

May 13-19, 2011

Meet University of Texas' new business mind

OTC chief tries to hook Silicon Valley money, grow commercialization

BY SANDRA ZARAGOZA / ABJ STAFF

In his first six months as chief commercialization officer at the University of Texas at Austin's Office of Technology Commercialization, Dr. Richard Miller has opened a satellite office in Silicon Valley — a signal to investors there that UT is open for their business.

The satellite office, the first for UT's OTC, is in Palo Alto, Calif., home to Facebook Inc., Hewlett-Packard Co. and investors with deep pockets.

It's one example of how Miller is working to reshape and broaden commercialization at UT-Austin.

While there's a lot of good science and technology happening at UT, Miller said, there is a lack of infrastructure — namely investors, scientists and seasoned startup managers.

"I think what we needed was just a little shot of adrenaline to get people to realize that we have stuff here. And we can make it happen, if we're smart," he said.

At the same time, Miller is telling investors and entrepreneurs that UT now has a long-term view of commercialization.

His approach is not unlike the way Stanford University or the Massachusetts Institute of Technology spin out technologies and startups, and could result in UT taking equity stakes in future ventures.

Breaking down walls

The satellite office, which Miller described as a meeting place with no employees, has already helped show Californian investors that UT is serious about attracting investment and forming ventures.

Bryan Stoller of Mohr Davidow Ventures in Menlo Park, Calif., said Miller is breaking down walls between UT and the invest-



NICK SIMONITE/ABJ

Dr. Richard Miller intends to use his background as an entrepreneur and medical doctor to personally sniff out UT research that could be commercialized by private companies.

ment community there.

"UT had not been perceived as open to, willing or wanting to facilitate commercialization of technologies that get invented and created by research at UT," Stoller said. "There was a 'closed for business' sign hung. Someone has flipped on the 'open' sign with the fact that the OTC is under Miller."

Miller, an oncologist with strong ties to Stanford, has immense credibility with West Coast investors as a seasoned entrepreneur. It was on the West Coast that Miller co-founded Biogen Idec Inc. (Nasdaq: BIIB), maker of Rituxan, one of the top-selling cancer drugs on the market. He went on to start several other companies, including Pharmacyclics Inc. (Nasdaq: PCYC). Miller got to know UT through a deal between the university and Pharmacyclics.

"He speaks 'Valley,'" Stoller said. "Miller understands commercialization and [intellectual property]. And he's done it at UT."

Historically, university commercialization offices have had a short-sighted view of commercialization, looking to get as much money in royalties and licensing up front as possible. Doing so forgoes the risks of commercializing new technologies, but it also cuts universities off from sharing in the potentially bigger and longer-term monetary benefits of growing such companies, Stoller said.

Miller would only speak generally about his approach to spinning out technology and businesses, saying universities are well-positioned to become active participants in startups.

Darrell Windham, a corporate lawyer for the OTC with Fulbright & Jaworski LLP in Austin, describes Miller's approach as investor-centric.

Miller "is more willing to discuss reduced royalty, or even having UT substantially represented by equity, as opposed to royalty and licensing," Windham said.

Continued on page 2

MILLER: UT's new head of commercialization steeped in startups, college research

In doing so, Miller is taking cues from top research universities, such as Stanford and the University of California, Berkeley, which are amenable to different venture models.

"UT is waking up to the fact that they are giving away huge potential in future value," Stoller said.

Outsiders could bring opportunity

Miller's appointment and the appointment of Bob Metcalfe as professor of innovation at UT's Cockrell School of Engineering are signs that UT is serious about commercialization, said Randall Crowder, executive director of the Central Texas Angel Network.

"It's exciting to see UT play a more active role in commercialization in Austin," Crowder said.

Crowder doesn't think luring outside investors will necessarily bring unwanted competition to local investors.

"We have more entrepreneurs and compelling ideas than we do investors," said Crowder, who will be stepping down as

executive director at CTAN to focus on being managing partner at TEXO Ventures, an Austin-based venture capital firm focused on innovative health care companies.

Crowder also believes this could create more opportunities for Central Texas investors as out-of-state investors look to partner locally on potential ventures.

Seeking more from fewer patents

Miller believes one way to bring valuable technology to investors is to ensure the intellectual property involved is protected at the right time — not so early as to tip their hands to competitors — and globally.

That means UT's OTC will likely have fewer but higher-quality patents, Miller said — a strategy yet to be validated.

"The proof of that will be when we see successful companies that assert their patents," Miller said.

By design, in the first quarter, UT's OTC filed about 40 percent fewer patents than during the same quarter last year.

The past year has been a good one OTC. In the last 12 months, UT Austin has generated \$26.7 million from licenses and royalties, putting it on target to be in the top 20 universities ranked by such revenue. During the 2009-10 year, the school generated \$14 million in revenue.

When talking to outside investors, Miller said, one of the first questions he typically gets is about where such new companies have to be.

"I don't care where they are. I only care that the companies are put in a place that maximizes their chance for success," Miller said, quickly adding his pitch for Austin. "Austin is a good place. And, by the way, two of the companies that I started were down the street from Stanford for a reason."

The big advantage UT has in attracting investors is that it has been flying under the radar.

UT has "talent, activity, and hey, it's under-exploited," Miller said. "I can look and identify things that have not been picked over."