2020 SPRING
STARTUP GUIDE FOR
EMPLOYEE INVENTORS AND ENTREPRENEURS
Known for its innovative and interdisciplinary approach to education at both the graduate and undergraduate levels, the University of Alabama at Birmingham is an internationally renowned research university and academic medical center, as well as Alabama’s largest employer, with some 23,000 employees, and has an annual economic impact exceeding $7 billion on the state. The pillars of UAB’s mission include education, research, innovation and economic development, community engagement and patient care.

UAB embodies a spirit of discovery that advances knowledge, solves real-world problems and drives economic development.

Our research faculty ranks among the nation's best funded and is noted for exceptional mentoring and training — from undergraduate researchers to post-doctoral fellows.

This work was supported by more than $602 million in sponsored research funds in FY2019, and is conducted in the departments of 10 schools, 24 university-wide research centers, UAB hospitals and clinics and field sites by faculty, fellows and students collaborating among themselves and with others around the globe.

Research at UAB spans the spectrum and mingles disciplines to investigate, reveal and apply knowledge that changes the lives of individuals and the fates of communities. We do this to provide answers. Solutions. Hope.

Learn more at www.uab.edu.
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*Portions of the University of California Irvine Startup Guide for Employee Inventors are reprinted with permission of Regents of University of California (2016 and 2017).
Starting a company to commercialize an invention as an academic researcher can be a life-changing endeavor. The process brings together a breadth of experiences, from the allure of potential societal impact and financial returns, to challenges working within a university culture with federal, state, and local regulatory considerations.

Successful entrepreneurs are motivated by these challenges and thrive through ups and downs, utilizing the resources and guidance of the institution they serve.

While there are many motivations for starting a company, the primary reason from a commercial standpoint centers on making profits by selling products or services. Anyone seeking to commercialize an idea must identify a market need and their product must fill it.

Academic entrepreneurs are often “technology-driven” while investors are “market-driven.” With these differences, there often exists a dichotomy between academic and corporate cultures, as the former focuses on cutting-edge technologies while the latter focuses on how technologies meet market needs.

The personal motivations of successful entrepreneurs are, therefore, wishing to fill a market need and the desire to help others, rather than a desire to benefit their academic research or be their own boss. Similarly the personal characteristics of an entrepreneur are usually persistence and a tolerance for risk-taking in ambiguous circumstances.

Whether you are a new or serial entrepreneur, the UAB entrepreneurial community is committed to helping you navigate the process.
BEST PRACTICES FOR LAUNCHING A START-UP COMPANY

01 Consult HIIE regarding UAB Intellectual Property or to assess licensing opportunities for UAB inventions

02 Discuss and vet idea with department chair and dean

03 Consult Conflict of Interest Review Board or Office of Compliance if you or a member of the company are a UAB employee

04 Seek conflict management plan from department chair and dean

05 Involving UAB affiliated members that are foreign nationals? Consult UAB Office of International Student and Scholar Services

06 Plan to conduct research at UAB related to company’s interest or sponsored by the company? Consult Conflict of Interest Review Board

07 Seek conflict management plan from department chair and dean

08 Postdocs or Project Scientists: Notify your principal investigator and Graduate School and UAB Post-Doc Office

09 Obtain independent legal counsel

10 Update Conflict of Interest team to help manage conflict of interest disclosure requirements

11 If licensing intellectual property from UABRF, contact HIIE to establish agreement

12 Consider all UAB resources for potential incubation and funding opportunities

DEFINE THE BUSINESS

CREATE THE BUSINESS

FORM THE BUSINESS ENTITY
KEY CONSIDERATIONS
EXPLORE THE STAGES OF COMMERCIALIZING AN IDEA & THE RESOURCES AVAILABLE AT UAB

DISCUSS EARLY & OFTEN
As a UAB inventor, you should consult with your department or division chair to discuss and vet your intentions within the context of UAB’s Faculty Handbook (section 2.2 Faculty rights and responsibilities), External Activity Reporting, and Conflict of Interest and Commitment policies. Also, contact the University of Alabama at Birmingham Research Foundation (UABRF), a unit of the Bill L. Harbert Institute for Innovation and Entrepreneurship (HIIE), early in the process. These discussions will include the nature of your invention, how to protect the IP, and your interest in developing and commercializing the IP through a start-up company.

PROTECT INTELLECTUAL PROPERTY
Protect your invention before it becomes public. A major asset of a start-up company is its intellectual property. Obtaining a patent after public disclosure may no longer be possible, particularly outside the United States. The IP disclosure process is described on pages 7-8.
BUILD A TEAM

An employee’s role in any company is affected by a number of factors, including UAB policies around external activities, conflict of interest and conflict of commitment. Employee inventors, their deans and department chairs must consider the allocation of time and effort between their current role and the role in the proposed new business.

BUILD A BUSINESS MODEL

A detailed and well-thought out business model helps develop a thorough understanding of target customers and applications, market potential, competition, funding needs, plans for idea/product development, key management plans, and overall exit strategies. Pages 19-20 outline common elements of a business model.
PROTECT INTELLECTUAL PROPERTY

PROTECT YOUR INVENTION BEFORE IT BECOMES PUBLIC

DEFINITIONS

**Intellectual Property** (IP) refers to a category of intangible property rights comprised primarily of patents and copyrights.

A **patent** is a grant from the government that gives an inventor the exclusive right to make, use, and sell an invention for a period of 20 years. Patents for designs, as opposed to inventions, are given a 14-year period of protection.

A **copyright** is an intangible property right granted by the U.S. government to the author or originator of certain expressions of ideas. Works created today are automatically given copyright protection for the life of the author plus 70 years.
PROTECT INTELLECTUAL PROPERTY

DISCLOSURE PROVIDES THE GREATEST OPPORTUNITY COMMERCIALIZATION & PUBLIC GOOD

DISCLOSURE OF INVENTIONS
As a condition of UAB employment, faculty and staff are obligated to disclose all inventions to the UAB Research Foundation.

Disclose inventions by submitting an Intellectual Property Disclosure before making any form of public disclosure. Public disclosure is not limited to manuscripts and publications; conference presentations, posters and even correspondence with an outside entity or discussion with a colleague can be deemed a public disclosure.

HIIE ASSESSMENT
Once an invention is disclosed, HIIE licensing associates conduct a preliminary evaluation of the IP, considering factors such as patentability, benefit to the public, commercial potential, and patent rights of outside parties. If an invention is deemed commercially viable, the HIIE will begin marketing the invention to assess commercial interest and seek licensees or start-up resources.

PROTECTING INTELLECTUAL PROPERTY
If the HIIE decides to pursue patent protection, licensing associates will authorize and coordinate the process, engage a patent firm to draft the application, and begin working with the employee on commercialization efforts. In the case of patent-eligible technology, the completed patent application is submitted to the United States Patent and Trademark Office (USPTO) and/or other appropriate jurisdictions where protection is sought. UAB’s ownership and assignment of such to UABRF from UAB, in innovations created at UAB vests at creation by operation of law. At the time of patent application filing, legal documents confirming such assignment of the patent from the inventor to the UAB Research Foundation under the USPTO will be required. The patent process commonly takes three to five years from application submission to patent issue by USPTO. During this time, HIIE licensing associates coordinate with outside patent counsel and the inventors and respond to official communications from the USPTO to determine the scope of eventual patent rights.

INTELLECTUAL PROPERTY AT UAB: DETERMINING OWNERSHIP

| PATENTS | The patent application process is administered by UABRF. If the invention resulted from unrelated work outside the university, UAB may decide that it does not have a right of ownership. UAB employees are expected to comply with the university’s Patent Policy and to be aware of the Patent Agreement linked to the Board Rule 509. |
| COPYRIGHTS | Ownership of the copyright in the work depends on the conditions and funding of the particular work. If the work results from other intellectual activity, the copyright will generally belong to the individual. UAB employees are expected to comply with the university’s Copyright Policy and Authorship Policy. |
BUILDING A TEAM

NAVIGATING A NEW VENTURE

Assembling a cohesive team is an important early step in launching a start-up. Determining who will take part and establishing expectations concerning roles in, and commitments to, the company can be among the most difficult aspects of creating a new business. If the inventor is the main driver for forming the start-up, then he or she must consider personal goals, the needs of his/her family, and professional commitments. The inventor is the key to transitioning the technology from the lab to the business. Even if the inventor is not driving the process, he/she will still likely be involved in the start-up in some capacity.

Consider each founder’s role in the management team. Seek members with significant domain expertise, sales experience, management and fundraising experience and marketing know-how. Investors are usually interested in companies with strong teams; they may be less likely to fund even the best ideas if the right team isn’t in place.

CHOOSING A ROLE

When selecting a position in the new company, consider its current and long term needs, and how they may affect your role at UAB. Possible roles may include one or more of the following:

- Chief scientific or technical officer;
- Founder;
- Member of board of directors;
- Consultant; and
- Equity or ownership interest.

*UAB does not condone full-time employees or students also serving in employee or managerial roles such as a CEO, CFO, COO in a new business. See page 25 for more details.

Be aware of UAB policies concerning faculty involvement with outside entities, including the disclosure notifications, activity approvals, conflict of commitment requirements and the conflict of interest requirements, both individual and institutional. More on page 15.
BUILDING A TEAM
INTEGRATING INDIVIDUALS FROM UAB IN YOUR COMPANY

IN VolVEMENT IN A NEW VENTURE AS A UAB FACULTY MEMBER

UAB employees owe their primary professional allegiance to UAB. Their primary commitment of time and intellectual energies should be to the education, research and scholarship programs of the university. All university employees are required to obtain approval from their department chairs and deans for any external activity relating to a start-up company. The External Activity disclosure process is linked on page 17.

INVOLVING OTHER UAB EMPLOYEES

It’s important to discuss the opportunity fully when asking a non-faculty UAB employee to participate in a start-up company. UAB employees who are not faculty members must obtain written approval from their supervisor(s) before participating in start-up activities.

INVOLVING FOREIGN NATIONALS

Consider employment eligibility when building a start-up team. UAB hosts a variety of international and domestic students, scholars and faculty. Individuals studying or working at UAB who are foreign nationals may have certain restrictions for employment or other activities based on the nature and type of their visa. For example, an individual’s visa status may only permit his/her employment or enrollment at UAB; such restrictions will impact his/her opportunity to participate in the start-up company’s activities if they exceed the scope of activities permitted by the visa.

Furthermore, visas obtained by UAB for individuals to work or study at UAB are generally not transferable to an outside company. Transferring or applying for new visas can be prohibitively expensive for a start-up company. Consult with outside legal counsel for assistance.

The UAB Office of International Student and Scholar Services can provide preliminary information regarding the ability of the start-up company to involve foreign national students and employees.
BUILDING A TEAM
INTEGRATING INDIVIDUALS FROM UAB IN YOUR COMPANY

INVoLViNG STuDENTS ANd POST-DOCS

UAB recognizes that graduate student, post-doctoral student and trainee involvement in
outside companies may offer educational benefits to these students. This section of the
guidebook addresses the situation in which a faculty member teaching or supervising a
graduate student’s, postdoctoral student’s or trainee’s education or research has an
ownership or financial interest in an external company and believes the student may benefit
academically from employment with this external company. A faculty-owned company which
has been approved by the Entrepreneurial Oversight Committee may employ graduate
students, post-doctoral students and trainees while they are studying/conducting research at
UAB if (a) the employment benefits the student’s education/research in his/her academic
field of study; (b) the employment does not interfere with the student’s ability to complete
and publish the student’s dissertation or other academic manuscripts; and (c) the student’s
department manages the relationship between the faculty member and student properly to
avoid conflicts that may interfere with the student’s education/research.

UAB prioritizes the education of the student and requires the faculty member to give priority
to the education of the student as well. The faculty member must (a) ensure that the
student’s obligation to the company does not interfere with his/her academic obligations and
(b) grade the student’s academic work in a manner that is completely independent of the
student’s performance for the company.

Prior to the student’s employment, the student, the faculty member, the chair of the
student’s department, and the Graduate School Dean must create and approve an individual
development plan that delineates appropriate engagement with the company. This fully
approved individual development plan for the student shall be attached to the faculty
member’s management plan addressing the faculty member’s responsibilities to UAB.

In addition to being evaluated on the elements in his/her own
management plan, the faculty member will also be
evaluated upon his/her
management of the student in
accordance with the student’s
individual development plan.

Special rules apply to student
visas. Those visas generally will
not transfer to the external
company. The faculty member
should work with the appropriate
office to address student visa
issues and ensure compliance
with applicable law.
USING UNIVERSITY RESOURCES
POLICIES CONCERNING THE USE OF UAB RESOURCES & FACILITIES BY EXTERNAL ENTITIES

As a public institution, UAB is heavily subsidized by state and federal taxpayers and tasked with the performance of academic and scholarly research. A start-up company’s use or access to the university’s research infrastructure, facilities or equipment for its own projects, is governed by UAB policies concerning use of UAB resources by external entities.

COMPANY ACCESS TO UAB SERVICES/EQUIPMENT
The conduct of research by external entities in UAB space requires disclosure to, and prior approval by, appropriate departmental and school authorities. The charges for use of the resource must be set at an amount equal to all direct and overhead costs associated with providing the resource and making use of it. Use of UAB resources are governed by a contract between UAB and the external entity, and the UAB associate vice president for financial affairs must approve the charge structure. External entities must not use UAB expendable resources unless the full cost for replacement is included in the agreement budget. Likewise UAB services related to a non expendable resource must be captured in the budget agreement.

COMPANY RESEARCH PROJECT
A start-up company may wish for UAB researchers to conduct a research project for the company. This is accomplished through a research agreement that is negotiated, reviewed and processed through the UAB Office of Sponsored Programs. Projects should be appropriate for the university setting. For example, routine tests and work that are readily available through commercial entities are generally not appropriate to be conducted at UAB. UAB is required by federal regulation, state law and UAB policies to own any intellectual property developed by its employees and students. However, a research agreement negotiated with UAB allows the sponsoring company to negotiate a license to use any IP developed by UAB while performing the research project.

IRB, IACUC & OTHER REGULATED SERVICES
UAB’s human subjects’ research and protection, animal care and use, and health and safety programs are for the benefit of research activities involving UAB employees and researchers acting in their UAB capacity. These programs are subject to complex federal and state regulations and the responsibilities and risks associated with conducting human subject and animal research are significant. Under no circumstances may external entities or individuals, such as a faculty start-up company or a physician’s private practice, use the services of UAB’s research administrative offices under the pretext of UAB research activity unless UAB is engaged in a particular research project through a sub-agreement with the company and/or there is a specific agreement in writing between the company and UAB.
IMPLEMENTATION OF A DEVELOPMENT PLAN
During its early stages, a start-up company may seek the use of university facilities or resources. The Bill L. Harbert Institute for Innovation and Entrepreneurship (HIIE) can assist in coordinating such access. In cases of complex requests, the HIIE will refer the company to the Entrepreneurial Development Committee (EDC), who will work with the dean and department chair associated with the start-up company to develop and implement a development plan designed to support a successful, efficient and productive interaction with UAB regarding any approved use of UAB facilities and resources. The development plan outlines appropriate use and allocation of UAB resources while addressing state ethics concerns, compliance with applicable UAB policies and conflicts of commitment and interest requirements.
USING UNIVERSITY RESOURCES

ALABAMA ETHICS LAW

The Alabama Ethics Law applies to public officials and public employees, including UAB employees. Generally, the Alabama Ethics Law requires UAB employees to avoid conflicts of interest and refrain from using public property for personal gain. More specifically, a UAB employee may not use or cause to be used UAB equipment, facilities, time, materials, human labor, or other UAB property under his/her discretion or control for the private benefit or business benefit of the employee except as otherwise provided by law or pursuant to a lawful employment agreement. Likewise, a UAB employee may not use his/her position with UAB to obtain personal gain for himself/herself, a family member or any business with which the employee is associated. The Alabama Ethics Laws prevents UAB employees, or members of their households, or any businesses associated with these officials and employees, from entering into contracts for which UAB will provide payment unless the contract has been awarded through a competitive-bidding process.

The Alabama Ethics Law has implications for UAB employees that own or invest in start-up businesses. An employee of UAB should not use UAB property, including equipment, supplies or tools, for the benefit of a business related to the employee without participating in an internal review process to consider potential conflicts of interest and receiving the prior approval of an authorized UAB official. Given the complexity of such arrangements and the implication of the Alabama Ethics Laws, the UAB University Compliance Office and Office of Counsel should be engaged to provide advice regarding any such relationship.

In some instances, UAB will require the employee to participate in a management plan in order to use UAB property.

Moreover, the Alabama Ethics Law restricts the ability of businesses owned by UAB employees to enter into contracts to provide goods or services to UAB. Generally, businesses owned by UAB employees may not enter into such contracts unless certain exceptions are met, such as participation by the business in a competitive bid process.

A violation of the Alabama Ethics Laws may result in a criminal conviction for a public employee or official. Penalties include terms of imprisonment lasting up to twenty years and fines of up to $30,000.
USING UNIVERSITY RESOURCES

UAB POLICY ON CONFLICT OF COMMITMENT & CONFLICT OF INTEREST

CONFLICT OF COMMITMENT

UAB employees owe their primary professional allegiance to UAB. Their primary commitment of time and intellectual energies should be to the education, research and scholarship programs of the university.

The UAB Enterprise Code of Conduct requires employees be aware of the potential for conflicts of commitment and to “exercise initiative” to identify, review, and manage those conflicts appropriately. This policy applies to all UAB employees. The Enterprise Code of Conduct defines “conflict of commitment” as “a circumstance in which an employee’s engagement in external or internal activities compromises the ability to carry out his/her primary obligations and commitments to [UAB].” The Enterprise Code of Conduct further provides that the primary commitment of all employees’ time “should be toward their institutional responsibilities.”

There is not a bright line test for determining whether, overall, a faculty member is or is not making his or her commitment of time “primarily” to UAB. Determining whether you have fulfilled your “primary commitment” to UAB should be the result of a constructive process worked out between you and your chair. UAB Faculty Handbook and Policies Section 3.11.1 provides some guidance here, where it states: “Full-time faculty members may, with the approvals described below, contract to perform independent research, to furnish services as a consultant, or both, provided such activity (a) does not interfere with the performance of other responsibilities as a faculty member, (b) is limited in time, (c) is compatible with the interests of UAB as a public academic institution, and (d) does not require significant use of UAB resources or facilities.”

Refer to UAB Enterprise Conflict of Interest and Conflict of Commitment Policy the External Activity approval request and HR Policy 128 for the processes of requesting a prior approval for certain external activities and information related to the reporting of outside activity income as well as time and income limits.

FINANCIAL CONFLICT OF INTEREST (FCOI)

A financial conflict of interest is a situation where your outside financial interest(s) or obligation(s) may compromise or have the appearance of compromising your professional actions or judgment in the designing, conducting, or reporting of your university research projects. Disclosure and transparency are crucial to successful management of conflicts of interest. Acquiring a financial interest in a start-up related to your research will require you to file the appropriate disclosure(s) to the university. This include a Financial Disclosure and depending on your company role(s), approval request for External Activity(ies).

The Conflict of Interest Review Board (CIRB) is charged with the ongoing development of procedures for identifying, reviewing, and managing financial conflicts of interest (FCOI) as they relate to extramurally-funded research and all research involving human subjects regardless of the funding source.

The Office of the CIRB can offer resources, feedback, and support throughout the CIRB process.
USING UNIVERSITY RESOURCES
UAB POLICY ON CONFLICT OF COMMITMENT & CONFLICT OF INTEREST

INSTITUTIONAL CONFLICT OF INTEREST (ICOI)
Institutional conflict of interest may be created when UAB or senior official of UAB hold financial interests in a new company, including licensing agreement under which a new company pays UAB royalties, and/or an equity ownership in a new company. Such conflicts may affect, or reasonably appear to affect the design, conduct, reporting, review or oversight of research.

If you plan to engage or contract research to UAB, then either the Institutional Conflict of Interest Committee or the Conflict of Interest Review Board must review the arrangement, depending on the nature of the research.

INSTITUTIONAL CONFLICT OF INTEREST COMMITTEE
The role of the UAB Institutional Conflict of Interest Committee for Research (ICOI Committee for Research) is to review proposals to conduct human subjects clinical trial research at UAB in which it has been identified that either the institution or an institutional official has a financial interest that may influence or be perceived to influence the design, conduct, or reporting of such human subjects clinical trials research (an “institutional conflict of interest” or ICOI).

If this is applicable, you will need to contact the Compliance & Risk Assurance Office in order to submit the request to the ICOI Committee. This should be done in advance of submissions to the Office of Sponsored Programs and the Institutional Review Board.

CONFLICT OF INTEREST REVIEW BOARD
The Conflict of Interest Review Board (CIRB) is charged with reviewing, approving and managing ICOIs for all non-human subjects’ clinical trial research at UAB in which it has been identified that either the institution or an institutional official has a financial interest that may influence or be perceived to influence the design, conduct, or reporting of such research. Please contact the Office of the CIRB for more information.
UNIVERSITY WEB LINKS

QUICK LINKS TO FREQUENTLY-USED RESOURCES

EXTERNAL ACTIVITY LINKS
External & Internal Activities Policy Faculty Handbook 3.11
Employment & Other External Activities HR Policy 128
How to Disclose External Activities (OVPR page)
External Activities (University Compliance page)
External Activities (School of Medicine)

CONFLICT OF INTEREST AND CONFLICT OF COMMITMENT
UAB Enterprise Conflict of Interest and Conflict of Commitment Policy (applies to UAB, UAB Hospital Management, LLC, UAB Health System, University of Alabama Health Services Foundation, P.C., Eye Foundation, Inc., University of Alabama Ophthalmology Services Foundation, Valley Foundation, Triton Health System, LLC, VIVA Health, Inc., UAB Educational Foundation, UAB Institute for Innovation and Entrepreneurship, National Alumni Society of the University of Alabama at Birmingham, and University of Alabama at Birmingham Professional Liability Trust Fund.)
Institutional Conflict of Interest Policy
Conflicts of Commitment HR Policy 613 and 614
Procedure for Identifying and Managing Investigator and Institutional Conflicts of Interest - IRB PRO123
Required UAB COI Course

DISCLOSURE OF INTELLECTUAL PROPERTY
Ownership of Intellectual Property Policy Faculty Handbook 3.9 (Patent Policy)
Intellectual Property Disclosure Form
Revenue Distribution Agreement
BUILD A BUSINESS MODEL
AN OVERVIEW OF VENTURE FEASIBILITY AND BUSINESS PLANNING

A detailed business model outlines target customers, applications, market potential, competitors, funding needs, plans for idea/product development, key management plans, and overall exit strategies. Use this outline to help demonstrate your venture feasibility to potential investors and help your management team build the best case for your business.

EXECUTIVE SUMMARY (1-2 PAGES)
Write this section last. Present important but brief highlights using information from the feasibility or business plan documentation. Recommended topics to include:

- Attention grabber: Why is the venture novel and important? Touch upon its mission if possible. (3-4 sentences).
- Problem: A compelling statement of the issue, inefficiency, and/or problem situation that the venture intends to resolve.
- Opportunity: Identify key objective and external aspects of the environment (resources, physical space, clients, market sectors, communities) making up the context in which your venture will conduct business.
- Idea: What is the unique offering (innovation, product, or service) you are introducing into the context defined by the opportunity?
- Business concept: How will the venture make money and/or generate value? Describe the core transaction as simply as possible.
- Team: What makes your team a winning one? Don’t simply rehash each founder’s resume: explain how the background of each team member fits with the venture and illustrate the synergies.
- Strategic plan: How will the company compete and remain adaptable as you succeed? How do you plan to mitigate external threats now and in the future?
- The ask: How much funding are you seeking? What are you giving up for it? When can investors expect a return? What is your exit strategy?

INDUSTRY/MARKET ANALYSIS (5-10 PAGES)
Describe the industry your venture will enter, any relevant industry, and the entire potential market in terms of the following aspects:

- Total Addressable Market (TAM) – includes the entire market for your product and all the people worldwide that would buy your product.
- Serviceable Addressable Market (SAM) – includes the market you can acquire with your product.
- Service Obtainable Market (SOM) – includes the portion of the market that you can convince to use your product at six months, and one, two, and three years after launch.
- Explain the typical customer/client profile and how the venture serves them.
- Analyze the competitors and delineate how and where the venture fits.

*The length and importance of each section will vary at different stages of business maturity.
BUILD A BUSINESS MODEL
AN OVERVIEW OF VENTURE FEASIBILITY AND BUSINESS PLANNING

BUSINESS AND OPERATIONS (5-10 PAGES)
Provide an overview of the business and the market you plan to serve.

- Describe the business concept. What is the offering you are bringing to the market? Define whether it's a product or service: a B2C or B2B: retail, wholesale, or manufacturing. What does a typical sales transaction look like?
- Describe the current status of the venture in reference to its overall objectives and purpose.
- Detail what makes the business concept and the product or service distinctive.
- Summarize any intellectual property or proprietary rights, such as patents, copyrights, licenses, etc.
- Detail any milestones or metrics that will generate evidence of performance. Include a timeline if applicable.
- Describe critical risks regarding the product, external regulatory environments, or any potential venture performance hindrances that go beyond the regular risks associated with entrepreneurial activity.

MANAGEMENT TEAM (3-5 PAGES)
Highlight the structure of the business management team.

- Introduce each team member. Describe their background and experiences. Give insight into their long term professional goals if possible.
- Describe any history your team members share. For example, have they previously worked together on other ventures? For how many years? How are their skill sets and competencies complementary?

FINANCIAL ANALYSIS & PLAN (3-5 PAGES)
Present key documents to outline the financial outlook for the business.

- Summarize any assumptions on which the financials are based.
- Provide financial statements, including break-even analysis if applicable.
- Financing: Describe the preferred terms of deal, and the type of deal being sought. Include information about exit strategy or type of preferred deal.

APPENDIX
Include additional information to help establish credibility of the business idea.

- Profit and Loss Statement
- Balance Sheet
- Cash Flow Statement
- Team member resumes and CVs
- Tabled data or other voluminous information not appropriate for body text but worth referencing
- Bibliography and references
COMMERCIALIZATION RESOURCES
ON-CAMPUS PROGRAMS AVAILABLE TO EMPLOYEE INNOVATORS

CENTER FOR CLINICAL & TRANSLATIONAL SCIENCE INNOVATION PANELS

The Center for Clinical and Translational Science (CCTS) was established in 2008 and is funded by an award from the National Center for Advancing Translational Sciences. One of more than 50 CTSA programs nationwide and the only CTSA in Alabama, the regional CCTS (AL, LA, MS) serves a population with a heavy burden of cardiometabolic, vascular, and cancer related diseases. The CCTS offers Innovation Panels (iPanels) connecting researchers with tech transfer and business development experts. Researchers with potentially marketable discoveries that wish to explore the commercialization pathway can request an iPanel. Whether they are seeking help refining a novel idea, reaching potential customers, or developing entrepreneurial skills, CCTS iPanels can help chart the way forward. Visit www.uab.edu/ccts.

SBIR/STTR PROGRAM

UAB partners with a variety of startup companies and small businesses to support SBIR/STTR submissions. Small businesses interested in pursuing SBIR/STTR funding can engage UAB and its faculty to partner in research to assist moving technologies through the commercialization process. It’s important that small businesses work with UAB to manage relevant stages of the SBIR/STTR process, including the application, research and development plans, and subcontracting the award. See Appendix A for complete information about these programs, including guidance and expectations of UAB for working in this space. See Appendix A for detailed guidance about these funding mechanisms.

UAB I-CORPS & COMMERCIALIZATION OF LIFE SCIENCES RESEARCH

I-Corps is an accelerator program created by the National Science Foundation to develop early ventures and discoveries and accelerate them towards successful commercial ventures. I-Corps @ UAB provides the infrastructure, resources, advice, networking opportunities, training, and funding for motivated entrepreneurs to develop effective solutions to customer problems.

The five-week I-Corps@NCATS Short Course is offered regionally several times a year. Participants attend two face-to-face sessions (the kick-off and finale), and will conduct customer discovery during the three weeks in between, checking in virtually during “office hours.” Participants learn how to:

- Determine the commercial viability of an innovation;
- Develop a successful business case for securing funding;
- Grow a network of innovation partners, mentors, and potential collaborators; and
- Develop greater self-confidence and a new way of thinking about how to value the impact of research.

Visit www.uab.edu/icorps for more information.
LICENSE & OPTION AGREEMENTS
NEGOTIATING INTELLECTUAL PROPERTY AGREEMENTS WITH UAB

LICENSING

The UABRF is the contracting agency of UAB for intellectual property. A UAB employee and start-up company can expect the following during the licensing process:

- UAB will not license to an individual; only to an existing company or a start-up company. A start-up company must be able demonstrate that it has the resources to adequately develop/commercialize the intellectual property is wishes to license.
- Under a license agreement, UABRF will generally require the start-up company to agree to provisions that are consistent with licensing practices for any other commercial entity. The final license agreement must fall within the normal range of terms and conditions of similar licenses to non-inventor associated companies (taking into consideration the unique circumstances of each technology and transaction).
- The start-up company should find an appropriate non-UAB affiliated individual to negotiate the terms of a license agreement. This can be another person working for the start-up company, who does not have a conflict with UAB or it could be someone, such as an attorney, hired specifically to represent the start-up company in the negotiations.
- All start-up companies will be treated similarly as any other university licensee. If a start-up company fails to meet the diligence provisions, make financial payments or otherwise meet its obligations under a license agreement, the company risks losing the license.

TYPICAL AGREEMENTS

The UABRF can transfer its rights in and to intellectual property made at UAB and owned by UABRF through licensing agreements. The most common of these agreements are:

- Option Agreement: an agreement whereby an outside party takes a right to exercise an option to license a UABRF-owned intellectual property in a proscribed amount of time and under certain conditions set forth in the Option Agreement.
- Non-Exclusive License Agreement: an agreement whereby an outside party has a right to utilize UABRF-owned intellectual property on a certain basis but does not have the right to exclude others from using such intellectual property.
- Exclusive License Agreement: an agreement whereby an outside party has a right to utilize UABRF-owned intellectual property and to exclude others from using such IP in an enumerated Field of Use and Territory which are both set forth in the Agreement.

TYPICAL TERMS AND CONDITIONS

The HIIE staff negotiate intellectual property licenses and the Office of Counsel reviews all such contracts. Typical licensing agreements require some or all of the following terms based on the comparable market rates for specific innovations:

- Intellectual property protection expense reimbursement;
- A one-time licensing fee;
- Royalties on sales;
- Sublicensing rights, royalties and terms; and
- Where appropriate and satisfactory to both parties, equity in the start-up entity.
PURSUE FUNDING
COMMON SOURCES OF EARLY STAGE FUNDING FOR START-UP COMPANIES

Commercializing technology can be a capital-intensive process and entrepreneurs need to raise funds from investors and other sources. Research each funding source carefully to confirm a match with your interests and needs. Investors and grant programs will typically focus on specific markets or will provide funding only at certain stages of the company’s lifecycle. If your company does not match an investor or other funding source’s interests, there is little chance of attracting an investment, therefore adjust your pitch to address each investor’s interests.

FRIENDS AND FAMILY
During the earliest stages of company formation, entrepreneurs often use personal funds or funds provided by friends and family to launch the company. A “friends and family” round can provide critical seed funding. However, take care to assure that what the company provides in exchange for the funding will not unduly interfere with future funding opportunities.

FEDERAL GRANTS
The U.S. government provides innovation research grants to small business concerns, which can be great non-dilutive sources of initial capital. The Small Business Innovation Research (SBIR) program is sponsored by eleven federal agencies, including the National Institute of Health (NIH), National Science Foundation (NSF), and Department of Defense (DoD). SBIR funds can be used for industries including life science, physical sciences, information technology, and education technology. A sister program known as Small Business Technology Transfer (STTR) supports research and development performed in partnership with a university or non-profit research institution.

See Appendix A for more information on SBIR/STTR funding.

SEED FUNDING
Seed funding refers to money used to start a company. Most seed funding comes from family, friends and the entrepreneur. There are also specific seed funds that will invest small amounts into a business to help it get started.

ANGEL INVESTING
Angel investors are typically affluent individuals who have a personal interest in funding new companies. They are often willing to invest at earlier stages than venture capitalists, and with smaller amounts of funding in exchange for equity positions. The best angel investors for your company are ones with ties or direct experience in your market or industry, who can offer the start-up more than just money. Some angel investors will form groups to share research, vet opportunities and pool investments. These angel networks allow your company to pitch to many members at the same time.

VENTURE CAPITAL
Typical venture capital firms (VCs) invest after the seed funding round (i.e., during Series A, B or C) in exchange for an equity stake in the company. VCs raise substantial funds from other sources, such as institutional investors, and then invest the funds in high growth potential companies. VCs are typically hands-on, interacting with the start-up’s management team and will often help locate and place senior management into the start-up. VCs also typically require relatively high annualized return on the funds used to make investments.
LEGAL ENTITY
SELECTING THE RIGHT STRUCTURE FOR THE NEW COMPANY

Selecting the right structure for your business is a critical step when getting started. There are legal, financial, and managerial implications that relate to taxation, personal liability, and the industry in which you operate. It is important for you and your business to engage outside legal counsel as you move forward in developing your business structure.

C-CORPORATIONS
A C-Corporation is a more traditional form of corporation, typically with a board of directors elected by shareholders and executive officers appointed by the board. It is a completely separate entity from shareholders, which works to limit liability for shareholders. However, both income and dividends are subject to taxation, so a C-Corporation is effectively taxed twice. C-Corporations do have certain benefits, however, such as fewer restrictions on who may own stock and the ability to issue a preferred class of stock to investors.

S-CORPORATIONS
An S-Corporation has some of the benefits of both a C-Corporation and Limited Liability Company. While it is structured similarly to a C-Corporation, it has the benefits of being taxed only once, like an LLC. However, an S-Corporation does have certain drawbacks. It lacks the flexibility in management methods of an LLC.

Furthermore, stock ownership in an S-Corporation is more limited; an S-Corporation may have no more than 100 individual shareholders, who cannot be non-U.S. citizens or residents, and only one class of common stock can be issued.

LIMITED LIABILITY COMPANY
A Limited Liability Corporation, or LLC, is a separate entity from individuals for liability purposes, but is treated as a “pass through” for tax purposes, meaning that it is only subject to tax at the individual level and not at the corporate level. An LLC has the benefit of flexibility in management as it is not subject to many of the same governance formalities of corporations. However, ownership in the company is also significantly less liquid, as any transfer of ownership will typically require the consent of the other stakeholders.

<table>
<thead>
<tr>
<th>REQUIREMENTS</th>
<th>C-CORP</th>
<th>S-CORP</th>
<th>LLC</th>
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</thead>
<tbody>
<tr>
<td>Filing with state and payment of fee</td>
<td>None. Shareholders are not liable</td>
<td>None. Shareholders are not liable</td>
<td>Filing with state and payment of fee</td>
</tr>
<tr>
<td>PERSONAL LIABILITY</td>
<td>Elected board of Directors &amp; officers, Annual Meetings, Annual Reports</td>
<td>Elected board of directors &amp; officers, Annual Meetings, Annual Reports</td>
<td>Taxed Twice</td>
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<td>GOVERNANCE</td>
<td>Managed by directors &amp; officers elected by shareholders</td>
<td>Managed by directors &amp; officers elected by shareholders</td>
<td>Flexible management structure</td>
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<tr>
<td>MANAGEMENT</td>
<td>Stock</td>
<td>Stock</td>
<td>Ownership Stake</td>
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<td>CAPITAL RAISING</td>
<td>Transferred Twice</td>
<td>Taxed Once</td>
<td>Taxed Once</td>
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<td>TAXATION</td>
<td>Preferred Stock allowed; Unlimited number of shareholders; Fewer restrictions on stock ownership</td>
<td>Preferred Stock not allowed. Non-U.S. Citizens and Residents cannot hold stock.</td>
<td>No stock; only ownership stakes; Unlimited number of partners; Transfer of stake typically requires consent of other owners</td>
</tr>
<tr>
<td>INVESTOR RESTRICTIONS</td>
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</tbody>
</table>
LEGAL ENTITY
SELECTING THE RIGHT STRUCTURE FOR THE NEW COMPANY

ARTICLES & PLACE OF INCORPORATION

Corporations and limited liability companies do not legally exist until the formation documents have been filed in the chosen state of incorporation. When determining the state in which to form, consider the amount of state taxes that will be levied on the corporation and the legal framework that will apply to the organization. Some state laws have been friendlier to the management of corporations and LLCs than others. A knowledgeable attorney can help determine the type of business entity and the best location for your company to file.

SECURING CORPORATE COUNSEL

Sound legal advice is vital in both the founding and operation of the company. Obtain corporate counsel as early as practical for assistance in drafting initial filings, procedures and contracts, and considering intellectual property issues and corporate governance issues that may arise.

The company should consider its needs and its resources when choosing corporate counsel. In some cases, the company may seek counsel in a local firm. In other circumstances, particularly where there is a larger corporate operation or investment requiring more manpower or areas of expertise, a firm outside of Alabama with attorneys who specialize in certain types of transactions may be more appropriate. Size, areas of expertise, experience, reputation, and cost are all important factors in determining the best corporate counsel for the start-up company.

VIRTUAL VS. PHYSICAL COMPANIES

Another important decision in founding a company is whether to establish a physical or virtual presence. A physical company is a ‘brick and mortar’ entity, with a physical office space. While a physical company may be the more familiar and traditional route, it has certain disadvantages, such as increased expenditures on rent, utilities, and staffing. Because of the higher commitment of resources, physical companies usually take a more hands-on approach in the business.

Conversely, a virtual company holds no physical presence and instead relies more heavily on outsourcing portions of the business, such as research, development, production, marketing, and sales. Virtual companies typically have a smaller staff that manages outside entities working on its behalf. Because of this, start-up costs may be lower initially. A successful virtual company may eventually evolve into a physical company to permanently establish itself in the marketplace and become more self-sustaining and attractive to outside investors.

In addition to choosing between virtual or physical, start-up founders must also determine whether the company will be a for-profit or not-for-profit company. A not-for-profit company exists to perform good for the community or science. While there are tax benefits for a not-for-profit company, the proceeds from the corporation must be used for the benefit of the company and its mission, and may not be used to enrich founders and investors. Most business organizations formed to commercialize ideas created at a university are for-profit.
FREQUENTLY ASKED QUESTIONS

WHEN SHOULD I CONTACT MY DEPARTMENT CHAIR AND DEAN TO DISCUSS PROPOSED START-UP-RELATED ACTIVITIES?

As soon as possible. Their involvement from the beginning is critical to helping you succeed, particularly as they will need to approve of the activity and manage your conflicts of interest and commitment.

HOW MANY DAYS MAY I DEDICATE TO START-UP-RELATED ACTIVITIES?

It depends. Employment and other activities outside of UAB are regulated by HR Policy 128. External activities are allowed as long as they do not interfere with other institutional responsibilities as an employee, they are compatible with the interests of UAB as a public academic institution and they do not violate state law and policy related to use of UAB resources or facilities. Per HR Policy 128, faculty members may reasonably rearrange work schedules to release no more than 20 typical working days per year. Additional information is available in UAB Enterprise Conflict of Interest and Conflict of Commitment Policy and the “External Activities” section of the UAB Faculty Handbook.

AS A UAB EMPLOYEE, WHAT ROLE MAY I TAKE IN THE NEW COMPANY?

Generally, the licensing of technology to a company requires the assistance and support of the inventor(s) both before and after the execution of the license. The vision, passion and expertise of the inventor are often necessary in launching and sustaining an early stage technology company. Full-time faculty roles and responsibilities at UAB are incompatible with the significant managerial responsibilities associated with a startup business. Managerial roles at these types of businesses, such as president, CEO, CFO or COO, should be filled by professionals who possess the appropriate expertise and business acumen. An inventor may participate through consultant or advisory roles (e.g., chief scientific officer, chief technology officer) by following UAB’s External Activities approval process.

Accordingly, UAB will attempt to introduce qualified business professionals as early as possible in the development of business plans related to inventions suitable for licensing. Faculty inventors wishing to be involved in an early stage technology company should (also as early as possible) inform the IIIE and complete UAB’s External Activities process. Only in rare circumstances will a faculty member be approved to fill a managerial business role and remain a UAB employee. The dean and department chair of the faculty member will need to make a compelling case to the Entrepreneurial Oversight Committee for this default position to not apply.

IS THERE A LIMIT ON EQUITY INTERESTS IN OUTSIDE COMPANIES FOR UAB EMPLOYEES?

UAB has not established a limit on the amount of equity interests you can acquire as a UAB employee. However, the dollar value and/or the percentage of issued and outstanding shares your equity interests represents may trigger Conflict of Interest and—depending on activities associated with the equity interests—Conflict of Commitment disclosure and review requirements. Refer to the Conflict of Interest and Conflict of Commitment sections on page 15.
FREQUENTLY ASKED QUESTIONS

ARE THERE DISCLOSURE REQUIREMENTS IF I ACQUIRE A NEW FINANCIAL INTEREST?
You will most likely have additional disclosure requirements after you acquire a new financial interest. Your requirement to disclose will depend on a number of factors including but not limited to: the type/nature of your financial interest; whether or not your UAB research is related to the entity’s interests; and the types of sponsored research in which you are involved. The disclosure requirements are based on Conflict of Interest policies and the Conflict of Commitment Policy. For additional guidance, review the Conflict of Interest and Conflict of Commitment sections on page 14 or contact the CIRB.

HOW DO I ADDRESS MY POTENTIAL CONFLICT OF INTEREST IN RESEARCH?
The UAB Conflict of Interest Review Board makes determinations of conflict of interest as it relates to research; the dean and department chair make other conflict of interest determinations related to personnel, procurement and finances, or use of UAB resources. Each potential conflict of interest is unique therefore the CIRB considers multiple factors when determining whether or not additional safeguards are required to protect the objectivity of the research. Some factors the CIRB considers include but are not limited to: the study design, the status of the entity, and the nature of the Investigator’s financial interest. For ideas on how to address the potential COI issues, contact the CIRB.

WHAT IF I’M NOT READY TO LICENSE UAB TECHNOLOGY THAT WILL BE THE BASIS OF MY START-UP COMPANY?
A variety of agreements are available to serve the particular needs of the company at different stages of its growth. Initially a Letter of Intent may be sufficient. This type of short-term agreement provides for an exclusive negotiation period in exchange for limited financial consideration to UAB. This allows the start-up to do any necessary due diligence around the IP and business opportunity, to refine its commercialization plan and to negotiate the license without being concerned that another party will also be negotiating with UAB. An evaluation license or option provides the company with the ability to conduct more in depth due diligence, including evaluating how the technology works in the company’s hands or performing proof of concept experiments to confirm the viability of the company’s plans. A licensing associate at UABRF/HII can explain the different licensing arrangements to help you determine the best fit for your company based on its current circumstances.

WHAT HAPPENS IF MY COMPANY DEVELPES IP?
It is anticipated that, during its research and development activities, a company will develop new IP that is distinct from the in-licensed UAB IP. If the new IP is generated independently by the company without UAB resources or UAB employees, the company will usually own the IP. If UAB funds, facilities or employees were involved in generating the IP, UAB is likely to have at least a joint ownership position in the IP. Similarly, if no UAB resources are used but company employees and UAB employees are co-inventors or co-authors, IP ownership may be shared with the company in the resulting invention.

MAY I INVOLVE STUDENTS IN THE START-UP?
Yes, but prior approval may be required. If you have or will have supervisory or academic authority over the student you would like to involve, you must seek prior approval from your Department Chair. Refer to the Conflict of Commitment section on page 15.
# UAB Resource Map

<table>
<thead>
<tr>
<th>SUBJECT AREA</th>
<th>OFFICE</th>
<th>CONTACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resources and information related to creating a company</td>
<td>Bill L. Harbert Institute for Innovation and Entrepreneurship</td>
<td>Licensing Associates</td>
</tr>
<tr>
<td>Patent application</td>
<td>Bill L. Harbert Institute for Innovation and Entrepreneurship</td>
<td>Licensing Associates</td>
</tr>
<tr>
<td>Company sponsored research</td>
<td>Office of Sponsored Programs</td>
<td>Associate Director Industry Sponsored Research</td>
</tr>
<tr>
<td>Financial disclosure requirements related to research</td>
<td>Conflict of Interest Review Board</td>
<td>Conflict of Interest Administrator</td>
</tr>
<tr>
<td>Prepare for upcoming Conflict of Interest Oversight Committee review</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquire prior approval for External Activities of faculty members</td>
<td>School and Department</td>
<td>Dean and Department Chair</td>
</tr>
<tr>
<td>Start-up company's products have military end use or are subject to export control regulations</td>
<td>Office of University Compliance</td>
<td>Export Control Officer</td>
</tr>
</tbody>
</table>
THANK YOU

A NOTE FROM THE ENTREPRENEURIAL DEVELOPMENT COMMITTEE

This is an early version of a Start-up Guide for Employee Inventors and Entrepreneurs. The University of Alabama at Birmingham Entrepreneurial Development Committee aims to build, refine, and improve upon it based on feedback from the entrepreneurial community served. The following members of the EDC invite stakeholders to share thoughts, suggestions and comments by emailing oie@uab.edu:

Jason J. Nichols, OD, MPH, PhD, Chair
Office of the Vice President for Research
Associate Vice President—Research Engagements and Partnerships

Teresa Bragg, CPA, CHC, CRMA
Office of University Compliance
Chief Risk & Compliance Officer

Helena Christine, BA/MA
University of Alabama System/
UAB Office of Counsel
University Counsel

Cameron Earnhardt, JD
University of Alabama System/
UAB Office of Counsel
University Counsel

Saksham Narang
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Stephanie Mullins, CPA
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Chief Financial Officer

Patrick J. Murphy, PhD
Collat School of Business
Goodrich Endowed Chair of Innovation and Entrepreneurship

Kathy Nugent, PhD
Bill L. Harbert Institute for Innovation and Entrepreneurship
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Joseph Roberson, CCEP, CHRC
Office of University Compliance
Associate Risk & Compliance Officer

Andrew Smith, MD
School of Medicine
Department of Radiology
Associate Professor

Stephen Yoder, JD
Office of the Provost
Associate Provost for Academic Administration

Administrative Support
Frannie Horn, JD, EdS
Office of the Vice President for Research
Program Director

Briana Bryant
Bill L. Harbert Institute for Innovation and Entrepreneurship
Marketing Manager
APPENDIX A - SBIR/STTR FUNDING

UAB is committed to improving society through processes and products. Our campus abounds with innovations that can potentially benefit the public upon development and commercialization. UAB scientists are the source of a wealth of innovative ideas and may choose to form and operate a new company based on new ideas. The inventor/scientist provides the technical expertise and vision to guide a company’s initial research and development and his/her continued role in a company is based on their expertise and interests. However, as the company matures and additional investment is needed, the founder’s role will likely change. In established companies, the founder generally offers consulting services and may serve as an unpaid member of the board of directors or on the scientific advisory board. UAB has a long history of entrepreneurial activity and the university is supportive of its entrepreneurs. It is also an institution of public trust and strives to balance innovation and entrepreneurial activities with transnational transparency. This short guide is intended to lead new entrepreneurs to success and help to avoid common pitfalls.

SBIR/STTR GUIDANCE

A number of federal agencies receive mandated set-aside funding to support research and development activities under the Small Business Innovation Research program (SBIR) and the Small Business Technology Transfer program (STTR). Small businesses are eligible to apply for these grants and contracts with the goal of stimulation of technical innovation and private sector commercialization of technology developed through federally-supported research and development. These funds can only be awarded to small business concerns (SBC) as defined by federal regulations.

In some instances, the SBC applicant desires UAB faculty and/or other employees to participate in the research to advance the company’s development aims, facilitate the transfer of technology and improve the well-being and productivity of society. UAB employees also provide valuable experience and knowledge. In other cases, UAB faculty, students, and staff want to start companies and view SBIR and STTR grants as a good way to fund further research and development of intellectual property that they developed at UAB, which is not the intent of these programs.

While SBIR and STTR activities are encouraged, they may also give rise to conflict of interest and conflict of commitment issues, and should be discussed with division directors, department chairs, and deans. The University Compliance Office, the Office of Counsel, the Office of the Vice President for Research and the Bill L. Harbert Institute for Innovation and Entrepreneurship work collaboratively to balance support for entrepreneurial activities with compliance requirements. The following Guidelines and Frequently Asked Questions are intended to assist members of the UAB research community in addressing and, if possible, resolving, the potential issues that may arise when they want to participate in SBIR or STTR funded research.
APPENDIX A - FEDERAL GUIDELINES

FEDERAL SBIR/STTR PROGRAM GUIDELINES

Only small business concerns (SBC) may apply for SBIR and STTR grants. A SBC must be an independently operated, for-profit, American-owned business with 500 or fewer employees. UAB is not an SBC and is not eligible to be a direct recipient of SBIR or STTR, but does meet the criteria to serve as a Research Institution (RI) for such grants. The involvement of UAB occurs via a subcontract from the SBC to UAB. When there is involvement of UAB as the RI, there is a Principle Investigator (PI) for the SBC and a separate Principle Investigator (PI) for UAB.

SBIR:

- The SBIR PI must be employed more than 50% by the SBC. The SBC should be the PI’s primary employer, and thus, full-time UAB faculty are not eligible to serve in this role.

- SBIR SBC applicants may choose to collaborate with an RI but are not required to. If the SBC chooses to sub-contract with UAB or multiple RIs, the SBC must do 67% of the research during Phase I and 50% during Phase II.

- Some of the research must be conducted by the SBC in research facilities it either owns or controls (67% for Phase I applicants and 50% for Phase II applicants). The company must also demonstrate possession and use of a basic accounting system for Phase I awards and a system that is sophisticated enough to calculate “cost plus fixed fee” (CPFF) for Phase II awards. The company’s time keeping system must be able to capture total work effort and effort breakdown. A company whose research facilities consist of only a mailing address or a business office does not meet these eligibility requirements.

STTR:

- STTR SBC applicants must collaborate with an RI, subcontracting a minimum of 30% (up to 60%) of the proposed work to the collaborating RI. The RI must be a non-profit college or university, a domestic non-profit research organization or a federally funded Research and Development Center.

- 40% of the research must be conducted by the SBC in research facilities it either owns or controls. A company whose research facilities consist of only a mailing address or a business office does not meet these eligibility requirements.
APPENDIX A - UAB GUIDANCE

UAB SBIR/STTR PROGRAM GUIDANCE

Plans for proposed research to be conducted at UAB under the SBIR or STTR programs must be reviewed and approved by the UAB PI’s division director, department chairs or deans before the SBC submits the application. The entire proposal (not just the UAB subcontract/portion of the research) must be reviewed and approved, including the budget. The review will be based on the following criteria:

- The proposed work has scientific merit.
- The work constitutes good use of UAB research facilities.
- The work does not compromise the faculty member’s academic responsibilities or the staff member’s responsibilities.
- The subcontract is for a unique and specific scope of work distinct from the research funded by other outside entities, and for work that does not overlap with the UAB faculty member’s other research efforts.
- Budgets will reflect full cost recovery (direct and indirect) for the portion of the research project to be conducted at UAB, including the UAB PI and other personnel time.

Following school-level approval, the SBC’s full application must be submitted to UAB’s Office of Sponsored Programs (OSP) for review, a minimum of one week prior to the submission of the application, if UAB is acting as a collaborating RI per the application.

The SBC PI and the UAB PI completing the subaward portion of the research may not be the same individual. The SBIR/STTR policy, instructions and project percentage requirements-effort make clear that establishing a separation of entities and roles is important. Having the same person on both sides of the collaboration blurs the respective parties’ roles, responsibilities and commitments. If UAB faculty are committed 100% institutionally to the university, they are not likely have the effort available to meet the effort requirement of service as the SBC PI for the purposes of SBIR/STTR. UAB faculty members that want to serve as SBC PIs must be prepared to reduce their time commitment to UAB to less than 100%.

If the SBC is using UAB owned intellectual property, or working with a UAB PI, the SBC should contact the HIIE before submitting its grant proposal. In general, the SBC must first negotiate a letter of intent, option or license prior to the submission of the SBIR/STTR application, and should have an agreement about how to handle the creation of new IP that could arise from the UAB PI research activities.

The SBC’s portion of the research should be conducted only at the SBC’s research facilities, not at UAB or the UAB PI’s laboratory.

OSP provides service and support for the UAB side of the research, i.e. letter of intent for collaboration, subcontract execution, etc. but is unable to assist the SBC with the company portion of an SBIR/STTR or other company proposal for research.
APPENDIX A - SBIR/STTR FAQs

I AM A UAB FACULTY MEMBER WITH A NEW START-UP COMPANY. I WANT TO APPLY FOR SBIR FUNDING AND UAB (SPECIFICALLY MY LAB) WILL BE THE RESEARCH INSTITUTION PARTNER. HOW CAN MAKE THIS A SMOOTH PROCESS?

- Reach out to your dean, department chair or division director to facilitate pro-active consideration of the situation. It is the dean or division director’s responsibility to ensure that the conflict of interest and conflict of commitment can be adequately managed and a COI/COC management plan be instituted and complied with for all parties.

- Ensure that any equity interest in the start-up company has been fully disclosed with the Conflict of Interest Review Board via their electronic filing system. Interest in a start-up company, even if the value is nothing or unknown, meets the criteria for a Significant Financial Interest (SFI) and must be disclosed and appropriately managed.

- Ensure that there is a designated PI of the SBC (company) portion of the research and that there is a designated PI of the UAB (RI) portion of the research, and that they are not the same person.

- Ensure that the full application is submitted to the UAB OSP at least one week before you plan to submit the application. Ensure your company has adequate resources to carry out the SBC portion of the research: both technical and administrative. UAB resources may not be used to apply for the STTR or used to perform the SBC portion of the research.

Important links: COI/COC policy CIRB electronic disclosure process

I HAVE A START-UP COMPANY WITH A COLLEAGUE AND WE WANT TO APPLY FOR AN SBIR AWARD. I AM A FULL-TIME FACULTY MEMBER AND MY COLLEAGUE IS A FULL-TIME UAB EMPLOYEE (RESEARCH SCIENTIST I). THE PROJECT WILL INVOLVE A SUBCONTRACT TO MY LAB AT UAB. CAN MY COLLEAGUE SERVE AS THE SBC PI WHILE I SERVE AT THE UAB PI ON THE SUBCONTRACT?

- Possibly. While you may be able to serve as the UAB PI on the subcontract (If the conflict of interest is manageable through a Management Plan formed by your school), your colleague would need to reduce her or his UAB employment to no greater than 49% to serve as the SBC PI. This means that the UAB employee will not be eligible for most UAB benefits.

- To serve as the SBC PI, the SBIR program requires that the individual be primarily employed by the SBC (51% or greater employment).
APPENDIX A - SBIR/STTR FAQs

I WOULD LIKE THE RESEARCH ADMINISTRATOR FROM MY DEPARTMENT TO HELP ME PREPARE THE SBIR APPLICATION FOR MY COMPANY. UAB IS THE RI ON THE SBIR PROPOSAL. IS THIS OK?

No. University resources may not be used to perform the SBC’s portion of the work, including proposal preparation. The research administrator can provide support for the UAB side of the research collaboration, performing such tasks as preparing the UAB budget, obtaining the Letter of Support from OSP and preparing the subcontract upon award.

CAN STUDENTS WORK FOR THE SBC IN WHICH THEIR UAB SUPERVISOR OR PROFESSOR HAS A FINANCIAL INTEREST WHILE THEY ARE ENROLLED AT UAB?

Possibly. The potential benefits of being involved in a faculty member’s outside activities should be weighed against other considerations such as the student’s ability to concurrently work and effectively engage in their academic activities. Students should share their particular situation with the dean of Graduate School or the associate dean for postdoctoral affairs who will consult with the Entrepreneurial Development Committee. Students who are UAB employees should refer to the question below about UAB employees.

CAN UAB STAFF EMPLOYEES TAKE ON OUTSIDE RESPONSIBILITIES WITH AN SBC?

No. Non-faculty employees should not engage in activities which create a conflict of interest or commitment between their UAB responsibilities nor should outside employment interfere with the performance of their UAB duties.