

Trends in Licensing and Marketing Support

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Wellspring
Knowledge In Sight™

Webinar Reminders

Questions

Please ask questions in the webinar application (Q&A). We will hold until the end to respond.

We'll do our best to answer all questions. If we cannot get to your question, we will send questions and responses by email to attendees.

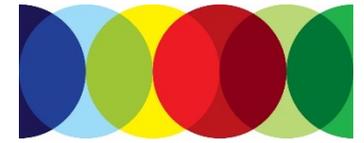
Follow-up

The recording will be available in the resource library

If you have questions afterwards, contact us for further discussions or demos.

Licensing Opportunities & Challenges

- **Changing landscapes**
 - Continued culture change within universities
 - Growth in corporate external innovation
- **Greater expectation of success**
 - University metrics & funding drivers
- **More competition**
 - Global marketplace
- **Resource constraints**
 - Doing more with less



IP Pragmatics overview

- Management consultancy, specialist in scientific technologies and IP
- London HQ, public and private sector clients in over 20 countries
- 20 FTEs with technical, IP and commercial expertise
- Commercialization, innovation strategy and policy track record for over 2 decades

Pragmatic \Prag*mat''ic\
N. 1. One skilled in affairs.
Adj. 1: concerned with practical matters;
2: guided by practical experience and observation rather than theory; "a hardheaded appraisal of our position"

Source: Webster's Revised Unabridged Dictionary

London

Edinburgh

Sydney

New York

Chicago

Basel

Tokyo

Innovation Supply Chain



This phase reflects the initial stage of identifying opportunities or “needs” for research and pursuing basic research on new ideas.

This phase represents critical activities that move promising ideas from initial research to the development and commercialization of new products.

This phase includes solutions designed to manage the initial launch and ongoing use and modification of existing products.



Changing Landscapes

Innovation Has Evolved

The new innovation game is global, distributed, and accelerating. Every half hour, **720 patents** are filed, **150 research articles** are filed, and **70 new startups** are founded.

1 SUPPLIER

Western Electric



200+ SUPPLIERS

Omnivision. SRI International

CIRRUS LOGIC IQE AVAGO TECHNOLOGIES

FAIRCHILD SEMICONDUCTOR TriQuint SEMICONDUCTOR BROADCOM

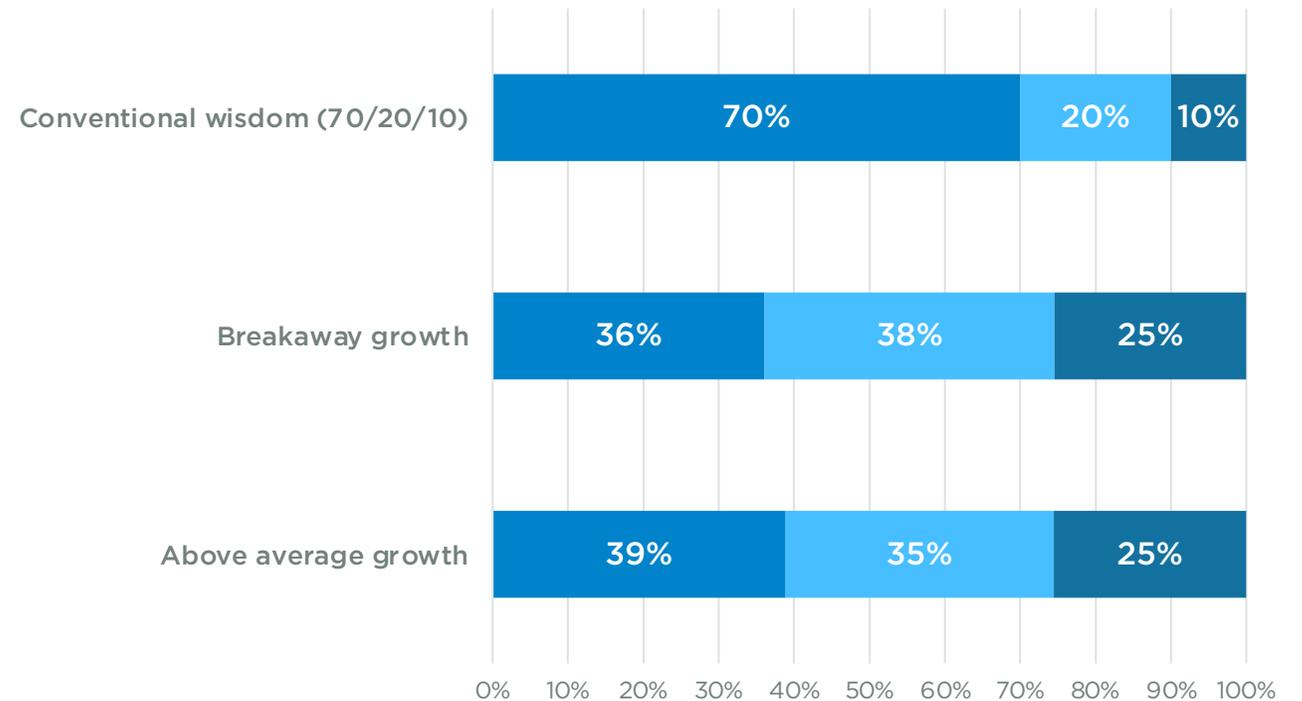
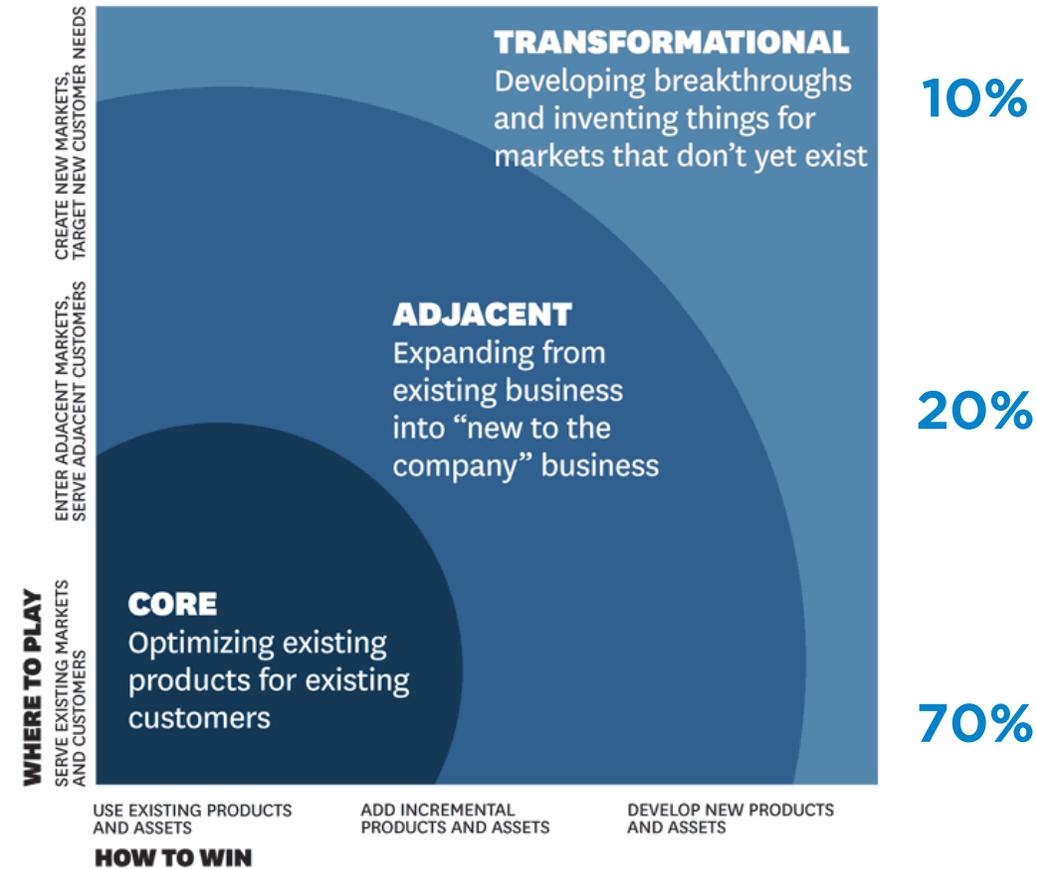
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SKYWORKS win SEMICONDUCTORS CORP. ST



Companies are increasingly shifting to adjacent and longer-term strategies

What percentage of your company's innovation efforts are devoted to each of the following types of innovation?

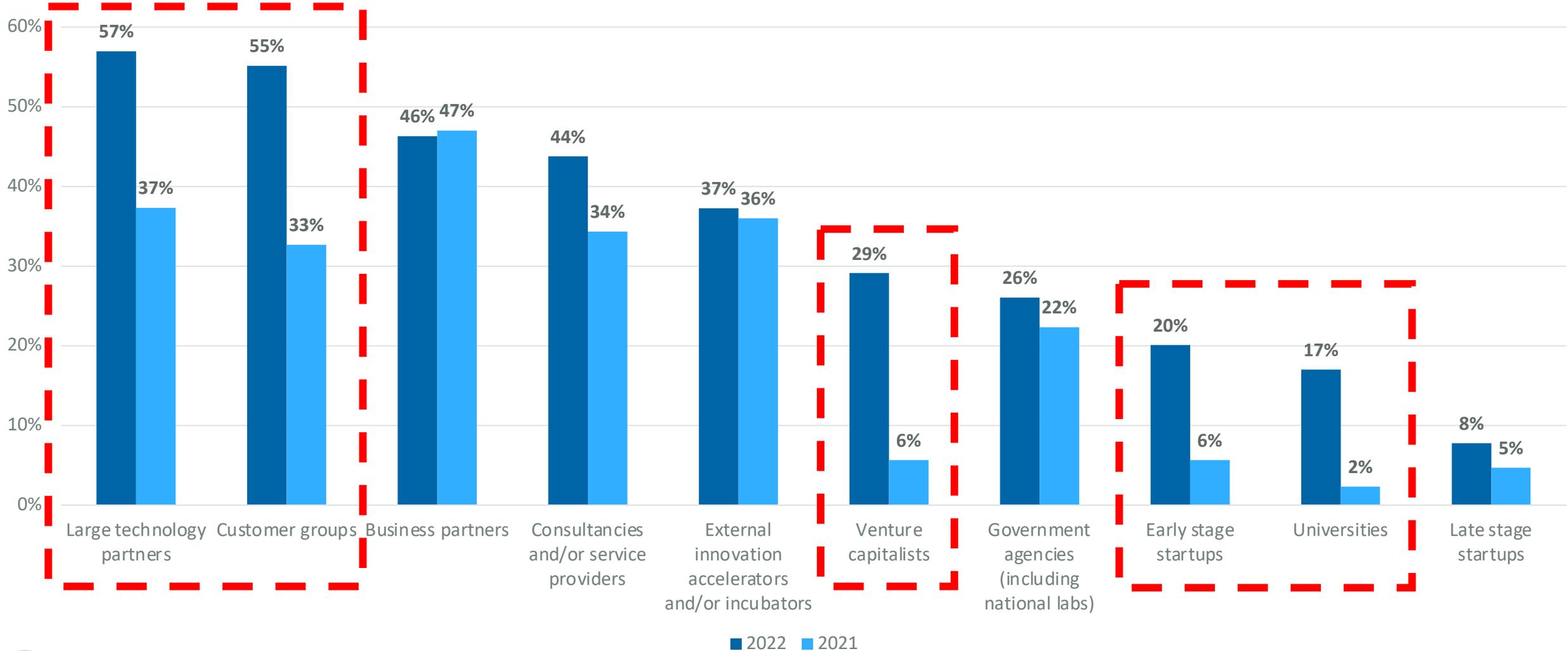


- Horizon 1 (incremental improvements, product line extensions)
- Horizon 2 (mid-term bets in adjacent or related areas)
- Horizon 3 (long-run strategic bets to unlock new-to-world value)

Sources: McKinsey Quarterly, December 1st 2009 Harvard Business Review, May 2012

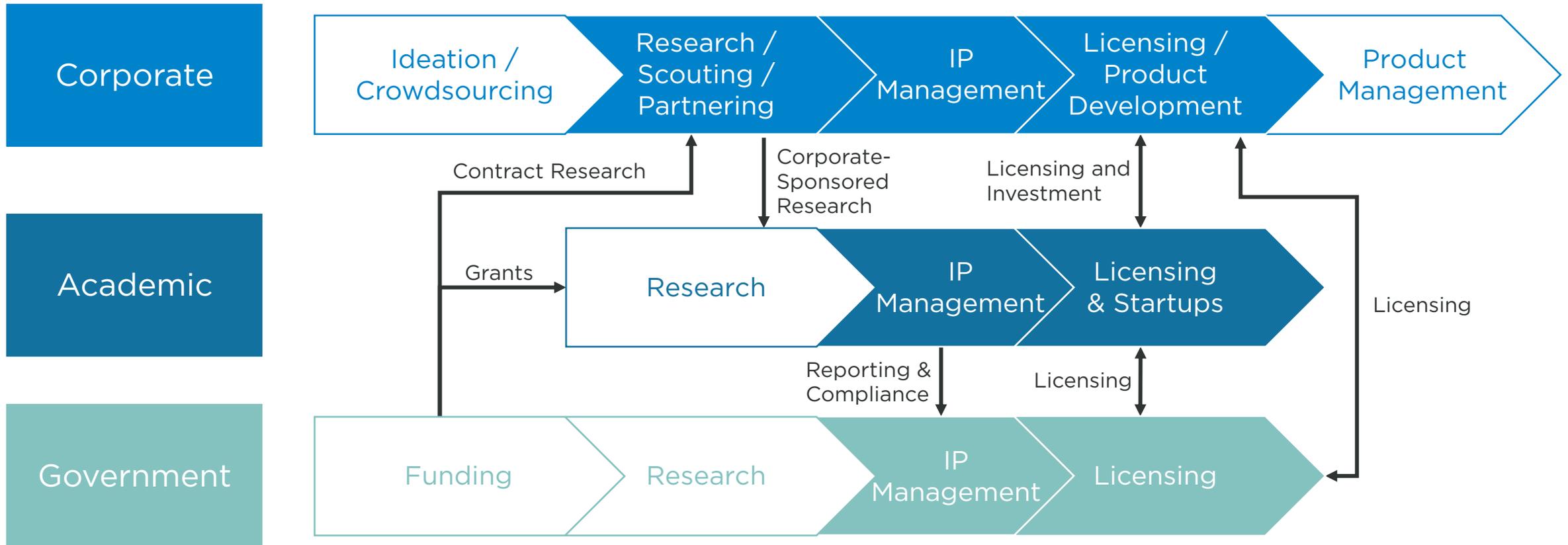
Firms prioritize new partnerships

How often do each of the following ecosystem partners contribute to your company's innovation efforts? (percent answering "consistently")



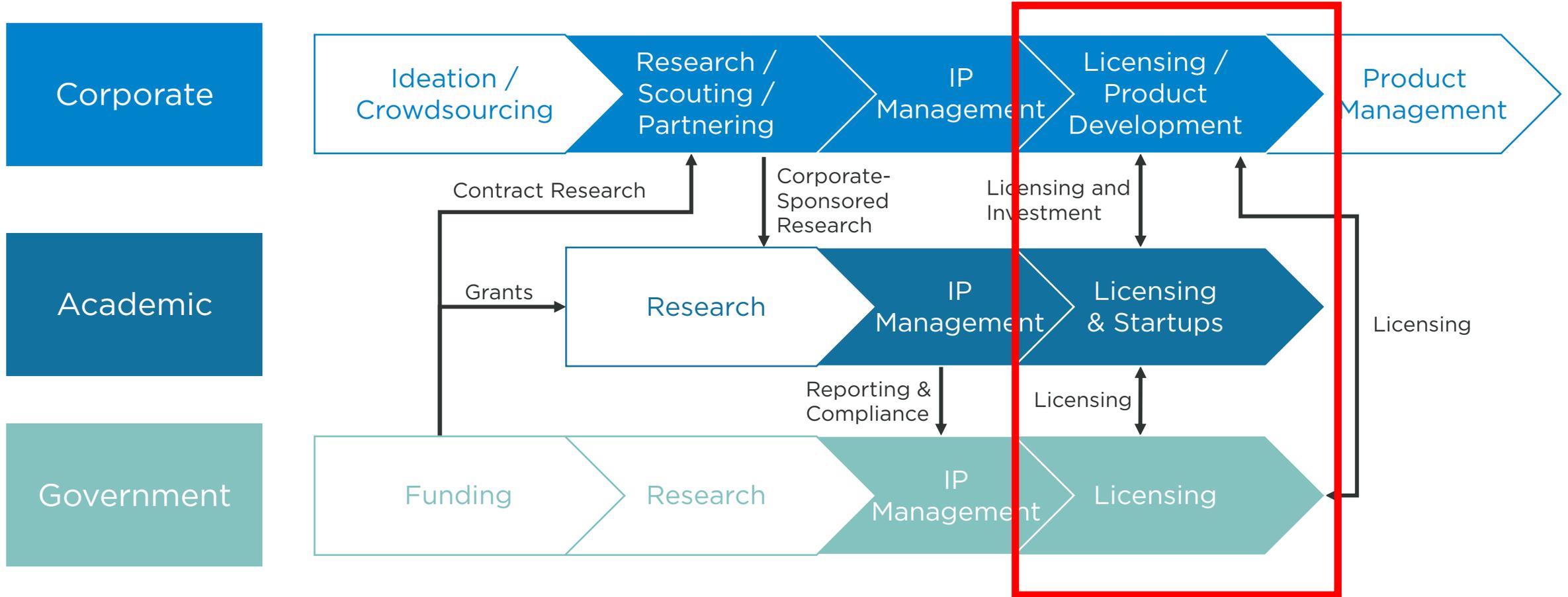
Complex relationships across markets are required to deliver continuous innovation

Wellspring's product suite has been purpose-built to manage intricate relationships and a constantly evolving network of R&D activities throughout the Innovation Supply Chain.



Complex relationships across markets are required to deliver continuous innovation

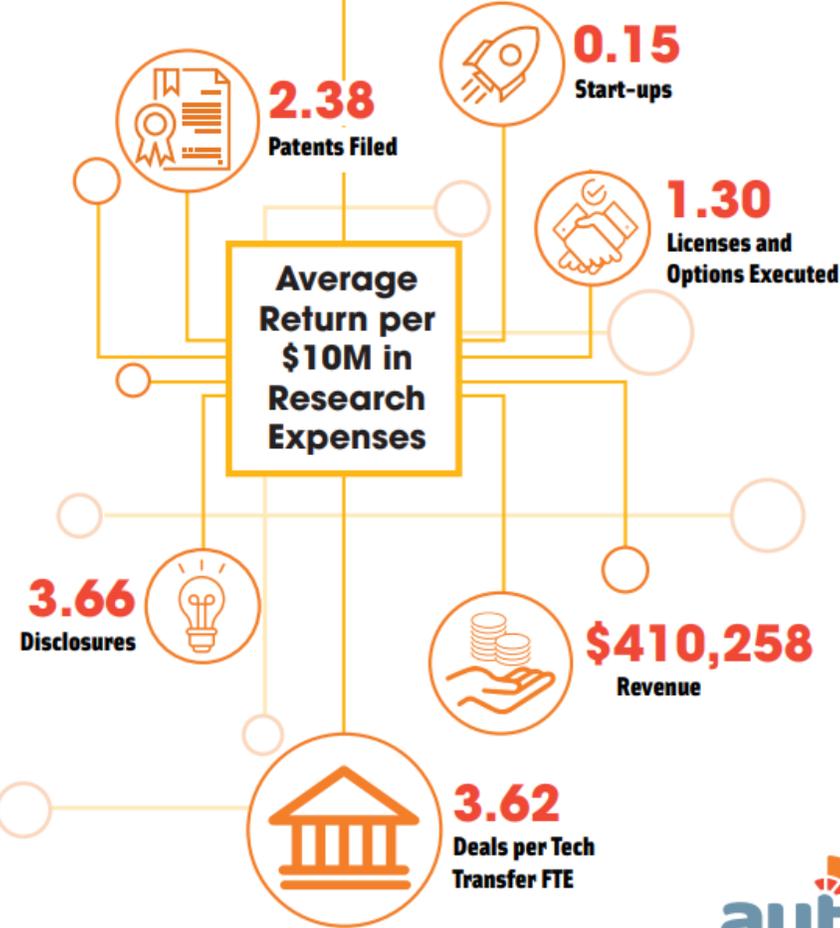
Wellspring's product suite has been purpose-built to manage intricate relationships and a constantly evolving network of R&D activities throughout the Innovation Supply Chain.



Expectations of Success

AUTM Licensing Activity Surveys in the USA

Putting Research Dollars to Work



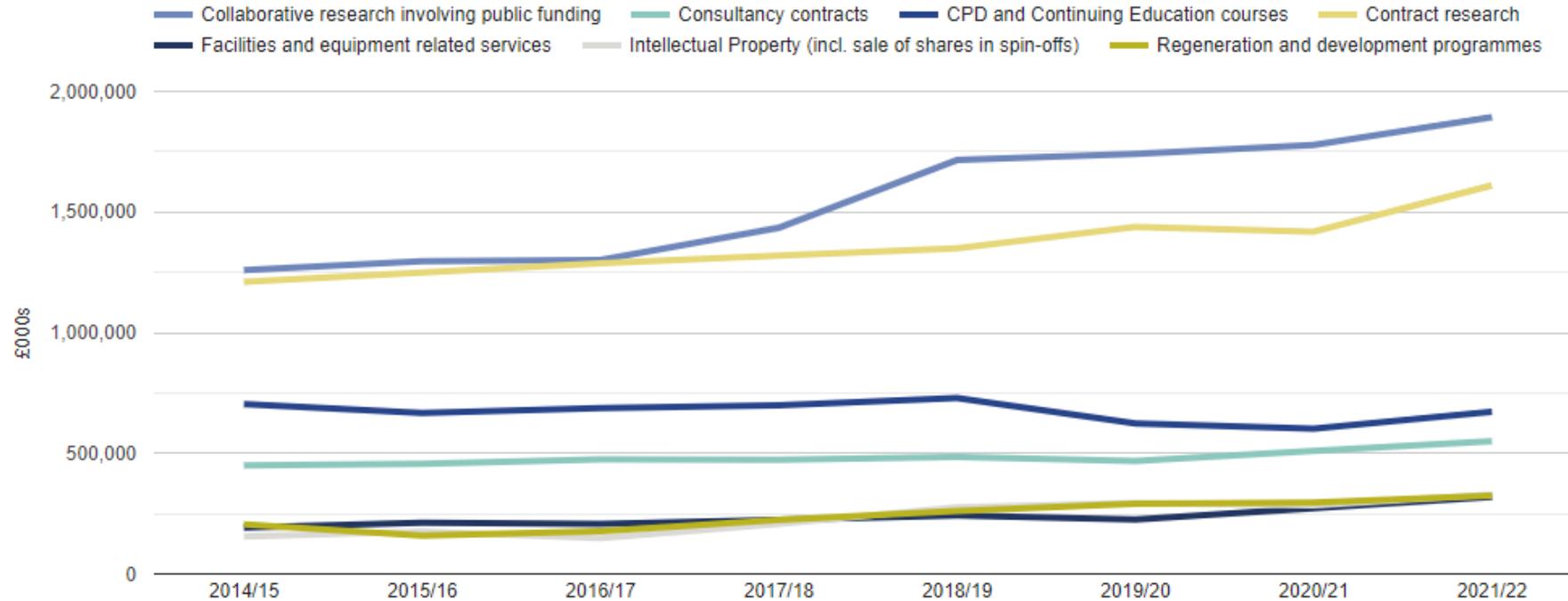
“Rules of thumb”

- ✓ 1 disclosure per \$2m research funding
- ✓ 1 patent per \$5m research funding
- ✓ 1 license per \$10m research funding



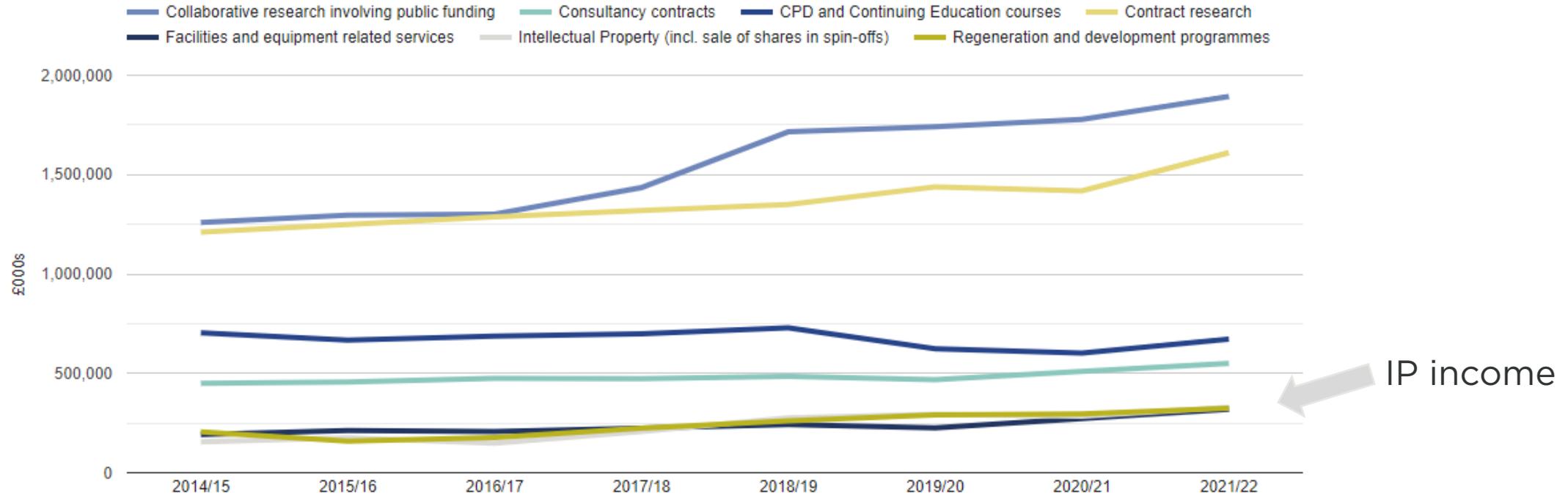
HE-BCI survey in the UK

Higher Education Business & Community Interaction Survey



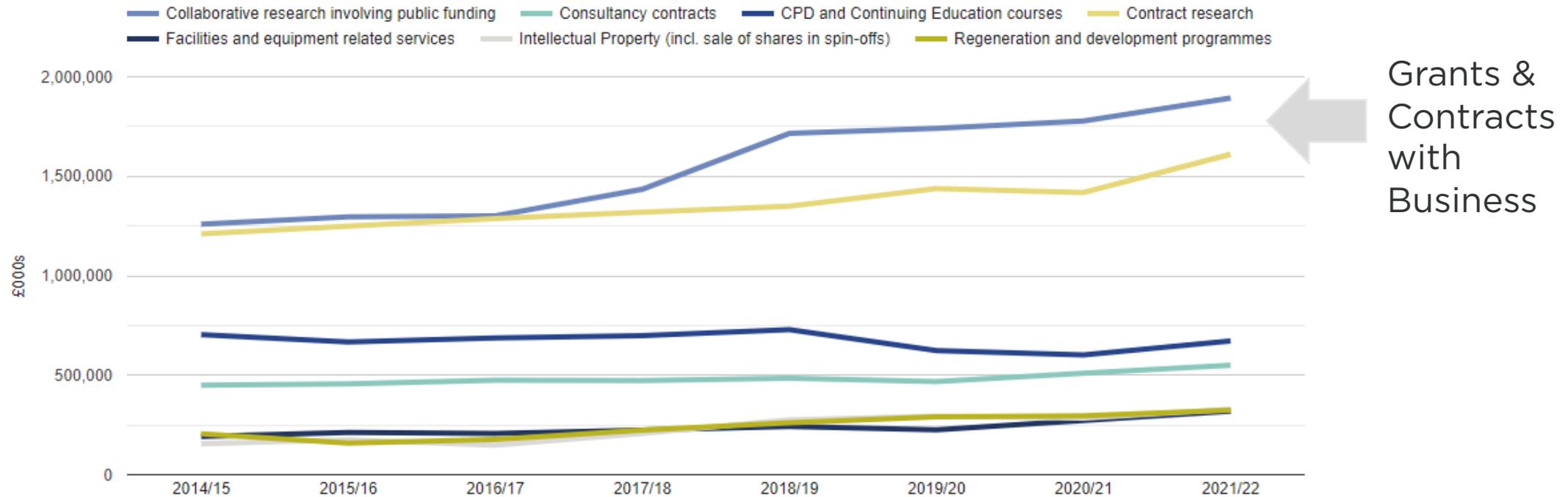
HE-BCI survey in the UK

Higher Education Business & Community Interaction Survey



HE-BCI survey in the UK

Higher Education Business & Community Interaction Survey



Resource Constraints

Hiring in Tech Transfer not Reflecting Demand

Total staff sizes remained relatively flat among AUTM survey respondents. As a result...

Licenses per FTE are up 18% over the past 3 years

Licenses per institution are up 26% over the past 3 years

Annual patent applications are up 12%, thus cumulative portfolios are already rising in the future!

Source: AUTM Licensing Surveys, 2019-2022

The Wellspring Innovation Research Series



Survey of Tech Transfer Offices

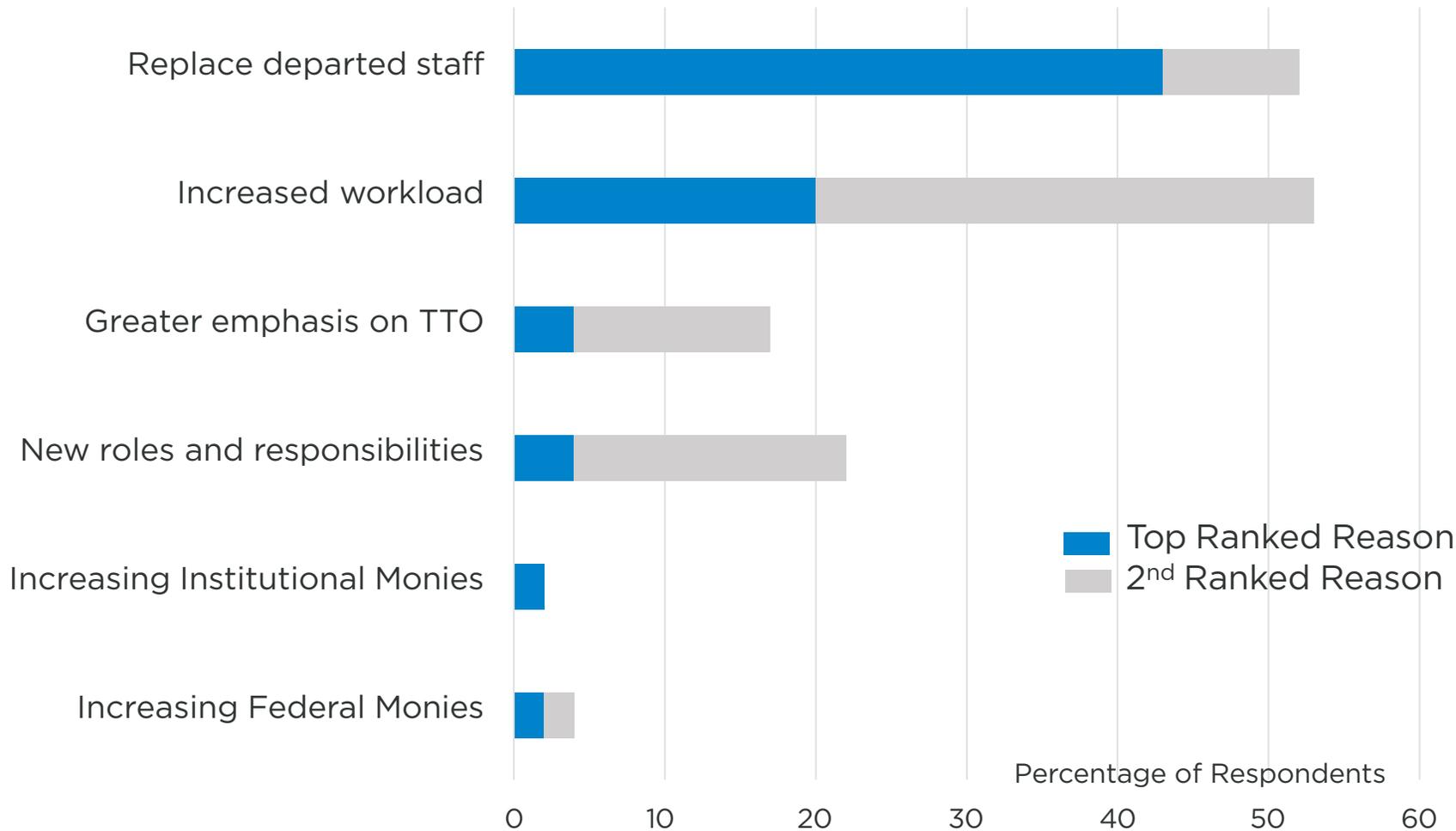
- Directors and Ops Leads: those leading staffing decisions
- December 2022-January 2023
- Respondents were unpaid volunteers, all Wellspring clients. Receive detailed report and benchmarking analysis.

Questions and Analysis

- Brief questionnaire (average <5 minutes to complete)
- Survey focused on expected hiring in 2023, leveraging consultants, challenges in hiring process
- Control variables: Office size, country/region, city size, type (hospital, gov, university), public vs. private institution

Staff departures are driving hiring decisions

Which of the following reasons will drive hiring in 2023?



Notes

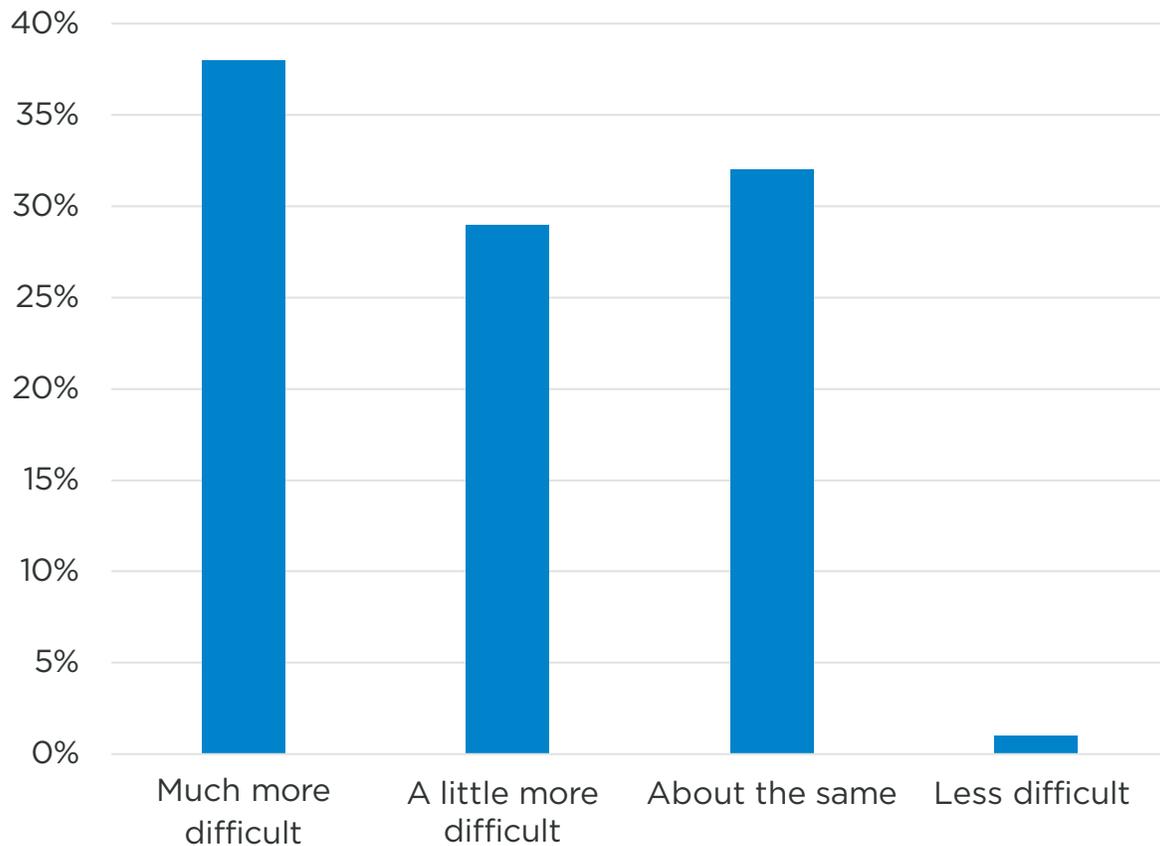
Everyone is watching staff depart...

“Replacing departing staff” as the #1 challenge is uncorrelated with institution size, region, city size, and organization type.

Source: *The 2023 Technology Transfer Staffing Survey*, Wellspring Worldwide Inc

Staffing Challenges Abound

How difficult has staffing been over the past year compared to prior years?



Differences among institutions

41% of universities reported “Much more difficult”

- vs. 25% across government labs and hospitals

Universities in large metropolitan areas: ~80% of found hiring more difficult

- vs 61% across other respondents

~30% of private institutions are planning to hire >3 staff

- vs 11% for public institutions

Source: *The 2023 Technology Transfer Staffing Survey*, Wellspring Worldwide Inc

New Tools & Approaches

TTO Licensing & Partnering Challenges

Finding Partners

Leveraging faculty connections

Leveraging wider university connections

Forging new links

Deal Valuation

Universities over-value their IP – right?

There can be a lack of appreciation for value on both sides

Inking Deals

Get the first two right and does this look after itself?

Still need efficient negotiation and contracting processes

Partnering approaches - Marketing

- Technology promotion sites have their role
 - Driven better discipline at universities that are paying for these services
 - Has this led to new deals?

- Should be an automatic step:
 - On your website
 - On **Flintbox**



Partnering approaches - Marketing

- Non confidential marketing collateral
 - Focus on quantifiable benefits of the technology and not just its features
 - **If you need to explain the market, you are targeting the wrong people!**
- Highly targeted vs broad campaign?
 - Don't spam
 - Companies appreciate if you take time to figure out why they may be interested

Loughborough University

IP PRAGMATICS

Refillable “mix-at-source” packaging for concentrated liquid products

This refillable packaging design offers a reduced environmental footprint, in terms of transport impact, raw material use and waste management. Because the product is mixed as it is dispensed, the potential for bacterial contamination is greatly reduced. Consumer acceptance of the new design concept is good.

Technology:
If it is delivered correctly, refillable packaging can reduce the environmental impact of a product whilst increasing consumer convenience. The Design School at Loughborough University has developed, prototyped and successfully consumer tested a design for packaging which allows a concentrated liquid product to be diluted and mixed on demand.

Benefits

- User tested for acceptability
- Environmental advantages include reduced weight and associated transport impact; reduced raw material usage; reduced landfill waste, increased recyclability
- Lower transport costs
- Lower surfactant use
- No diluted and mixed product is stored
- Reduces the possibility of contamination
- CAD files available for technology transfer
- Can be readily modified for different concentrate ratios and container sizes
- Concentrate is delivered in a container that can be easily filled on a production line

Patents:
A patent application has been filed, further information is available under confidentiality.

Status:
The design has been finalised, and working prototypes produced using rapid prototyping. Loughborough University is seeking licensees for this technology on a product-specific or exclusive basis. Further collaboration may also be possible.

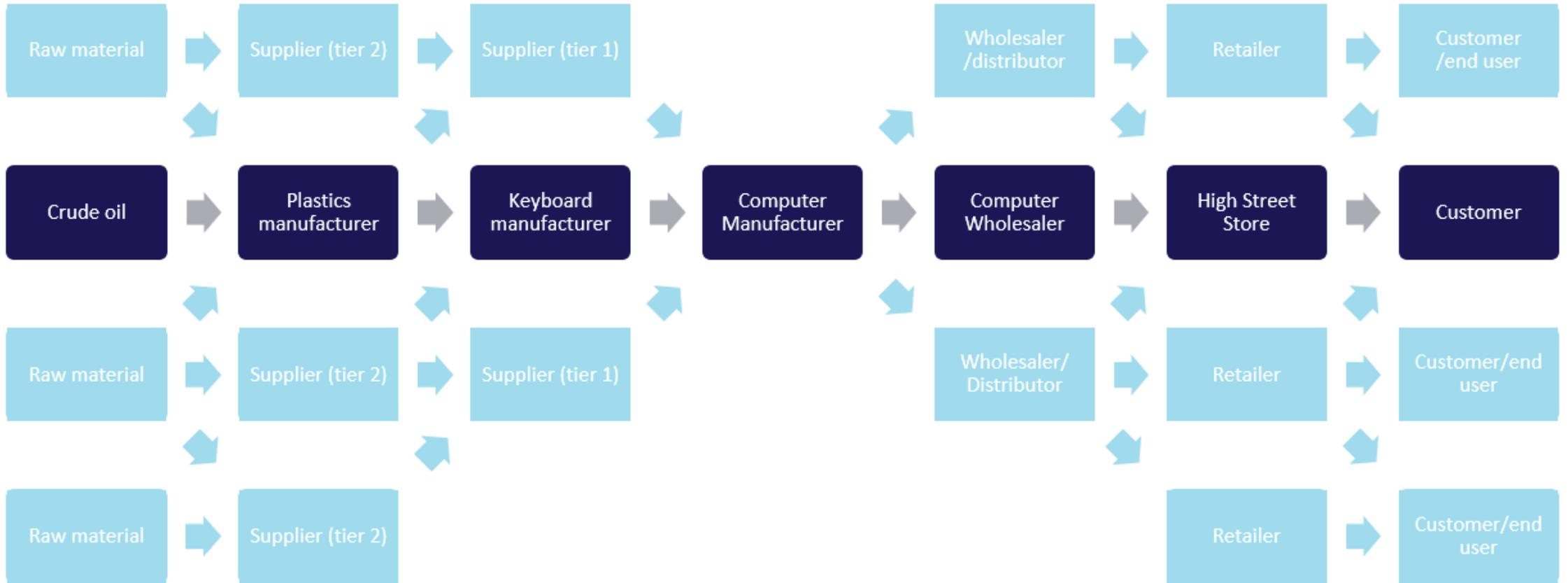
Applications

- Products which can be made by dilution of a concentrated liquid
- Diluent is usually household water, but could include any locally available liquid
- Personal care products, such as shower gel, body wash, hand wash, bubble bath
- Household cleaning products

Licensing & Partnering Opportunity
For further information on this technology, please contact:
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e: elaine.eggington@ip-pragmatics.com
t: +44 (0)20 3176 0500

IP Pragmatics Limited, 1 Quality Court, Chancery Lane, London WC2A 1HR, UK
www.ip-pragmatics.com
Tel: +44 (0)20 3176 0500 Fax: +44 (0)20 3176 0396 Registered in England No. 3889268 VAT Registration No. 824038644

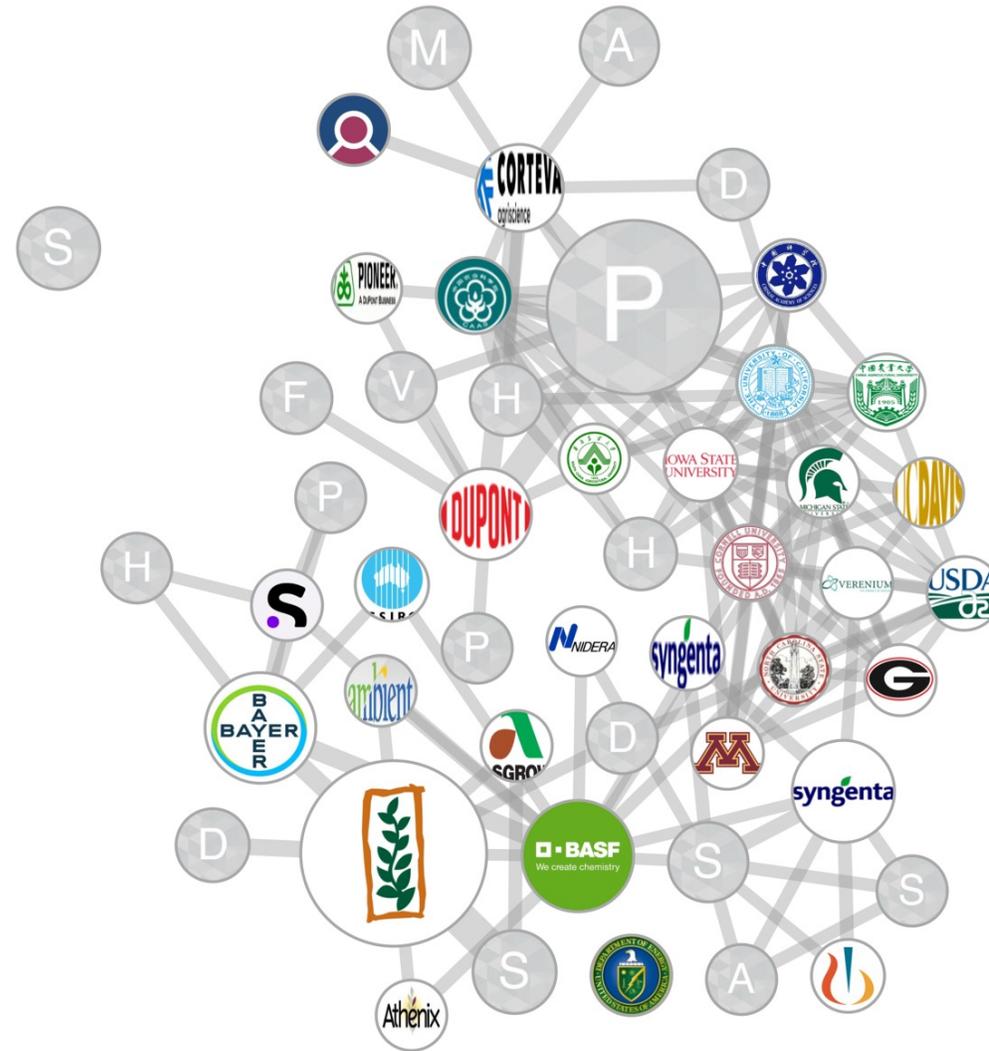
Supply chains



Partnering approaches

■ Identifying Potential Partners

- Existing networks
- Inventor networks
- Market research
 - Web searches
 - **Wellspring Scout**
- Patent landscaping



Scout – the search engine for innovation



Identify Potential Licensees

Find companies whose needs match your innovation portfolio. Generate lists of potential marketing targets.



Find Corporate Partners

Quickly identify the most promising collaboration opportunities across the innovation ecosystem.



90+ countries' patent offices
USPTO, IPO, DOCDB, JPO



160M+ scientific publications
IEEE, PubMed, arXiv, J-STAGE, etc.



14M press releases
including NewsEdge



5.7M research grants
grants.gov, KAKEN, etc.



2M+ startups
enterprise access to Crunchbase and Owler



45K+ licensable technologies
Flintbox access to over 1,200 universities and research institutions

Partnering approaches

What does success look like?

Engaged Partner

- Follow up discussions under a NDA
- Licence / Partnering negotiations
- Signed deal

Technology is too Early

- Feedback demonstrates a clear market need and fit
- Feedback identified what is needed prior to partnering
- Opportunity to help inventors direct their research

No market Need

- Clear feedback why the technology has no market fit
- Helps direct decisions on whether to drop patents
- Helps with feedback to inventors

Licensing & Valuations

You have an interested licensee - Great but.....

Are the proposed fair & reasonable (market) terms?

How to review, assess and respond?

How to negotiate with confidence?

PREPARATION & JUSTIFICATION FOR TERMS

HAVE SUPPORTING EVIDENCE READY

TERM SHEET

BETWEEN

- (i) Virtus Health Limited, an Australian company with ABN no. 80 129 643 492 ("Virtus"),
- (ii) Harrison-Ai Pty Ltd, an Australian company with ABN no. 61 626 225 625 ("Harrison-Ai"); and
- (iii) Virimite Sweden Aktieföretag, a Swedish company with company no. 556546-6299 ("Licensor").

Virtus and Harrison-Ai are collectively referred to as the "Parties". The Licensor and the Licensee are collectively referred to as the "Parties", where each of them is referred to as a "Party".

This Term Sheet sets out certain key terms and conditions for granting the Licensee an exclusive license in the "Territories" to use and distribute the IVY Technology, in the field of human embryo viability and in vitro selection for assisted reproduction (the "License Field"). Except where otherwise expressly stated, this Term Sheet is non-binding in nature and each Party may without liability to the other Party withdraw from further negotiations regardless of reason at any time prior to execution in writing of the License Agreement.

1. Technology	Harrison-Ai has developed a technology to predict the likelihood of a viable pregnancy once it transferring an embryo as a woman undergoes IVF. The technology consists of an algorithm for selection of embryo using artificial intelligence, using fetal heart as a measure of successful outcome (the "IVY Technology"). Harrison-Ai will continuously develop the IVY Technology and Virtus will assist Harrison-Ai in the future development. All results, modifications and improvements attributable to the future development of the IVY Technology, including modifications done by Licensor (for example to include the IVY Technology into an integrated software offer), will be included in the Licensee's global exclusive license ("Future Developments"). Any and all Future Developments in the License Field shall be deemed to be included in the IVY Technology until such time that this agreement is terminated or the Call Option is exercised, whichever is sooner.
2. Transaction	Subject to the Geographic Restrictions, the Licensee will grant, and the Licensee will acquire, a global exclusive license to use and distribute the IVY Technology within the License Field (the "Transaction").
3. Closing	The Parties intend to negotiate and sign the license agreement (the "License Agreement") including all other related agreements, as may be relevant on or before November 30, 2023 (the "Signing Date").
4. Price and Payment	In consideration for the global exclusive right granted under the License Agreement the Licensee shall pay: <ul style="list-style-type: none"> (i) USD 1,000,000 in non-creditable, non-refundable upfront payment to Harrison-Ai within 10 business days from the Signing Date. (ii) USD 4,000,000 in upfront payment to Harrison-Ai within 10 business days from Signing Date, non-refundable but creditable against future license payments. (iii) USD 5,000,000 in non-refundable but creditable milestone payment to Harrison-Ai when the specialized control tool ("RCT") is completed according to agreed set targets. The agreed set targets shall be mutually defined in the License Agreement. The RCT shall be carried out at the cost of the Licensee. (iv) USD 5,000 paid to Harrison-Ai for every sold annual IVY Technology license either as part of software or standalone offer. This USD 5,000 payment will be linked to a customer price index over time. For the avoidance of doubt, where the IVY Technology license is an annual subscription this USD 5,000 to be paid to Harrison-Ai on a recurring basis. The first license payment shall be made after the Licensee has recovered the upfront payment in Section (i) and the milestone payment in Section (ii) by the Licensee's revenue forecast of IVY Technology licenses.

CONFIDENTIAL & PROPRIETARY

	During a period of two years from launch of the IVY Technology in the Territories, the Licensee shall have a call option to acquire the IVY Technology for USD 10,000,000 (the "Call Option"). If the Licensee chooses to exercise and pay the Call Option within 20 business days of exercise, the license payment in Section (i) above shall not be paid. For the avoidance of doubt, the Licensee's access to Future Developments for the IVY Technology in the License Field will also terminate after the Call Option is exercised.
5. Due Diligence	Prior to the execution of the License Agreement, the Licensee and its advisors will be given full access to documentation, material, data and all other information as may be relevant regarding the IVY Technology for the purpose of conducting a technical, financial and legal due diligence. The documentation shall be uploaded in a virtual data room. The critical areas include but are not limited to review of any freedom to operate issues and intellectual property issues.
6. License Agreement	The License Agreement shall contain customary terms and conditions, including representations, warranties and indemnities by the Parties.
7. Costs	Each Party shall bear its costs and expenses incurred in the negotiation and preparation of the Transaction.
8. Negotiation Exclusivity	Until the Signing Date, the Licensee will not (i) solicit or encourage any inquiries, discussions, or proposals regarding, (ii) continue, renew, or enter into negotiations or discussions with respect to, (iii) provide non-public information relating to or in connection with, or (iv) authorize, encourage, renew, or enter into any confidentiality agreement, term sheet, letter of intent, or definitive agreement regarding the technology, use and distribution of the IVY Technology within the License Field.
9. Confidentiality	Each Party undertakes not to disclose to any third party, and to procure that their respective employees and advisors do not so disclose, (i) that the Parties are engaged in the negotiations regarding the Transaction, (ii) information concerning the intended terms of the Transaction, and (iii) the content or existence of this Term Sheet. The Licensee further undertakes the same in respect of the Confidential Information (as that term is defined below). The term "Confidential Information" means all information which is not in the public domain, delivered by the Licensee to the Licensee regarding matters regarding the IVY Technology, in whatever form or medium, and including both written and oral information, and Confidential Information which has been incorporated in another piece of information regardless of form and medium. Section 9 does not apply to a disclosure of information (i) to the extent that it has become publicly known or accessible other than by breach of this Section 9, (ii) which is made with the prior approval of the relevant Party as to its timing and content and as to the manner of the disclosure, (iii) which a Party had in its possession prior to entry into this Term Sheet, provided that such information was not given to it in the context of the negotiations regarding the Transaction, (iv) which a Party can show was in its possession before receiving it from the other Party, (v) which a Party has received or receives from a third party with, and to the extent of, the right to disclose the same, or (vi) which the Licensee is required to disclose by law, decision of a court or tribunal, by a rule of a listing authority or stock exchange, or by a governmental authority.
10. Non-Binding	Except for Sections 8 - 11, which Sections shall constitute a legally binding and enforceable agreement between the Licensee and the Licensee, this Term Sheet is for discussion purposes only and does not constitute a binding agreement or an offer to create a binding agreement. A binding agreement for the sale of the global exclusive license to use and distribute the IVY Technology will be created only if the Parties negotiate and execute the License Agreement.
11. Governing Law	This Term Sheet shall be governed by the substantive laws of Sweden. Any and all disputes arising out of this Agreement shall be exclusively settled by arbitration in accordance with the rules of the Arbitration Institute of the Stockholm Chamber of Commerce. The venue for such proceedings shall be Gothenburg, Sweden and the language of proceedings shall be in English.
12. Geographic Restrictions	The Licensee will be restricted from marketing and offering the IVY Technology to customers and partners in the Republic of Ireland and Australia. In these two countries, Virtus will be given unrestricted access to use the IVY Technology and Future Developments at no cost. For the avoidance of doubt, Virtus shall only use the IVY Technology and any Future Developments in these countries in connection with the Licensee's product.
13. IP costs	The Licensee will cover the costs of IP protection in all territories where it has the unrestricted exclusive license.
14. Best Efforts	The Licensee will make best efforts to work with the Licensee to further develop and then market and sell the IVY Technology in all territories where it has the unrestricted exclusive license.

2

Licensing & Valuations

The power of a well-thought-out valuation

Frames thinking

Brings in substantiated assumptions

Works through terms proposed (e.g. upfront, milestones, royalties etc.)

Valuation Approaches

Three main methods (cost, market and income)

Published comparators

The 25% Rule

= Negotiation confidence

Intelligence to allow you to back a fair deal request

Harder to argue against

IP Valuation Methods

- **Cost approach** – the cost to develop or obtain another asset of similar use and quality
- **Market approach** – Identify M&A, investment and licensing deals which involve similar or comparable IP. Can be referred to as the comparator approach
- **Income approach** – determine the risk adjusted net present value (rNPV) of the cash flows arising from commercialisation of the IP. Also referred to as the royalty-relief approach

IP Valuation Methods

- **Cost Approach:**
 - Can be useful for certain types of IP e.g. software
 - Generally significantly under-values patented IP
 - Can be useful as a bottom line starting point to test other valuation model outputs
- **Market Approach:**
 - Can be useful in areas where there are lots of similar deals (e.g. pharmaceutical licensing)
 - LES, AUTM surveys, RoyaltyStat etc
- **Income Approach:**
 - Generally accepted as the most useful way to value earlier stage companies and their IP
 - Value assumptions built on future income potential, not past performance

IP Valuation Methods

Cost Approach

- Sets expectations
- Sets boundaries when assessing IP from publicly funded research

Market Approach

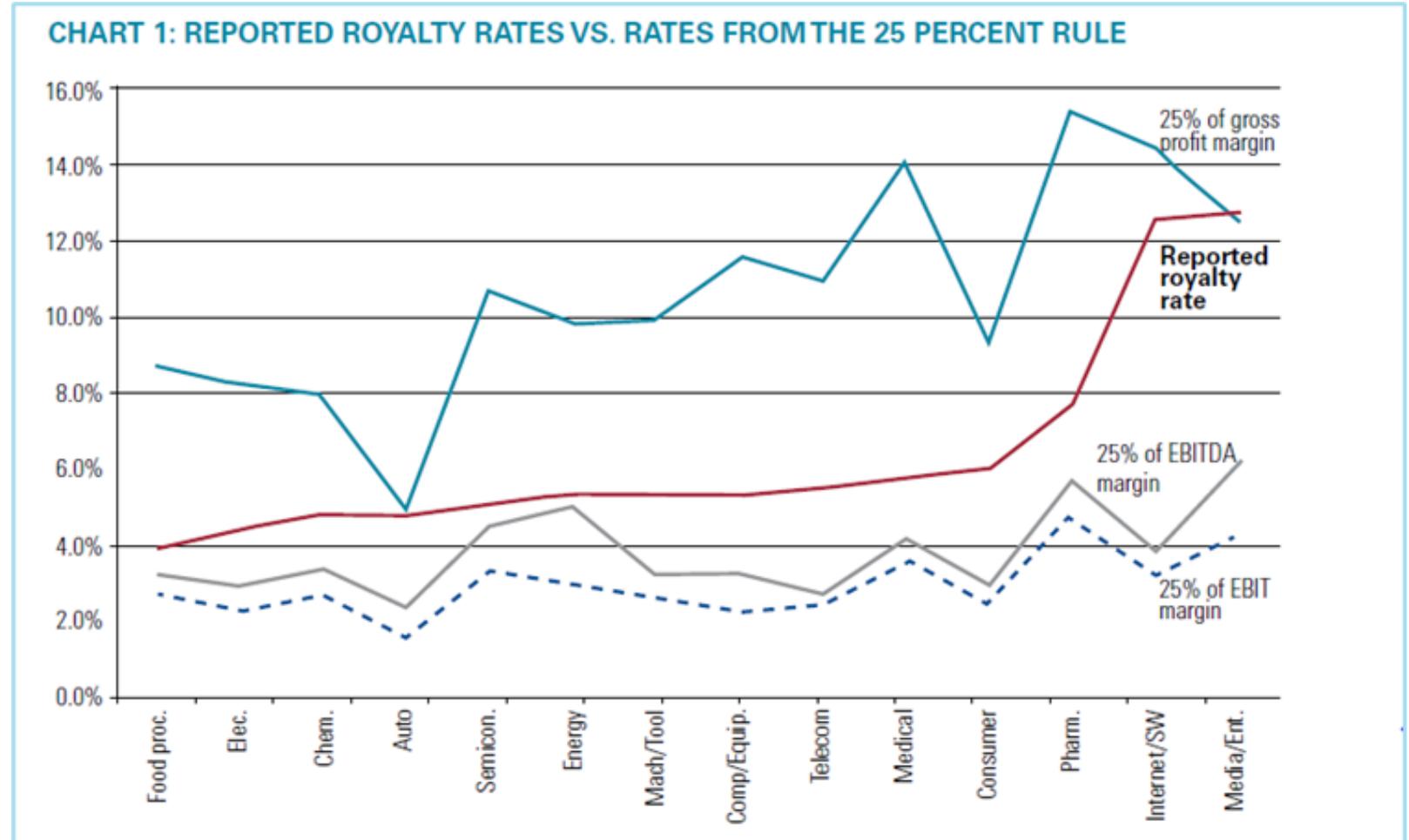
- Provides useful comparators and licence valuation information to feed into the Income approach

Income Approach

- Generally the most used and respected approach
- Inputs are the basis for discounted cash flow projections used by investors when valuing opportunities

IP Valuation Methods

- The “25% Rule”
 - Licensor receives 25% of the benefit
- Useful fallback
- But don't forget the non-financial licence terms and their impact on value
 - Warranties, liabilities, improvements etc.



Scenarios

Bespoke development of terms, when nothing available

Brokering deals between TTO and spinout

Brokering deals between SME and large licensee

Indication (or application) specific deal terms

We Are Entering Wellspring 3.0

Focus on combined software and services offerings.

Strategic vision: Be the recognized world-class provider delivering value across all stages of the Innovation Supply Chain. Together, we offer integrated data intelligence, enterprise software products, and premium services.



Together, 900 organizations use our solutions and services



U.S. Department
of Veterans Affairs



We Enable the World to Innovate

Wellspring Innovation Services

Office as a Service

End to End Technology Transfer Support:

Data & Operations

IP Commercialization

Corporate Services

Scouting

Licensing Support

Innovation Landscaping

Innovation Capacity Building

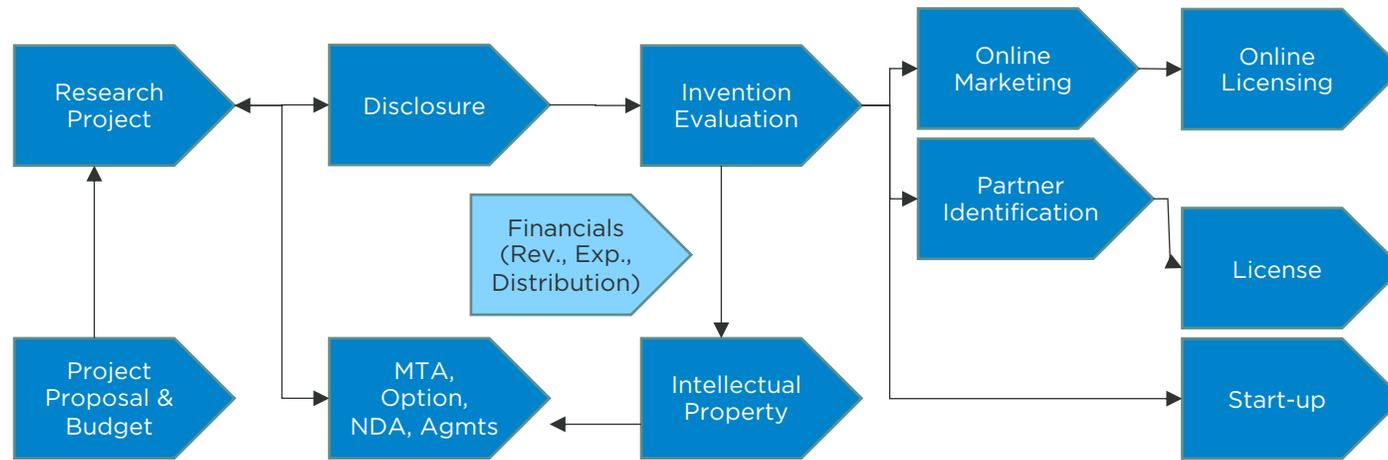
Strategic Services

TT and innovation benchmarking and evaluation

Innovation policy insights & advice

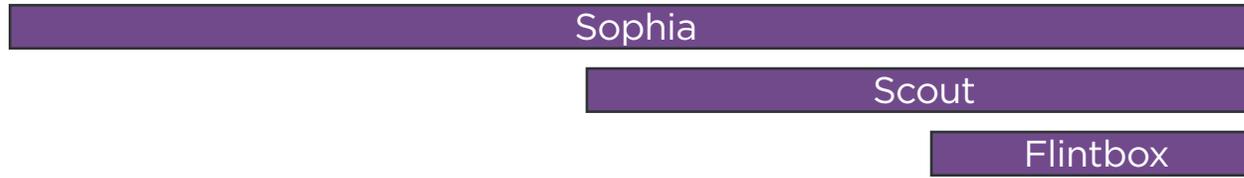
Commercialisation opportunity & strategy support

Full Range of Support for Technology Transfer



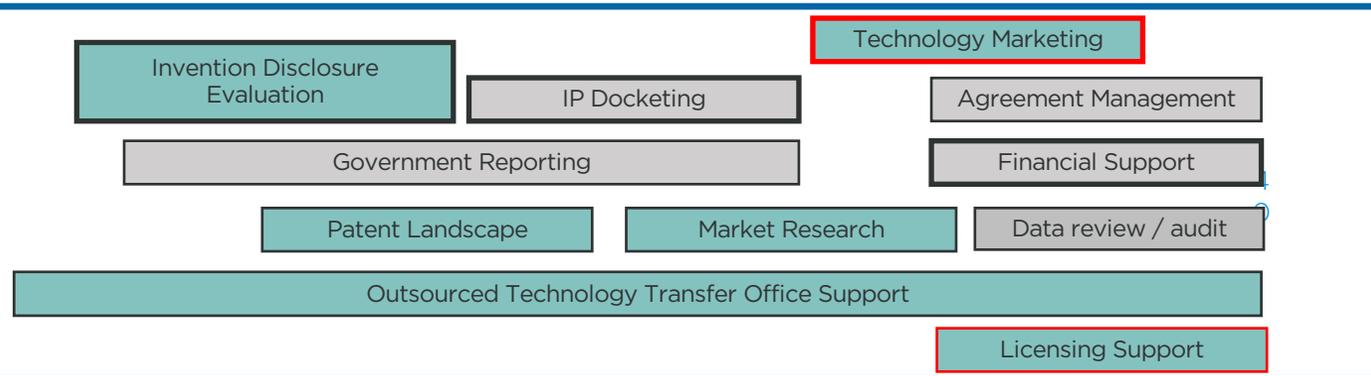
Office as a Service

Software



Data & Operations

Services



IP Commercialization

Thank you + Q&A

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