflict of interest (COI) issues and a workable COI management plan

In addition, TTO evaluates patentability and potential patent claim breadth, technical feasibility, and commercial interest to determine whether licensing to an existing company or creating a start-up makes the most sense for commercialization of the technology.

### **Why does CU encourage start-ups?**

There are a number of reasons why TTO works to support start-up companies based on suitable university technologies:

- Start-ups translate academic inventions into commercial goods and services that benefit the public, consistent with the university mission.
- A track record of successful start-ups facilitates recruitment and retention of high quality faculty.
- Start-ups are an engine for local economic development and job creation, and success in this area demonstrates the value of university research to the broader community.
- Start-ups are sometimes the only viable option for moving university inventions to a market-ready product, given the early stage, unproven nature of the technology.
- Start-ups create economic returns for the inventors, the university, and the business and investment communities.

### **How does TTO support start-ups?**

The CU Technology Transfer Office's central objective with regard to start-up companies is to ensure they have the best chance for success from the outset. This includes helping the inventor-founders understand the business development and conflicts management process, and requiring, as a condition for executing a license with a start-up, that the company have a compelling business plan, capable non-CU management to execute that plan, and adequate initial funding and access to additional needed capital. It includes providing funding opportunities through the Proof of Concept investment program. And, TTO's philosophy for start-up support includes involving the local entrepreneurial, venture capital and legal communities in advising on commercial opportunities for new technologies and on issues around new company formation. TTO works closely with two business incubators, the Fitzsimons BioBusiness Incubator (FBBi) and the Boulder Innovation Center (BIC), to help connect CU start-ups to a network of business advisors and entrepreneurs with extensive new venture creation, product development, and fund-raising experience in the relevant technology areas. FBBi is headquartered at the Fitzsimons Bioscience Park in Aurora, Colorado and is focused on bioscience start-ups, and the BIC works with TTO in identifying promising start-up technologies originating primarily from CU's Boulder campus and bringing local entrepreneurs and business advisors into TTO's business-building process. Where appropriate, TTO will also leverage the resources of the Deming Center for Entrepreneurship at the Leeds School of Business at CU Boulder, the Bard Center for Entrepreneurship at the University of Colorado at Denver Business School, and the Entrepreneurial Law Center at the CU Law School.

### **How does CU manage the equity it receives from start-ups?**

CU's licenses with start-up companies typically include an equity component in addition to royalty and milestone payment terms. The private equity is transferred under a separate stock subscription agreement and issued to and managed by the University License Equity Holdings, Inc. (ULEHI). ULEHI is a 501(c)(3) corporation that is authorized under Colorado statute and that exists solely for the benefit of the University of Colorado. ULEHI will liquidate an equity position when the shares become unrestricted and marketable. In addition, ULEHI manages the investments made by the TTO through its Proof of Concept investment program, described below.

### **What is the POCi program?**

Starting in the fall of 2004, TTO initiated a Proof of Concept investment (POCi) program to provide early stage "seed" investments to support development and validation of promising CU technologies. POC investments are provided in the form of an unsecured \$100,000 convertible promissory note, wherein the principal and interest is converted to stock upon the achievement of a specified level of private investment in the company. The investments are awarded to start-up companies on a competitive basis in the fall and spring with the involvement of a selection panel of venture capitalists.

### **How do I find out more about the start-up process at CU?**

Please contact Tom Smerdon, Director of New Business Development, at 303-735-0621 or [Tom.Smerdon@cu.edu](mailto:Tom.Smerdon@cu.edu)