What Companies Really Value in their University Relationships

A Perspective from MIT

MIT Office of Corporate Relations

Karl F. Koster

Agenda

- MIT Corporate Relations
- ILP Presentation Materials
- Benchmarking Study Results
- Final Comments

MIT - Corporate Relationships

- A top priority for both Faculty and Senior Administration
- Centralized Office of Corporate Relations
- Centralized Technology Licensing Office
- Office of Sponsored Programs
- Decentralized corporate and sponsor relations staff in Schools, Departments, Labs and Centers

MIT - Corporate Relationships

- Centralized Office of Corporate Relations
  - Industrial Liaison Program
  - Support to Senior Administration and Faculty
  - Corporate and International Institutional Partnerships

MIT - Corporate Relationships

- Centralized Technology Licensing Office
  - Invention Disclosure
  - Patents and Licensing
  - Formation of Start-up Ventures
- Office of Sponsored Programs
  - Contract Administration
  - Corporate and Government

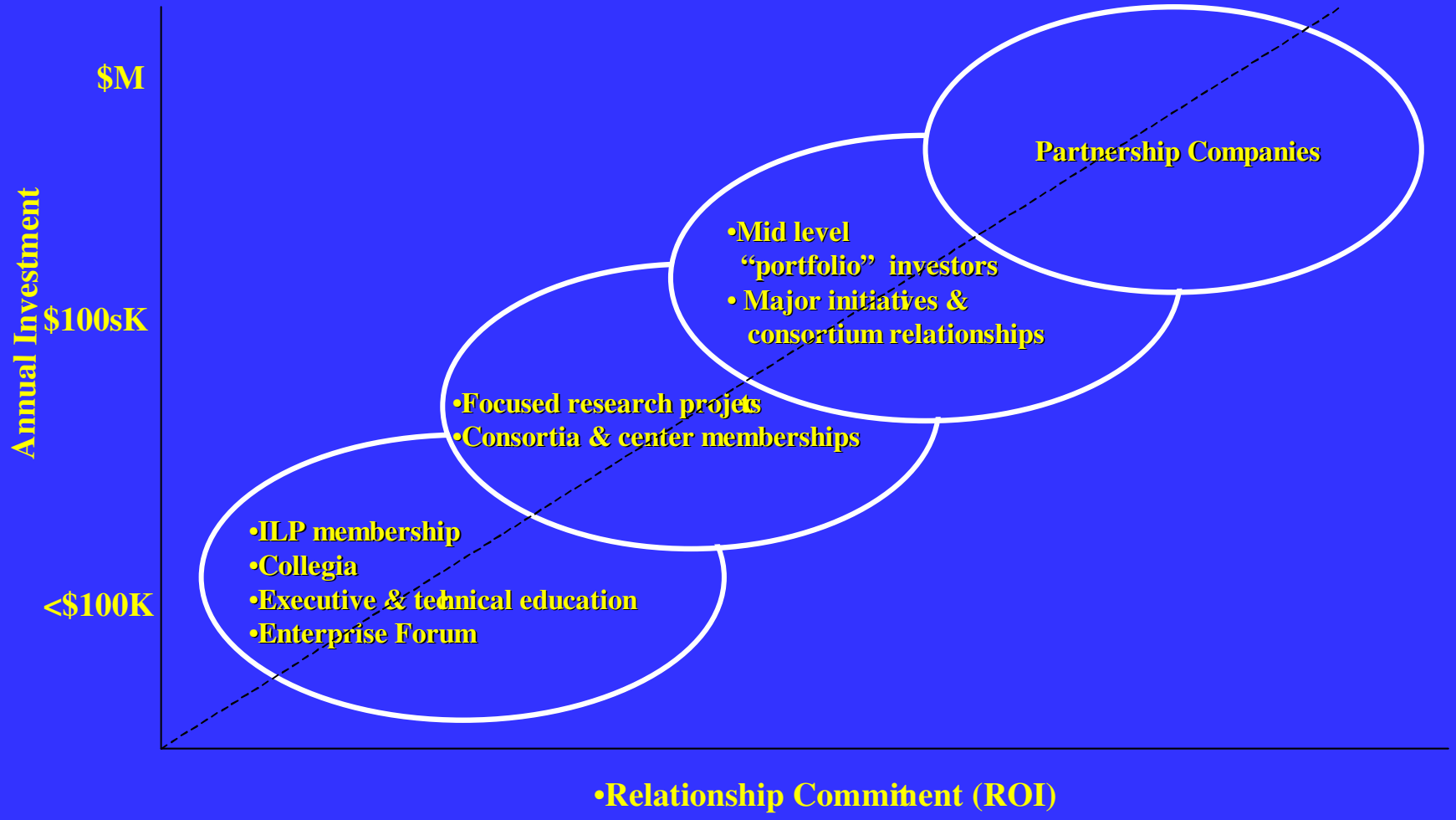
MIT - Corporate Relationships

- Fluid communications and mutual support between offices
  - Program promotion through contract negotiations
  - Monitoring of relationships and feedback
  - Collaboration not “clearance”

MIT - Corporate Relationships

- Healthy, Dynamic Tension
  - Marketing and relationship management versus contract terms and conditions
  - Institute-wide versus faculty focused
  - Single interface versus entrepreneurial environment

MIT'S Corporate Relationships



ILP Presentation Materials

Karl F. Koster

Benchmarking of Selected Universities

December 2006

- University of California at San Diego
- Duke University
- University of Florida
- Georgia Institute of Technology
- Indiana University
- University of Maryland
- University of Michigan
- University of Minnesota
- North Carolina State University
- Ohio State University
- Pennsylvania State University
- Purdue University
- Southern California University
- University of Texas at Austin

Observations

- Industry sponsorship of university research seems independent of geographic location, however, location has an impact on the growth prospects for startups.
- Having a strong business school does not seem to be related to strong licensing or startup activity.
- In the opinion of most technology transfer office directors, incremental improvements are more often licensed to established firms and large corporations, while disruptive technology is more likely to be licensed to startups.

Observations

- The majority of hosted companies at university technology parks and incubators are not related to university technology startups.
- Weak staffing in licensing offices appears to result in suboptimal IP agreements
- Decentralized approach to corporate relations most common.
- In the absence of corporate liaison function at universities, many licensing offices assume this role.
- Organizational structure and corporate relations activities have resulted from ad hoc decisions.

Observations

- Corporations increasingly view university relations holistically, so having a single point of interface is a more convenient arrangement.
- Increasing recognition that effective corporate relations activity rely on strong personal relationships, as well as cultivating well-qualified, professional service-oriented staff members.
- Among the state universities surveyed, the majority report substantial decreases in state funding over the last ten years.

Trends

- Corporations focused on return-on-investment (ROI) metrics.
- Corporate gifts continue to decline and investments shift toward research, recruiting, and professional development.
- Corporations continue push for proprietary research.
- Licensing revenues moderately increasing in most cases.
- One or two inventions generate 60% or more of the revenues.
- Increasing use of IP for startups and equity positions.

Trends

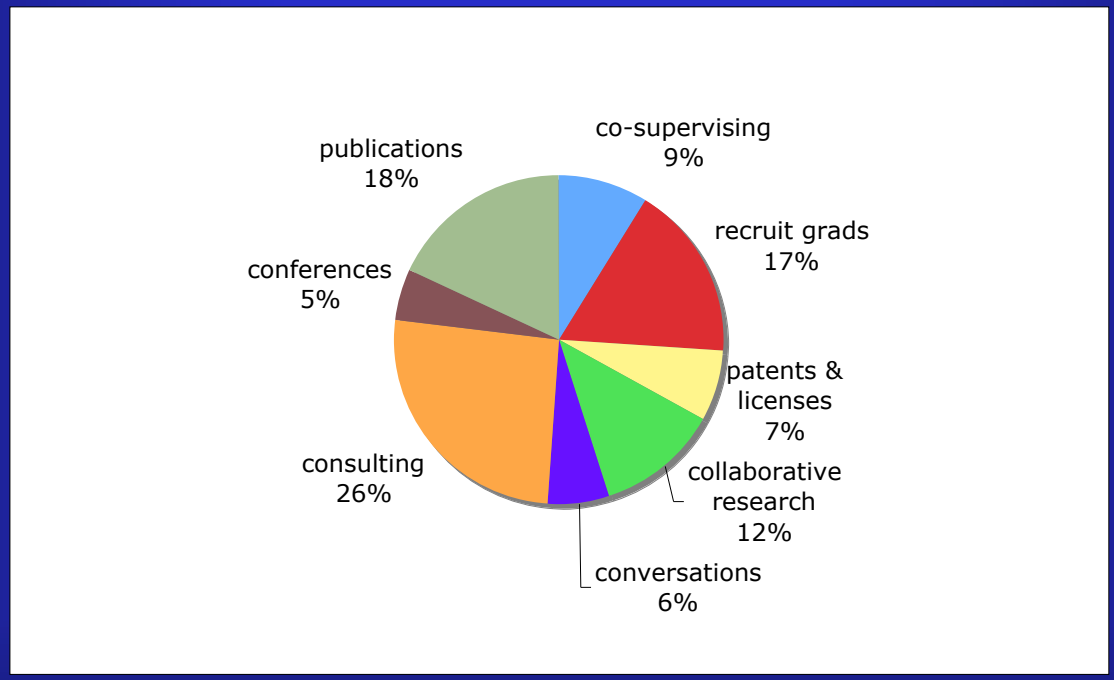
- University corporate relations and technology transfer staff have backgrounds in industry and/or startups.
- Universities surveyed reflected general trend toward more centralized/holistic approach to corporate relations
- Universities co-locating corporate relations, sponsored research, and technology licensing offices together.
- Increasing portion of industry research funds are going overseas
- More universities opening offices in Washington, DC

Conclusions

- Industry research funding targeted to applied basic research reflected in more difficult licensing negotiations.
- Increase in industry research spending seems correlated to a decrease in gifts to universities.
- Sense that U.S. federal research funding programs are influenced by corporations to emphasize greater univeristy-industry collaboration and a more applied research agenda.
- Centralized function enables a university to better respond to the corporate marketplace.

Final Comments

Perceptions by MIT faculty patentholders of relative importance of alternative channels of knowledge transfer from university to industry



Source: A. Agarwal and R. Henderson, "Putting patents in context:Exploring knowledge transfer from MIT", *Management Science,* vol. 48, no. 1., January 2002, p.44

Final Comments

University Role in Supporting Local Innovation Systems

1. Universities have multiple ways to contribute to local innovation processes directly.
2. In most cases, the indirect support provided by universities for local innovation processes is likely to be more important than their direct contribution to local industry problem solving.
3. The conditions, practices, and attitudes that lead to successful technology take-up and application in local industries depend on the specific characteristics of the industry and its development pathway.

Source: Universities, Innovation, and the Competitiveness of Local Economies

Richard K. Lester, Industrial Performance Center, MIT, December 2005

Final Comments

University Role in Supporting Local Innovation Systems

4. Universities should approach their role in local innovation processes strategically.
5. A strategic approach to the local economic development role is compatible with the pursuit of excellence in the university's traditional primary mission in education and research.

Source: Universities, Innovation, and the Competitiveness of Local Economies
Richard K. Lester, Industrial Performance Center, MIT, December 2005