Minutes of the Research, Economic Development, and Innovation Committee University of Wisconsin System Board of Regents 1820 Van Hise Hall, University of Wisconsin-Madison August 23, 2012

Regent Bradley convened the meeting of the Research, Economic Development, and Innovation (REDI) Committee at 1:04 p.m. Regents Bradley, Higgins, Drew, Hribar, Pruitt, Tyler, Walsh, and Whitburn were present.

Regent Bradley stated that history was being made as this was the first meeting of the REDI Committee where the committee was meeting as a full, fourth standing committee of the Board of Regents. He recalled that the REDI Committee was the result of a recommendation of last winter's Ad Hoc Committee on UW System Board of Regents Roles and Responsibilities. He stated that he was pleased to be serving as chair of the committee and welcomed all the guests in attendance.

Overview of REDI Committee Purpose

Regent Bradley explained that UW System was built on a three-legged stool that includes teaching, research, and public service. He said that he viewed the role of the REDI Committee as providing a sharper focus to the research and public service capabilities of higher education in the state of Wisconsin. Paraphrasing from the Board of Regent bylaws, he explained that the role of the committee includes:

- Adopting policies and developing strategies that are designed to strengthen the UW System's overall contribution to the economic development of the state, and to support professional development, outreach, and research at all the institutions within the context of their unique missions;
- Considering matters that relate to the UW System's role in enhancing its research enterprise and bolstering the state's economy;
- Highlighting successful research and economic development efforts, partnerships, and innovations involving UW System institutions; and
- Focusing attention on the Board's statutory responsibilities to report on, and to ensure accountability for, research and economic development activities at all of the institutions.

Regent Bradley added that along with highlighting successful research and economic development efforts, the REDI Committee will want to identify challenges to those efforts, such as resource challenges or policy challenges. He said that he believes the REDI Committee is the ideal platform for bringing to the attention of the state what UW System needs in terms of resources to do a better job, and also what might be needed in terms of Board policies or state law.

Regent Bradley then introduced several individuals that would be involved with the REDI Committee. He started by introducing David Brukardt, UW System's new Associate Vice President for Economic Development, who has played important roles in economic development efforts in the Pacific northwest. He noted that Associate Vice President Brukardt led a successful business startup in Wisconsin and possesses valuable investor-relations experience.

Regent Bradley then introduced Stephen Kolison, Associate Vice President for Academic and Faculty Programs, noting that he would play an important role in staffing the REDI Committee and bringing the Academic Affairs perspective to the committee's work. Regent Bradley also introduced Jess Lathrop, from the Board of Regents Office, and explained that she would be working with the committee during its next few meetings.

Regent Bradley also introduced and welcomed Ryan Murray, Deputy Secretary and Chief Operating Officer of the Wisconsin Economic Development Corporation (WEDC). He stated that Mr. Murray's presence sends a very clear message about the partnership of the REDI Committee, UW System, and the WEDC in the area of economic development and invited him to address the committee. Mr. Murray thanked Regent Bradley for the invitation to attend the REDI Committee meeting and shared the regrets of Paul Jadin, Secretary of WEDC, who was unable to attend. Mr. Murray also thanked Regent Higgins for being proactive and reaching out to WEDC to solicit their input, advice, and agenda.

Noting that economic development is an unwieldy topic and that the UW System is a large organization, he stated that he hoped the committee would take a focused look at problems that can be addressed in the short term before launching into some of the larger structural issues, which are important but long-term goals. He said that WEDC was hopeful the partnership with UW System would produce tangible results and was committed to playing a part in that. He noted that just as President Reilly has done, Secretary Jadin has also fully integrated Associate Vice President Brukardt into the WEDC leadership team. He stated that the substantial resources of the university and the unprecedented flexibility of the WEDC provided for a unique opportunity to accomplish something very real, very quickly. He concluded by stating that he pledged the WEDC's full efforts to the partnership with UW System.

Regent Bradley thanked Mr. Murray and stated that he wanted to publicly thank Secretary Jadin for his August 16 letter and the encouraging sentiments Secretary Jadin conveyed in the letter.

UW-Milwaukee and UW-Parkside Corporate Engagement and Regional Development

Regent Bradley explained that last year he had the privilege of hearing a presentation from Dr. Carmel Ruffolo during a visit to the UW-Parkside campus. He said that she would be speaking to the REDI Committee today about economic development efforts in southeastern Wisconsin. He explained that Dr. Ruffolo has a joint appointment with UW-Milwaukee and UW-Parkside, overseeing corporate engagement and regional development for both campuses, and welcomed her to the REDI Committee meeting.

Dr. Ruffolo defined corporate relations as how universities can link and leverage their assets, strengths, and resources with the needs and resources of regional business and regional stakeholders. She explained that she is generally the first point of contact for those looking to connect with the universities for resources or assistance. She works with companies or entities to

establish collaborations and partnerships with the research or talent resources available through UW-Milwaukee and UW-Parkside and provides feedback to university faculty and staff regarding the business and workforce needs of the region. She stated that she tries to collaborate with other initiatives occurring at both campuses as much as possible. She explained there are many industries in the region, which includes the Milwaukee-Chicago-Indiana corridor, and she looks for companies that can help promote the universities' research initiatives in the areas of water, energy, health and biotechnology, and food and beverage.

Dr. Ruffolo stated that the corporate engagement model that she uses involves identifying university research capacity, engaging faculty members and students, identifying the needs of corporations that align with the universities research capacity, linking corporate partners with faculty, and then working to support and sustain the engagements. She stated that her project has been underway for one year, and in that time she has contacted and engaged with more than 40 new companies. The project has also been awarded more than \$4 million in grants, primarily from the U.S. Economic Development Administration (EDA). In addition, she has been involved in major regional development initiatives. She stated that she is working to urge faculty to view businesses in a different light and to urge businesses to view the universities' research function as a solution rather than a problem.

Dr. Ruffolo explained that her program also works with WEDC and the EDA to align state and regional economic and business priorities with key university initiatives, support existing cluster industries, and advance emerging cluster industries. The program works to harness each university's resources and assets to enhance competitiveness for grants and to reduce the barriers to engagement. She said the program is beginning to define higher education's role in economic development.

In response to a question from Regent Whitburn, Dr. Ruffolo indicated that she was working with both the EDA office in Washington D.C. and in Chicago. Regent Whitburn also asked for some specific examples of companies the program is working with and the type of work that is being done. Dr. Ruffolo indicated that she would provide additional information.

Dr. Ruffolo also shared information regarding the Wisconsin Center for Commercialization Resources (WCCR), which is one of 22 centers funded by the EDA through a highly competitive grant process. The WCCR is a partnership that involves UW-Milwaukee, UW-Parkside, UW-Whitewater, Marquette University, and the Milwaukee School of Engineering and supports economic development throughout Wisconsin by providing services and resources to facilitate and advance commercialization efforts. She stated that the five universities bring an impressive array of resources to the table—three engineering schools, three small business development centers, and many other resources. The WCCR has several additional partners, including the Milwaukee Water Council, BizStarts Milwaukee, WEDC, Wisconsin Energy Research Consortium, and the Purdue Center for Regional Development.

Dr. Ruffolo shared information on how her program is engaged in regional development and the initiatives that impact the Milwaukee 7 region and parts of Illinois. She explained that the program interacts with a number of different organizations, including chambers of commerce,

economic development organizations, federal, state, and local government agencies, and other key organizations.

Dr. Ruffolo explained that one of the major regional development initiatives that the program has been involved with is the Territorial Review of the Tri-State Metropolitan Area, conducted by the international Organization for Economic Cooperation and Development (OECD). The purpose of the review was to assess the region's capacity to effectively contribute to regional and national economic performance and quality of life. The tri-state metropolitan area includes the 21 counties surrounding Gary, Indiana, Chicago, and Milwaukee, including six counties of southeastern Wisconsin. She explained that one of the key review recommendations was that if the 21-county area were to work together, the region could be the driving economic engine for the entire United States. She indicated that several initiatives have developed because of this review, and UW-Milwaukee and UW-Parkside are involved in initiatives related to water, aquaponics and aquaculture, workforce development, and transportation and logistics.

Dr. Ruffolo concluded her remarks by stating that corporate engagement is really the catalyst for breaking down barriers, which will lead to the private sector viewing universities as an economic development solution. She concluded by stating that it is important for the program to be student-focused and beneficial to students, and increased interactions between the universities and companies lead to more internships and other opportunities.

Regent Walsh asked Dr. Ruffolo what economic development metrics she would use to determine if the program has been successful. Dr. Ruffolo stated that metrics might include placement of students in companies, the number of companies that moved to the area because of the program's activities, or the money generated within the region because of the program's activities. Regent Walsh then asked what metrics might be used related to transportation and logistics. Dr. Ruffolo explained that specific metrics had been developed related to transportation and logistics because it is one of the initiatives resulting from the Tri-State review, and she could follow-up with him to provide specific examples of the metrics that will be used.

Chancellor Lovell added that the metrics can be looked at in terms of breadth or depth. Breadth-related metrics would be those that consider the number of companies the program has engaged with. The more important target would be the depth of the engagements, which would include metrics related to the number of new employees, number of new products created, and the amount of funding generated from those new products.

Regent Hribar stated that she was very impressed by the cooperation among the various institutions of higher education. She asked if there had been similar cooperation with the government entities—the three states, 21 counties, other local government agencies. Dr. Ruffolo indicated that there were challenges to effective cooperation among the different government agencies, but the Tri-State initiatives would be led by the private-sector, rather than government led.

Vice President Falbo, who was attending the committee meeting, stated that he attended one of the Tri-State Initiative meetings at which he heard that within the Tri-State region is the most inviting workforce in the country; this could be a real opportunity for the region.

In response to a question from Regent Bradley as to how the program is reimbursed for its services, Dr. Ruffolo explained that the model for reimbursement is different based on the type of services provided, the level of interaction, how the faculty want to engage, and if there is student involvement. Regent Bradley asked Dr. Ruffolo to provide a link to the Tri-State Review report and thanked her for her presentation.

Wisconsin Small Company Advancement Program (WiSCAP) 2011 Annual Report

The Committee next heard a report from Dr. Maliyakal John of the WiSys Technology Foundation, regarding the Wisconsin Small Company Advancement Program (WiSCAP), which was created to use the technical expertise residing in the UW comprehensive campuses to support the research needs of small companies. He noted that the committee heard from Dr. John in April, at the meeting at UW-Superior, when Dr. John and his colleagues provided a number of examples of collaboration between WiSys and the UW institutions. In addition to providing an update on WiSCAP activities, Regent Bradley indicated that he also asked Dr. John to address what the UW comprehensive campuses might need in terms of research or policy changes to assist them in their tech transfer efforts.

Dr. John started by explaining the types of activities that WiSys is promoting on the comprehensive campuses. He indicated that WiSys activities begin once a product concept is identified by client or customer. After the product concept is identified, WiSys commits to conducting the necessary market and patent research and the technology assessment related to the concept. WiSys then works with a campus to successfully develop the necessary product or technology and eventually transfers the product or technology to a partner company. He explained that this is different from the process used at many universities that conduct basic research, where a scientific idea is transferred into technology, and only then is there a search for a product and a client.

Dr. John described WiSys's progress in terms of achieving its five-year goals. For example, WiSys is currently working with approximately 30 projects, with a goal of having 75-100 ongoing research and development projects within five years. WiSys has created 32 high-paying jobs, with a goal of 100 high-paying jobs within 5 years. He also noted that WiSys is licensing one or two technologies per year, generating \$0.3 million, with a goal of licensing 5-10 technologies per year generating \$3-5 million within five years, and \$7-10 million in ten years. In addition, WiSys has facilitated 10 start-up companies thus far, with a goal of creating 30 start-up companies in five years. Finally, he noted that WiSys has engaged roughly 100 students in high-tech research projects, but wants to engage 300-400 students within five years. Dr. John explained that he is confident that WiSys can generate \$7-10 million in licensing revenue in ten years, based on recent analyses that applied WARF's historical data to WiSys technologies, and he projected more than \$10 million in revenue within ten years.

Dr. John explained that four key resources are needed to reach its five year goals. These resources include: (1) strategic partners, such as the thousands of small companies or healthcare organizations in Wisconsin; (2) expert faculty identified in a database; (3) personnel and resources for technology transfer, which already exists at WiSys; and (4) funding of \$2 million per year for

the next five years. Dr. John indicated that first three resources are already in place, but what is needed now is the funding.

Dr. John explained that WiSCAP connects small companies that have product ideas, but lack technical expertise, to UW faculty with technical expertise and UW resources to create a prototype product or technology, which is eventually transferred to a company. The program, initially funded with \$2 million in state funds in 2010, has led to the initiation of 22 projects involving 18 companies and 9 campuses, more than 12,000 hours of student internships, 32 months of release time for 24 faculty members, and 16 high-paying jobs. According to Dr. John, the WiSCAP project officially ended on June 30, 2012, but he would like additional funding to keep the program operating.

Dr. John explained that the WiSCAP projects have been in a variety of industries including healthcare, alternative energy, industrial materials, nanosciences—all of which are important industry sectors for Wisconsin—as well as several other industries. He provided examples of the projects, including a UW-Oshkosh project involving supercapicitors for the energy industry, a UW-Stout project involving a hydrogen fuel cell, a UW-Parkside/UW-Stout project involving a 21st century wheelchair prototype, a UW-Oshkosh project involving cranberry antiviral therapeutics and nutraceuticals, and a UW-Stevens Point project involving low-cost 3D catheters for cardiac rhythm management.

Dr. John also explained that the revenue generated as a result of the successful WiSCAP projects is returned to the program to fund new projects. When WiSys negotiates a license with a partner company, 20% of the royalty income goes directly to the UW inventor, and from the remaining 80%, the original grant amount used to fund the project is returned to the WiSCAP fund. Once the original grant is reimbursed, the remainder is split between the campus (40%), WiSys (25%) and UW System (15%).

Dr. John also provided a brief overview of another WiSys program, the Wisconsin Medical Entrepreneurship Foundation (WisMEF), which is a partnership between WiSys, Aurora Health Care, BayCare Clinic, and Marshfield Clinic Applied Sciences to advance medical innovations in Wisconsin. The partnership brings together more than 3,000 medical professionals from clinical and academic fields with the technical expertise to research, test, and market medical technologies.

Dr. John indicated that WiSys's successes include ten start-up companies from seven comprehensive campuses, 30 supported and ongoing projects, and 102 patents or patent applications, strategic partnerships with small companies, and a network of clinical organizations to jointly develop medical innovations. He stated that in order for WiSys to have meaningful impact, the existing model must be scaled up to include more projects that will lead to the creation of more jobs. He explained that if UW System can provide the necessary funding for a limited period of time, he believes WiSys will be able to produce 10-15 high-paying jobs per year through the funding of more projects, which will lead to more licensing income revenue for the campuses and UW System.

Dr. John concluded by stating that WiSys is eager to work with the REDI Committee to advance its agenda, as the committee and WiSys have the same agenda. However, WiSys needs

more resources to scale up its existing model and expand. In addition to needing funding, campuses also need the flexibility to hire staff quickly when approached by a partnering company to develop a product or technology. It would also be helpful for WiSys to have the resources to help campus researchers and small companies with grant writing, which would bring additional resources to campuses. WiSys also needs assistance in working with campus deans and department chairs to reinforce the importance of research and the need for faculty release time.

In response to questions from Regent Bradley, Dr. John clarified that WiSys initially received \$2 million in state funds to create the WiSCAP program, but an additional \$2 million is needed to continue WiSCAP, as well as the other WiSys programs. He also explained that state funds are provided through UW System Administration and not directly from other state agencies.

Regent Tyler asked Dr. John to provide additional information regarding the projected licensing revenue using WARF historical data. He noted that WARF is well established with existing relationships, and it might be a stretch to forecast similar results for new WiSys products and developments when similar relationships do not exist. Dr. John explained that WARF's experience, with a portfolio of more than 1,500 patents, was used to determine the proportion of technologies that are actually licensed (i.e., 30-40%), the best time to license a technology (i.e., during the first three years following development), and the potential for revenue generation (approximately \$1 million during a product's lifetime). However, one of every one hundred technologies is very successful and may generate \$10-\$100 million. The projections were then applied to WiSys's existing portfolio, which includes approximately 104 technologies. Regent Bradley added that the WARF model starts with a researcher developing a technology, and then searching for a product idea, whereas the WiSys model starts with a product idea in search of technology to develop the idea.

Regent Pruitt said it was his assumption that the faculty and staff that are leading the types of projects Dr. John mentioned may also be the prime targets of universities and the private sector trying to lure researchers away from UW institutions. Regent Pruitt asked that if his assumption was correct, did Dr. John have any thoughts on UW System's recent budget presentation, which indicated that faculty compensation is 18% lower that faculty compensation at peer institutions. He also asked Dr. John if the faculty compensation issue was not addressed, whether the issue could undermine Dr. John's projections for WiSys. Dr. John stated that most of the faculty he works with have a passion for small campuses, a passion for teaching, and a passion for research. He said that he has found that once WiSys is able to assist the faculty with resources, they seem much happier at being able to conduct research because they view it as a tool for undergraduate teaching. He also indicated that Regent Pruitt's assumption was correct-faculty are targeted by other universities and the private sector—but he said he did not have a solution to that problem. Regent Pruitt suggested that the problem might be addressed by narrowing the compensation gap. Dr. John added that faculty have an incentive to continue to develop projects with WiSys because 20% of the revenue generated is returned to the faculty member. Chancellor Lovell added that WiSys involvement helps with retention because successful technologies or products tie the researcher to the institution through revenue as well as through start-up companies.

Regent Higgins stated that he had recently had the opportunity to visit several campuses and meet with individuals involved in venture capital and technology development. As a result of those

meetings, he included some ideas in a resolution that he hoped to present at a future meeting. He explained that the resolution asks that UW System resources be used to work with Dr. John and WiSys to overcome some of the challenges associated with technology transfer, such as difficulty with hiring post-docs, other human resources issues, and difficulty getting release time for research. He stated that there are so many opportunities for UW System to take advantage of, and he believed that UW System should do so as quickly as possible in order to advance the goals of the Growth Agenda for Wisconsin. Regent Walsh indicated that he wanted UW System staff to analyze the situation and develop some recommendations and options for the committee to consider. He said that he believed changes were necessary, and he was anxious to make changes. Regent Bradley stated that UW System staff would have time to work on this issue.

The Role and Impact of Undergraduate Research at UW Institutions

Regent Bradley introduced Chancellor Dean Van Galen and Dr. Tim Lyden, professor of biology and director of the Tissue and Cellular Innovation Center at UW-River Falls, to present information regarding the essential role of undergraduate research for students in achieving essential learning outcomes.

Chancellor Van Galen started by explaining that undergraduate research is one of ten practices referred to in the higher education literature as a "high-impact practice" which correlates with positive educational results for students of widely varying backgrounds. He stated that as students are engaged in activities such as undergraduate research, their success and retention improves.

Chancellor Van Galen defined undergraduate research as an inquiry or investigation conducted by an undergraduate student that makes an original contribution to the discipline. He indicated that the research could be in the sciences, engineering, health, arts, humanities, or social sciences. He said he could not fully communicate the excitement that students feel when they engage with a faculty member on this type of activity. Students benefit from undergraduate research in terms of higher rates of retention, higher rates of graduate school enrollment, improved research skills, increased interaction with faculty and peers, and gains in critical thinking and problem solving. He added that undergraduate research also benefits the state of Wisconsin through enhanced external research funding opportunities and the development of employer-sought skills, such as critical thinking, writing, oral communication, quantitative reasoning, and self-direction.

Chancellor Van Galen stated that undergraduate research occurs at all of the UW institutions and referred to a slide that listed the presentations made by students in a variety of venues during the past year. These students were from a cross-section of UW institutions—UW-Madison, several of the comprehensive institutions, and UW-Manitowoc. He noted that undergraduate research is a national movement, as evidenced by the National Conference on Undergraduate Research (NCUR), which brings together students from more than 250 colleges and universities each year. This conference is an opportunity for students to give presentations on the results of their research. He noted that at the 2012 conference, 208 UW students from across the state participated, and UW-La Crosse will be hosting the 2013 conference.

Chancellor Van Galen stated that there is also a Council on Undergraduate Research, which has additional resources and information for those wanting to learn more. He pointed out that undergraduate research is increasingly being sought by prospective students, as well as prospective faculty, and may be an important factor in the recruitment and retention of faculty. In addition, graduate and professional schools, and employers, are also looking for graduates with research experience.

Chancellor Van Galen referred to several examples of how UW System supports undergraduate research, including the annual Posters in the Rotunda event, which highlights undergraduate research activities for state legislators, and an annual undergraduate research symposium. He also provided examples of institutional practices that support undergraduate research, such as incorporating undergraduate research into an institution's strategic plan, providing budget support and an assessment of progress, maintaining a campus-wide office and staff focused on undergraduate research, and providing student stipends, project support, and faculty support. He emphasized that providing faculty support is key, as many faculty have significant teaching and advising responsibilities, and they have to be granted time to engage in research.

Chancellor Van Galen then introduced Dr. Tim Lyden, of UW-River Falls, as an outstanding teacher scholar and highly committed to research and to students.

Dr. Lyden started his presentation by explaining that there are a number of centers of excellence on the UW-River Falls campus, in many different fields, and the subject of his presentation—the Tissue and Cellular Innovation Center (TCIC)—is but one of those success stories. He stated that the TCIC has its genesis with WiSys as one of the original Emerging Technology Centers (ETCs) sponsored by WiSys, which were developed from existing laboratories and research efforts at campuses.

Dr. Lyden explained that the mission of the TCIC is to engage in a cutting-edge, nationally and internationally recognized research program that augments and supports teaching, training and outreach associated with students. He stated that the two activities—research and teaching—are two sides of the same coin, and should not be considered separately, as the two activities are really the same activity. He added that this is an important distinction for the TCIC, in comparison to other labs that might be doing similar research work.

He stated that it is also his wholehearted desire to see that the TCIC is recognized as an economic development engine in a couple of different ways, but primarily through its effect on students. By impacting and engaging students and drawing them to a higher level of training than they would otherwise accomplish, the TCIC is driving upward the future salaries of students and, with it, the future salaries and development of the state in the areas of biosciences and biomedical sciences.

In order to accomplish its goals over the past ten years, the TCIC has engaged in and initiated contact with a number of different organizations, including clinical entities such as Marshfield Clinic, Aurora Health Care, the Allina Group, and Rivers Cancer Center in River Falls; academic institutions such as UW-Stout, Stevens Point, Platteville, and the Chippewa Valley Technical College in Eau Claire; and industrial partners such as the Spring Point Project in New Richmond. Dr. Lyden noted that this past year the TCIC expanded its interactions and connections beyond the region to include the Wisconsin Institutes for Discovery at UW-Madison, and the USDA's National Animal Disease Center in Ames, Iowa. In addition, the TCIC expanded its collaborations by establishing a working relationship with a laboratory at the internationally-recognized Karolinska Institute, which is ranked 9th in the world for clinical medicine and is among the top 20 universities in the world for life sciences. The Institute is also home to the Nobel Prize in medicine and physiology winner. Dr. Lyden added that the TCIC's collaborator at the Institute is a UW-River Falls' alumni and co-chair of the Nobel Prize Committee.

Dr. Lyden explained that at the TCIC, researchers use natural extracellular matrix materials to develop tissue-engineering applications for what researchers refer to as "lab animals in a dish." With tissue engineering, the researchers are not trying to build organs, but instead trying to model biological systems at the tissue level in an in-vitro environment. He stated that this work has enormous potential impact in many different areas, including cancer tumor research. He also emphasized that because UW-River Falls is a comprehensive campus, students are very involved in the research. Students learn very early what it means to be a researcher and are trained in the full-range of scientific endeavors, including hypothesis building, experimental design and execution, and presentation of their science to other people, including lay audiences. Dr. Lyden referred to a slide which included the names of 53 former TCIC students who are now at professional schools, at graduate schools, or employed in the biotechnology/biomedical industry.

According to Dr. Lyden, the average salary of a bioscience worker with a bachelor's degree in 2009 was approximately \$69,000, or 64% higher than the state-wide average salary of \$42,000. He also noted that the average salary of a Wisconsin bioscience worker with a Ph.D. is \$87,000, and the average salary of a physician is \$200,000. Dr. Lyden concluded by explaining that TCIC students can expect these types of salaries, which in turn will benefit the state's economy.

Regent Tyler commented that UW-River Falls is on the radar screen of early-stage investors because of the great work that is being done at the campus. He said he was very excited about what was happening at UW-River Falls and thanked Dr. Lyden and Chancellor Van Galen for their presentations.

Regent Bradley concluded by explaining that Chancellor Van Galen was a member of the Ad Hoc Committee on Regent Roles and Responsibilities and one of the individuals responsible for developing the idea for the REDI Committee.

The committee adjourned at 2:43 p.m.