

Economic Development Incentive Grant

2014-15 Annual Report

Directions

Please submit the annual report as a **Word document via email** to ttalukdar@uwsa.edu (no hard copies please). The annual report is due by **Friday, July 3, 2015 at noon**. The following information must be provided:

| Institution Name(s): | Project Title: |
|--|--|
| Principal Investigator: Paul DeLuca, Mark Cook | Person submitting Report: John Biondi |
| Email: john.biondi@d2p.wisc.edu | Contact Phone #: 608.217.6217 |
| Grant Award Amount: \$2.4MM | Report Date: July 3, 2015 |
| Grant Funding Spent (to date): \$779k | Date project began: January 1, 2014 |
| | Date project ends (projected): June, 2016 |

I. Status Report

Discuss project activities in relation to meeting the proposal's expected outcomes for FY15. Please include any activities related to sustainability if appropriate at this time.

Background

Following funding of the project in January, 2014, the Discovery to Product Initiative was formed and staffed. The Igniter Award program was announced and promoted over the course of the summer in 2014 with proposals being solicited from across the UW-Madison campus. Innovations with one or more of the innovators attached to the Madison campus were eligible to apply. It was announced that grants up to \$200,000 were available for the purpose of commercializing ideas and technologies from campus. Some 170 proposals from most of the schools and colleges were received. Three criteria were generally applied across these projects: (1) The project had to have already achieved technical proof of concept; (2) The project could not already be incorporated; and (3) The project had to be capable of being commercially launched within 12-18 months. Applying these criteria and others, fifteen projects were chosen for funding through the Igniter Award program, which is the vehicle being used to distribute the grant money that is the subject of this report.

Conduct of the Program

Following the submission process, selected projects were entered into a structured workshop program to begin to move them from technical proof of concept out to commercialization. This workshop was based on lean startup principles that have been endorsed by the National Science Foundation, and designed to help the projects develop focused value propositions that connect to specific customer segments. At the end of the workshop, teams were expected to have developed a workable business model and the frame of a customer-tested business plan. The workshop ran from September to the end of November.

Following the workshop portion of the program, D2P personnel worked individually with each project to help them frame and resolve issues and form commercial team that would be capable of taking the project outside of the University. A Showcase was held on April 21 to present eight of the 15 projects to the regional investment community.

At this writing, the following is the status of the fifteen projects that formed the first cohort of Igniter Projects:

- Startup formed = 6
- Additional projects on track for start up = 2
- Projects on track for licensing = 2
- Projects being reconstituted = 2
- Projects eliminated = 3

D2P personnel continue to work with the remaining projects out of this cohort to move them to commercialization. It is estimated that the projects remaining will achieve commercialization in between three to twelve months.

A second call for submission of projects was issued in March of 2015. Thirty-five submissions were received from across the Madison campus and eight of these were selected for entry into the Igniter program. These eight projects were joined in the program with two additional projects from the WARF Accelerator program. For the first phase of the program for this cohort, D2P constructed a 5-week workshop to help the projects develop their product/market fit. Teams completed this portion of the program on June 30th. Following this portion teams will be placed in another workshop structure to get them to complete their business model structure and budget for commercialization. Following this, D2P will make funding decisions on how much money it will grant to each project.

Throughout the workshop portions of the program D2P personnel work with each project individually to help resolve issues. This individual work continues after the workshops as well.

Another call for submissions will be announced approximately in mid-September of this year. Funding for this third cohort of projects will not, however, come from the grant being reported on here.

II. Updated Goals/Performance Metrics and Assessment Plans

Use the attached Excel spreadsheet and this document to report the current status of project goals/performance metrics, anticipated completion date(s), actual completion date(s), and assessment plans. If there were any changes in the project activities, outcomes or evaluation, they should be identified in this section. Discuss any key findings and how the institution used collected data to improve the project in FY15.

III. Project/Program Budget and Expenditures

Please provide a report of project/program expenditures detailed by category and source of funds.

The following are expenditures to date:

| | <u>Approved and Committed Expenses</u> | <u>Actual Expenses</u> |
|-----------------------------|--|------------------------|
| Igniter 1.0 Program Costs | \$80k | \$80k |
| Igniter 1.0 Project Expense | \$1,400k | \$617k |
| Igniter 2.0 Program Costs | \$10k | \$2k |
| Igniter 2.0 Project Expense | \$ 835k | \$5k |
| Business School Costs | <u>\$ 75k</u> | <u>\$75k</u> |
| Totals | \$2,400k | \$779k |

IV. Changes

Describe any additional changes (staff, program direction, etc).

D2P has continued to refine its methodology with a view toward moving more projects toward commercialization faster and with less investment. Presently it has engaged with 25 projects for these purposes. Results on the first 15 projects are shown, above. The second group of 10 projects is still in process. Although projects are still underway and consuming money, actual expenses to date in the 25 projects that it has undertaken has been \$779k or \$31k per project, \$129k per startup formed to date. The real determinant of value per dollar invested will be to measure investment when all of the ten current projects that have been on track for commercialization have completed the process as have the additional 10 project that have just come into the program and the fund has been expended.

The number of personnel being brought to bear to help optimize the commercial outcomes of the EDIG dollars invested has continued to increase (and not at the expense of the State) since the initiation of the project. Beginning from zero, D2P now has a Director, a project manager, someone to help with strategy and finance, two mentors in residence and three interns and a five person Advisory Board all working to help selected teams commercialize their innovations.

If you have any questions, please do not hesitate to contact me at ttalukdar@uwsa.edu.