The PARAGON Perspective

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From the President

PARAGON Perspective is sponsored by PARAGON Development. We want to use this newsletter to do the following:

- Share information we have learned that we consider important concerning best practices, trends, successes and failures, conferences, and other elements that will enable all of you to grow your organizations with maximum top and bottom line results.

- Share information about select client initiatives that may be of interest based on technologies, markets, or business needs that you believe could fit within the scope of those client's interests.

- Share personal observations and even humorous items given to us by others.

All issues of *The Paragon Perspective* are archived on our website, so you may easily pass along past issues to colleagues.

This month's editorial is from a request for commentary about acquisitions and how they can be employed as tactics. It is titled: **"University/Industry Developments"**.

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Paragon Update

PARAGON is again at or near full capacity through the 4th quarter. 40% of the projects in-house are for new clients which should indicate a robust 2011 when our traditional clients have new budgets. Module agreements for next year should provide a strong base moving forward.

Conferences

No upcoming conference information has been sent to us for posting. As a reminder we are happy to do so without charge if requested as a service to our readers.

Technology Transfer/Capabilities

This section is open for clients, friends, and other newsletter recipients to spotlight technologies they have available for licensing, acquisition, development, or could be available to use. Please send a description of your technology to be posted in this section for future newsletters. Inquiries can either be sent directly to those who have posted information, or, we could forward any/all inquiries to you. This section highlights non-client project technologies.

This newsletter has a distribution of over six thousand individuals who are primarily in new business development, so the audience has the potential to generate legitimate interest. We do reserve the right to withhold posting any technology closely related to ones in which we have a client conflict.

Technologies of Interest

<u>Silicones</u>: A client is interested in licensing in or partnering on new technologies that improve performance in silicones for a wide variety of applications.

<u>Primary Infrastructure Materials Technologies</u>: A client is seeking additives or other technologies that can improve materials such as asphalt, mortar and concrete used in industrial applications of primary infrastructure – bridges, roads, dams, industrial sites, etc.

For more information regarding the above technologies, contact:
Jack Peregrim @ (203) 288-4154 or Peregrim@ParagonDevelopment.com

Quotes of the Month

"Do not argue with an idiot. He will drag you down to his level and beat you with experience." *Many sources*

"Arriving at one goal is the starting point to another." *John Dewey*

"A good listener is not only popular everywhere, but after a while he knows something." *Wilson Mizner*

"The mind is like the stomach. It is not how much you put into it that counts, but how much it digests." *Albert Jay Nock*

"A friendship founded on business is better than a business founded on friendship." *John D. Rockefeller, Jr.*

"Well done is better than well said." *Benjamin Franklin*

"Light travels faster than sound. That is why some people appear bright until you hear them speak." *Irish proverb*

"The greatest administrators do not achieve production through constraints and limitations. They provide opportunities." *Lao-tzu*

Interesting Words

Philippic: (fi-LIP-ik)   Noun
A bitter condemnation, usually in a speech
In use: His philippic served to turn people away from his main argument rather than have them support it.

Meretricious: (mer-i-TRISH-uhs)   Adjective
1.   Appealing in a cheap or showy manner.
2.   Based on pretense or insincerity.
In use: Her meretricious presentation turned off the audience so none recognized the actual merit in her content.

Desideratum: (di-sid-uh-RAT-tuhm)   Noun
Something considered necessary or desirable.
In use: It was an absolute desideratum to leave the meeting with clarity.

Periphrastic: (per-uh-FRAS-tik)   Adjective
Using a round-about form of expression; wordy.
In use: His periphrastic answer was more confusing than enlightening.

"University/Industry Developments"

<u>Background</u>:
We count universities as clients in addition, of course, to the majority of our clients who are commercial businesses; yet, we rarely see anything approaching a true partnership. The same is said for easily achieved commercial contracts.

The primary reasons are:

- A very large gap in determination of value. Business puts a market value on technology while universities value technology by "potential".

- Very different cultures in which the customer is king in industry but the professors rule in academia.

- The business models are very different as well. The dollar rules in business but academic advancement, prestige, papers/writing, patents, and peer recognition are primary drivers with university professors.

- The timing issues are much different with business taking a shorter term approach to university timelines.

- Ownership of IP perspectives differ. Business believes they own output and outcomes when they pay to generate them with research; but academia believes they own anything they create.

Present Environment:
The above factors have lead to an environment where neither side trusts the other (with exceptions of course) and the potential and capability of optimizing the rewards from partnerships is far from being a reality. Business is very reluctant to fund anything beyond theoretical or very early stage research and they would prefer to do all the applications development internally to protect both IP and confidentially. Universities could play a much larger role in engineering and applications development if they could structure their compensation accordingly. Also, business could benefit from lower development costs by not duplicating laboratory and experience that resides in the universities.

Recommendations:
We have a few suggestions and approached that could have merit and serve as a 'starting point' in business/university partnerships. Some of these are based on our experience with clients who have employed at least one of these and these could be employed as best practices if adopted collectively. They are:

- Universities are held liable for breaches of confidentiality and could be made to cover those costs up to the amount of money the business invested. This would create an environment of trust with the business community as well as setting up a "controlled" environment at a university that would have something significant to lose if a professor or student breaks the confidential agreement. The university would have a limit of time that is much reduced (18 or 24 months) from the time their research has been shared to the point where they can publish papers or deliver presentations. Business would not have all the time it would want but enough time to create IP and protect those technologies and products that have the most value.

- Universities would have several options after research is completed.

  1. They could agree to joint ownership of the IP with the business that sponsored the research while the company has a time exclusive in their application area.

  2. They could agree to give up their rights to any applicable IP with a payment equal to that of the total amount contributed to research in this project.

  3. They could have a larger percentage of the ownership in the future (up to 25%) if they agree to fund the commercial development at the percentage respective to their ownership. Thus, they could own 15% if they fund 15% of the commercial development.

  In these 3 examples, the university has control, choice of option and some "freedom" but the company funding the work has clarity in ownership and costs while also ensuring that there is no "black hole" in their obligation to the university. Also, in this formula the model could be apportioned to a part of a much larger project so the real value is fair. An equipment process research fund may be valued at 20% of the final product value and then all values apply to that percentage.

- Accounting transparency is established where the university shows the time of professors/researchers and students in actual hours or days and agreements would have one or more go/no-go clauses where work is staged and reviewed at different junctures. This protects businesses from paying for a larger amount when the solution or conclusion is achieved more rapidly than projected and would also allow for easier extension of work beyond the original scope if the work is productive.

Other Considerations:
We only know of one client-university who works in partnership internally with collaborations of their technology research and their business/marketing schools. That is an untapped gem in many cases where business intelligence can be gathered comparing value creation in parallel with the research. This would be very valuable to business and would also serve as a tremendous learning experience for the business students involved by acting an apprenticeship that is current and tangible and goes beyond the textbook requirements. It is time for universities to break down their internal silos the way business did 40 years ago.

One last thought would be to take the business school model even further. Have select people from the business school (as a part of the funded research) take part in the actual development process at the company involved. They would attend gate reviews and update meetings (teleconference at least) and they would gain from the experience while also contributing. It would also allow the business to audition these students for future employment as well as allowing the students to experience both the company and industry for a future fit and commitment.

In summary:
University and business are gradually working toward a common ground but their differences greatly minimize the effectiveness that could be attained. Yet, maybe the potential benefit can serve as a catalyst for a "clean sheet of paper" approach that moves well beyond the existing models that are limiting the motivation to work together. It is time to focus on the rewards and not winning Pyrrhic victories.

We hope that this perspective has stimulated thoughts and helps improve your future returns. It has been our intent to pass along things we have learned or experienced on topics involving growth and new business development, particularly ones that may be provocative or beyond those considered every day. We do not try to presume to be the leaders in all areas we cover and invite others to contribute with comments, additions, or criticisms. We encourage feedback in any media and will post your contribution in a future newsletter if you allow it.

We will continue to focus on topics that the readers choose over ones we consider within our staff, so please continue to send requests for topics you want covered.

PS:
We want to remind our readers that this section of the newsletter is open up to anyone with a development topic or an approach they would like to share. We ask that your submission be from 600 to a 1000 words. Let us know and we will gladly distribute your topic to the thousands of people on our distribution list. We agree that the copyright and ownership be kept by the contributor and that our only right is to reproduce it in conjunction with this newsletter.

Trivia

1. What is in each average square inch of human skin?

    19 million cells. 60 hairs. 90 oil glands. 19 feet of blood vessels. 625 sweat glands. 19,000 sensory cells.

2. What does the term karaoke mean?

    Empty orchestra.

3. What does the word karate mean?

    Empty hand.

We hope you learned something from this and/or stimulated an action that leads to new opportunities for you and your organizations and that you will let others who might find this newsletter useful know about our publication. Previous issues of our newsletters can be found at http://www.paragondevelopment.com/perspective.html. If you would rather not receive the newsletter please respond to this email and include the word REMOVE in the subject line or in the message. To subscribe to our newsletter, please send an email to contact@paragondevelopment.com and include the word SUBSCRIBE in the subject line or message. We will never sell your email address to others.

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Your friends at:

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