

Minutes of the Research, Economic Development, & Innovation Committee
University of Wisconsin System Board of Regents
UW-Milwaukee
June 4, 2015

Chairman Higgins convened the meeting of the Research, Economic Development, and Innovation (REDI) Committee at 9:00 a.m. Regents Higgins, Behling, Farrow, Hall, Harsy, and Pruitt were present.

a. Approval of the Minutes of the April 9, 2015, Meeting of the Research, Economic Development, and Innovation Committee

Chairman Higgins asked for a motion to approve the minutes of the April 9, 2015, REDI Committee meeting. Motion was made by Regent Hall and seconded by Regent Behling to approve the minutes as presented. Motion carried unanimously.

b. UW-Milwaukee Research, Economic Development, and Business Outreach Discussion and Update – Led by Chancellor Mark Mone

Chairman Higgins acknowledged the work done at UW-Milwaukee to build a balanced portfolio of economic development support services. These services provide expertise and encouragement to growing businesses and help speed the path from concept to product commercialization. The UWM Research Foundation builds partnerships and develops patents in the areas of desalination, medical technology, self-healing metals, and pain-relief drug compounds among many others. Students and faculty are working together with business and industry to build strong partnerships and to better prepare students for the 21st century economy.

Chancellor Mone introduced presentations by Brian Thompson, President of UWM Research Foundation, and Ilya Avdeev, Assistant Professor of Mechanical Engineering. Professor Thompson elaborated on UWM's research thrusts in the areas of water technology, aquaculture, energy, advanced manufacturing, healthcare and biomedical technology, and healthcare delivery and nursing. UWM's research foundation facilitates research and innovation, which in turn mutually support each other.

With respect to the Foundation's intellectual property portfolio, \$3.7M in Catalyst Grants have resulted in \$13.5M in follow-on investments. There have been 37 patents issued and 50 license/option agreements to date. Fiscal year 2015 has seen a record number of 50 disclosures and 13 license/option agreements.

Professor Avdeev presented the entrepreneurial accomplishments of UWM. Through its Student Startup Challenge, eight student companies have been launched, and hundreds of students have been impacted in the five affiliated courses.

c. WEDC Trade Mission Update and Foreign Direct Investment Initiative

Katy Sinnott, WEDC's Vice President of International Business Development, provided an update on current initiatives and programs, with a focus on WEDC's efforts to collaborate with the university and state businesses to foster exports for Wisconsin business and to increase awareness of foreign direct investment opportunities across the state. She noted that a billion people will join the middle class in the next decade and that 95% of the world population will be outside the United States. Thus if businesses do not export, they may miss 95% of their potential customers.

Vice President Sinnott went on to explain that companies that export tend to have higher revenues, a stronger labor pool, enjoy growth, are more productive, and have higher valuations. The top export destinations for Wisconsin are Canada (33%), Mexico (12.1%), China (6.7%), Japan (3.9%), the United Kingdom (3.6%), and Germany (3.1%).

Also highlighted were a list of factors that make Wisconsin a great place to live and work. These included a highly skilled workforce, a highly regarded university system and technical college program, a R&D focus at UW-Madison, diverse industries, excellent transportation infrastructure, a sound pension system, and a seamless support network.

Finally, Vice President Sinnott shared information on the importance of Foreign Direct Investment (FDI) in Wisconsin, with 1,537 foreign-owned establishments providing 86,400 jobs in the state.

d. Panel Discussion: Wisconsin Angel and Venture Capitalists – Perspectives on Funding for University Start-ups – Led by UW System Interim Senior Vice President David J. Ward

Chairman Higgins highlighted past REDI Committee meetings where the discussion had centered on faculty and student innovators sharing how they were taking their ideas to market. Looking at the other side of the same discussion, Chairman Higgins raised the importance of what investors look for in ideas that are worthy of investment, in order to frame the discussion of the panel.

Chairman Higgins introduced David J. Ward, UW System Interim Senior Vice President and Principal of Angels on the Water, to moderate the panel. Senior Vice President Ward led a panel discussion exploring the issue of capital attraction for start-ups.

The panelists were: Charlie Goff, Principal, New Venture Capital Fund, Appleton, Wis.; John Neis, Principal, Venture Investors, Madison, Wis.; and Leon Ostrowski, Founder, Central Wisconsin Business Angels, Plover, Wis.

The discussion touched on the three factors required for building an entrepreneurial engine: ideas (“the spark”), capital (“the fuel”), and people (“the oxygen”). UW System assets which contribute to innovation include the entrepreneurial faculty and students, unique research capabilities, availability of a skilled workforce, recognized leadership in research and intellectual property, and a network of leaders in science and industry.

A distinction was drawn between invention and innovation. Invention is the creation of solutions to problems, something at which researchers excel. Innovation requires successful commercial use of an invention. The panel concluded that there is room for improvement in identifying and facilitating successful commercial use of university intellectual property.

Chairman Higgins adjourned the meeting of the Research, Economic Development, and Innovation (REDI) Committee at 12:30 p.m.