2) Improve the P&L of the USET license brokerage business.

A. Introduction

During the last six months the primary assignment of the Washington office included in addition to the design of a technology database, ~~but~~ an assessment of how the license brokerage business might be made more efficient.

USET has no ability in-of-itself to speed a licensed new product or process to the market so as to speed return of royalty from the licensee. Control of marketing a new product or process is in the exclusive ~~control~~ hands of the industrial manufacturer and to some extent the government regulatory agencies that bar market entry until safety and efficacy concerns have been met. Notwithstanding, it is within USET control to reduce the cost of licensing while increasing the the number of licenses and future potential for royalty and equity return. If this is achieved the increase in licenses makes the potential of royalty return in the future larger and more predictable.

B. Recommended changes in the practices of the License Brokerage Business
the number of licenses and future potential for royalty and equity return. If this is achieved the increase in licenses makes the potential of royalty return in the future larger and more predictable.

B. Recommended changes in the practices of the License Brokerage Business

1. Licensable Technology Database

The attached evaluation process was developed ~~developed~~ ~~intended~~ to ~~be~~ improve this fundamental problem, but ~~has not b~~ had not been implemented prior to Bill Miles departure.

4) Development of Standard Responses to University Clients

With a standard evaluation process in place, the use of standard replies ~~in res. after technology~~ to university clients after evaluation of their technology ~~becomes academic~~. is greatly simplified and ~~not~~ eliminates the present practice of ~~need for~~ crafting ~~unique~~ entirely unique responses to every evaluated technology, ~~(now the st~~ which is the present practice.

5) Standard Technology Report Form

It is essential that ~~stan~~ a standard invention report form be developed for USET clients. If this is not undertaken each disclosure may need to be reformatted before ~~entered~~ entry into the electronic database.

a radically changed environment.

~~C. Environment that~~ ~~The present~~
C. The Westport Environment

This is not undertaken each disclosure may need to be reformatted before ~~entered~~ entry into the electronic database.

a radically changed environment.

~~C. Environment that~~ ~~The present~~
C. The Westport Environment

Unfortunately, past management of UPI, who retained control after MCC

(2)

~~access~~ the ability of USET licensing executives to search the electronic database will ~~greatly~~ speed response time to ~~industry in~~ inquiries from businesses that are not subscribers to the database or to industry subscribers ~~but~~ and decrease the amount of time that USET licensing executives now devote to finding licensees. This ~~create~~ should create an industry "pull" for USET technology and decrease the necessity of USET "push". In addition,

At present general requests for technology in areas of interest are not answered.

2. Matching USET Technology to SBIR Awardees.

Having SBIR awards on the licensable technology database not only enhances the marketability of the database, but permits USET licensing executives to match USET technology to prior SBIR awardees. Licensing small businesses that have had previous SBIR awards ~~are~~ not only enhances the prospect of royalty return, but can reduce costs ~~if through assumption~~ ~~[illegible]~~ if a government agency funds the further development of USET technology. For instance, such funding ~~permits~~ ~~the~~ will cover the ~~funding~~ costs of filing patent applications which otherwise would need to be undertaken by USET. Other substantial cost saving and benefits are discussed in the attached memo on the SBIR program.

3. ~~Develop~~ Use of a Standard Evaluation Process

At present USET licensing executives ~~evaluate~~ do not use standard criteria to evaluate market potential be undertaken by USET. Other cost saving and benefits are discussed in the attached memo on the SBIR program.

3. ~~Develop~~ Use of a Standard Evaluation Process

At present USET licensing executives ~~evaluate~~ do not use standard criteria to evaluate market potential of USET technology. ~~This [illegible]~~

~~Because there is no~~ The lack of common criteria and a

With the above in mind the following is a list of potential licensible technology sources:

a) 175 U.S universities

We have identified 175 U.S. universities who each have an annual R+D budget falling between 8.8 and 440 million dollars. In addition, we have identified the technology management contacts ~~with~~ including telephone number and addresses at 150 of these universities. Many of the technology managers are familiar with USET personnel, which we hope will foster their cooperation. Clearly the 10 USET clients in the listing are obligated to participate. Further, in a dry run we contacted a small number of non-clients and were able to solicit abstracts of over 300 technologies.

b) 305 U.S. and Foreign Industrial Concerns Who Have Indicated Their Desire to License Company Technology.

We have identified the technology management contact ~~and~~ including telephone number and address at each of 305 businesses who have announced

b) 305 U.S. and Foreign Industrial Concerns Who Have Indicated Their Desire to License Company Technology.

We have identified the technology management contact ~~and~~ including telephone number and address at each of 305 businesses who have announced their interest in licensing excess technology in Licensing Executive Society

agent for the United Kingdom's government funded research institutes.

GKSS — A German funded environmental research institute that licenses its own technology.

INRA — A French funded agricultural Research institute that licenses its own technology.

d) Foreign Sources of Licensable Technology who have not been contacted.

Licensing Corp — The designated exclusive licensing agent for all technology from USSR funded research institutes.

INVAR — The designated Nonexclusive licensing agent for France's government funded research institutes.

JITA — The designated exclusive licensing agent for Japan's government funded research institutes. (JITA's technology has been disclosed to the Prentkowitz proprietary database).

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Technical Research Centre of Finland

(9)

Austrian Trade Commission —

Nonexclusive licensing agent for Austrian businesses.

Canadian Patents and Developments Ltd.

Exclusive licensing agent for Canada research institutes and some Canada universities.

Israeli Industry Center for R&D (MATIMOP)

Nonexclusive licensing agent for Israeli businesses.

Italian Trade Commission

Nonexclusive licensing agent for Italian businesses.

Swedish National Board for Technical Development

Swedish licensing agent — claims to own all sources of technology in Sweden.

(8) The Small Business Innovation Research Program (SBIR) Development

Swedish licensing agent — claims to own all sources of technology in Sweden.

(8) The Small Business Innovation Research Program (SBIR)

The U.S. SBIR program was created in 1982 by Public Law 97-219. The

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on ~~2500~~ 10,000 awards. ~~annually~~ and the technology involved. A description of each award is available from each funding agency. ~~Approximately~~ All 10,000 announced awards have been accumulated from the 11 agency contact points and are now being converted into an electronic database. ~~Since all the technology~~ Since only 1 of 8 submissions from small businesses are granted funding ~~the~~ industry should be very interested in ~~what~~ the technology that survived the government evaluation and screening process. As noted while hardcopy is publicly available no on-line vendor is managing the ~~data~~ database.

~~e~~) The DOE Energy Related Inventions Program.

The D.O.E. program was created ~~in 1976. The~~ by statute in 1976. The law ~~requires~~ creates a funding program to develop ~~for~~ energy related inventions brought to the attention of D.O.E. In practice the evaluation and recommendations for funding have been been assigned to the National Bureau of Standards who has ~~a~~ evaluated and recommended funding of a funding program to develop ~~for~~ energy related inventions brought to the attention of D.O.E. In practice the evaluation and recommendations for funding have been been assigned to the National Bureau of Standards who has ~~a~~ evaluated and recommended funding of approximately 8,000 technologies in the last 10 years. We

(9)

g) Existing Electronic Databases Disclosing Technology.

Before listing the possibilities of using existing databases, it is important to discuss the problems they entail. First, ~~No on~~ with one exception, none of the accessible databases are limited to licensable technology. Further, none appear to be limited to new products and processes. They all appear to comingle scientific and technology results ~~which are called "technology" but are not which we have~~ which are not limited to new products and processes. These problems plus the fact that they are generally ~~considered~~ not user friendly, makes existing databases difficult to deal with.

However ~~given~~ to the extent that the information on such an ~~an~~ electronic database can be obtained on a media that ~~[illegible]~~ can be leased and moved to ~~[illegible]~~ a MCC site ~~[illegible]~~ with no copyright or other conditions attached, disclosures of licensable ~~technology~~ new products and processes can be screened out ~~and~~ reformatted and used in our database ~~(batch searched)~~. meet this access test and

~~The following electronic~~ obtained on a media that ~~[illegible]~~ can be leased and moved to ~~[illegible]~~ a MCC site ~~[illegible]~~ with no copyright or other conditions attached, disclosures of licensable ~~technology~~ new products and processes can be screened out ~~and~~ reformatted and used in our database ~~(batch searched)~~. meet this access test and

~~The following electronic~~

Tapes of the following NTIS databases ~~could be~~ are being ~~have been or are being~~ acquired

(10)

~~Includes~~
Project description includes title, starting date, investigator, performing and sponsoring organization and detailed abstract.

Federal Applied Technology Database

Contains abstracts of selected processes, instruments, materials, equipment, software, and techniques generated by federal laboratories. (14.K records)

Bibliographic Database

Contains the abstracts from all ~~NTIS abstract Newsletters~~ technical reports announced by NTIS both foreign and domestic (1.5 million records).

Copyright infringement problems could arise from use of these databases without negotiating with the database creators.

a) Biomedical Business International (BBI) (Macmillan)

BBI solicits ~~disclosures from~~ abstracts of new medical products and processes for disclosure in their newsletters. We do not know the extent to which they have gained the cooperation of ~~the~~ relevant

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technology sources, but we believe it to be minor. Indeed they

h) The Pergamon Journals

Editors of the Journals could as part of the review process ask authors whether the paper submitted described any new product or process which he or his organization was interested in licensing. If so, an abstract of that paper could be created for inclusion in our database. The submitter's incentive to participate would be explained as possible royalty returns or additional research funding from industry.

i) U.S. Government Laboratories

In 1986, federal laboratories were given the authority for the first time to license their technology. These laboratories are ~~busily~~ actively creating the infrastructure to proceed ~~as some recognize~~ and a few have appointed technology managers who function much like University managers. Over a period of time this area will be extremely fertile grounds for technology disclosures aimed at ~~busily~~ creating the infrastructure to proceed ~~as some recognize~~ and a few have appointed technology managers who function much like University managers. Over a period of time this area will be extremely fertile grounds for technology disclosures aimed at industry. We already know that the Dept of — has entered

While the above list of technology sources is ~~not~~ far from complete, it does suggest that ~~a~~ the critical mass for a licensable technology database could be reached ~~in~~ rapidly.

c. Competitors

All private businesses offering services based on an accumulation of licensable technology do so as follows:

1) Solicit abstracts of current technology on a specified format;

2) Create a searchable proprietary database, and

3) sell handcopy access to only technology areas that subscribers have indicated an interest in.

~~Each company~~
~~Other common characteristic~~

Another characteristic that is not entirely common to the companies reviewed is a ~~technology~~ conference capability. ~~Conferences~~ ~~are often held not only to supplement~~ ~~include but obtain technology~~ ~~disclosures from licensors.~~

Conferences are structured around

~~Other common characteristic~~

Another characteristic that is not entirely common to the companies reviewed is a ~~technology~~ conference capability. ~~Conferences~~ ~~are often held not only to supplement~~ ~~include but obtain technology~~ ~~disclosures from licensors.~~

Conferences are structured around ~~technology~~ sources of technology interested in licensing and those

(13)

The following are companies generally following the approach described above:

Regis McKenna Inc (Center for Technology Licensing) — Palo Alto, Cal.
Technology Catalysts — Washington, D.C.
Nerac — Tolland, Conn.
Lloyd Patterson, International — Ormond Beach, Fla.
Dr. Dvorkowitz and Associates — Ormond Beach, Fla.
Technology Insights — Englewood, N.J.
TECH START International — N.Y., N.Y.
BBI (Macmillan) — Tustin, Cal.

(alliance partner Arthur Andersen & Co.)

Each company has some characteristics that distinguish t
the others.

Technology Insights and BBI disclose their technology b
newsletters. BBI limits itself to the Life Sciences ar
a conference capability.

Technology Catalysts claim that its database has much
from small businesses and also ~~discloses through confe~~ has a confere
Technology Insights puts great emphasis on reviewing t
Office's weekly Gazette for new patents with high tec
potential.

Lloyd Patterson has only twenty one clients which he
a very personal basis including small conferences. ~~C~~
NERAC searches not only its own database, but other
databases to address specific technology problems.

Subscriptions are $30K per client. NERAC emphasis is "batch" searching to technology problems. Subscriptions are $10K.

Dr. Dvorkowitz is franchising his database overseas and solicits a great deal of foreign technology. ~~He~~ recently sold his conference capability. Dr. Dvorkowitz who is 72 years old

While, in theory, all the companies have access to all technology sources, it does not appear that any one company has attempted to ~~get their arms around~~ ~~Out~~ sources. Their appears to be little evidence that the federal laboratories are being tapped to any great extent. Their is a surprising amount of technology available from industry sources. NERAC, Patterson, and it appears Technology Catalysts ~~are~~ interested in pursue all

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As best as ~~I~~ could determine, all the companies are running in the black. While this is in no means an exhaustive study of the

technology sources. Nenac and Technology Catalysts appear to be the most aggresive competitors. Their interest in being acquired is unknown.

Not much is known about Regis McKenna though all their activity seems focused on the electronic industry. This claim an extensive proprietary database in that area. Subscriptions to reports on technology alliances in the semiconductor industry are 7 K.

We believe that the habits acquired over many years by some ~~the~~ staff that came with UPI cannot be overcome without new credible management. The simplest way of achieving this is making the Washington office headquarters, especially ~~as~~ since ~~the~~ all the emphasis for Washington change is being pursued ~~from~~ there. In addition it is recommended that the operating function at Westport be gradually phased down and transferred to Washington. It is especially important that the two new licensing executives be moved to Washington since they have ~~not~~ yet permanently located in Westport ~~x~~ or have they been ~~trained~~ instilled with ~~the~~ UPI practices. ~~of yesteryear.~~ past

Washington, D.C.