



Utah Governor's Office of
Economic Development
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Governor's Office of Economic Development

Technology Commercialization and Innovation Program

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The Technology Commercialization and Innovation Program (TCIP) is a grant program within the Governor's Office of Economic Development (GOED). TCIP creates positive economic impact in the state of Utah by assisting early stage companies commercialize their technology and take it to market. The purpose of the grant program is to support the growth and commercialization of promising technologies developed by private sector entrepreneurs and by students and faculty of Utah's higher education communities. Grants are small funding opportunities provided to a wide range of projects at critical points in their product life cycle. To be eligible for a TCIP grant, applicants must either be affiliated with a Utah-based university, or be a small business as defined by the U.S. Small Business Administration and whose principal place of business is Utah. The strength of the program comes from mentorship and entrepreneurial curriculum that is made available to award recipients as part of the grant program.

How is success measured?

Success is measured through following the metrics we collect on an annual basis for five years after entering into a contract with the company and disperse funds and provide mentorship. The two major pieces of information we're interested in are 1. New Jobs Created and 2. Additional Capital Raised. We also take into consideration the milestones which are completed and the feedback we get from the mentor program as companies fill gaps and learn additional skills to help fortify their businesses as they grow and commercialize.

- Annual Revenue
- Additional Capital Raised
- Full Time Jobs Created
- New Customers
- Payroll
- Additional Patents Created
- Updates on how funds are used
- Updates on general status of project

Lessons Learned:

Successes:

Distal Access is a company that received TCIP funding in 2016 which successfully acquired by Boston Scientific for over \$58M with substantial payouts coming upon completion of milestones through 2018. Boston Scientific has expanded their Resectr launch and is manufacturing the product while also including it in their investment presentation this year. Shawn Fojtik who is the point of contact for the project mentioned TCIP funding came at a critical time to help move the technology forward at a critical time when funding was scarce and progress was imperative to keep the project on track. Their product significantly reduces the price for a critical device tied to women's health and is now being developed for other aspects of care. We learned that having a strong and experienced team can make all the difference with a unique product and that markets may be larger than originally anticipated. Mentors and strong team members can push a project to the next level with proper funding.

Verum is another example where TCIP funds came at a critical time and pushed a project forward. The founders of the technology had hit a wall after using their own funds and were unsure if they could place additional funds on the risk of not having enough evidence that their technology would work. It required additional prototyping and animal testing. They said if they could get grant money, double it up with more of theirs and push forward and get good results they might have something. They did, got the results they needed and used those to work with a partner company with deep pockets they could license the technology to and move it forward. Because of the TCIP funds they kept the jobs in Utah, found manufacturing partners here and kept the project here as opposed to moving it out of state. TCIP was used to de-risk the technology, couple it with additional matching funds, and because of the 5 year contract companies enter into they kept the jobs here in Utah when it was able to move forward with commercialization. From this example we learned that the program is setup properly through the review process to find companies like Verum and come in at the exact right time to help them grow. We also recognize the power in having companies commit to reporting for 5 years and that it helps keep them here if acquired or if the technology is licensed.

Homie received funding in 2016 and credits TCIP as a benchmark which encouraged additional funding from venture capital. They have expanded platform to assist customers buy and sell their home without the need of a real estate agent at a

significant discount. They have focused on the Utah market and have created over 90 jobs in Utah in two short years. We learned that finding solid software companies at an early stage pays off and that our focus on a wide variety of industries is a strength of the program.

Failures:

Argo Fuels is a TCIP recipient in 2015 who has ceased contact with our office and has not returned phone calls, emails, or even social media contact for two years. They have breached their contract and not submitted their annual reports for 2017 and 2018. We have no idea what the status is of the project and look to recapture funds after working with our representative with the attorney general's office. We learned that the changes the program has made over the years has fortified it and helped us avoid projects like this one.

Weedebot is another failure which was a part of the 2015 cohort. It is a dead project which never raised additional funds and moved forward very slow because of it. They lost out to gaining ground in the market to a competitor which was better funded and solved the problem better. Even with help from mentors this project was not able to move forward because of a weak team and the fact the technology was very early stage with only prototypes. This is something that was remedied in 2016 as TCIP focused on later stage technology development, stronger teams, and stronger potential for matching funds. This project taught us that even though robotics are an industry we'd like to support in Utah we need to be more vigilant in vetting and be able to say no.

Some companies are using TCIP funding to push back the need to raise funds from the private sector whether that's angel, seed, or vc. Implementing a strict matching funds component or a non-recourse loan to companies would help combat this type of behavior while ensuring technology startups have sufficient access to capital to ensure they don't get caught in the valley of death before they commercialize their technologies. This is a great example of how we can change the program to help de-risk taxpayer money and have alternative funding mechanisms that help companies while also holding them to a higher standard with non-dilutive funding.

Public/Private Partnership:

Support is strong for programs which encourage innovation and technology development and commercialization. BioUtah was able to successfully lobby the legislature to provide additional funding to TCIP to the tune of 1M in additional funding to bring the total amount to 2.5M for the total fund of ongoing grant funding to new technologies. Not just for Life Science companies, but for all industries knowing theirs would specifically benefit from the program. Talking to Business Resource Centers,

Tech Transfer Offices, and the greater entrepreneurial community will provide critical positive feedback for technology grant programs like TCIP.

Operations:

TCIP is a lean operation with one full time employee managing the grant while also acting as the Life Science Cluster Director. Through Salesforce and other tools the program has become streamlined and organized which produces a top notch experience through the solicitation, review, and awarding process as well as for invoicing and reporting. TCIP finds its strength in the review committee made up of made up of over 50 members with new members added and others removed each year. It has a diverse background consisting of members from inside and outside the State of Utah with PhD level technical experience, Scientists, Successful Serial Entrepreneurs, C-Suite Level Executives, Investors, Venture Capital, Finance, & IP Attorneys. (all signed conflict of interest documents)

Recommendations:

Alternative funding sources:

Alternative funding sources could be from a non-recourse loan fund, public/private partnership with investors in which we collectively provide funding or have a strict matching funds component. Other regions which are able to take an equity stake in companies self-fund their programs from the investments which have matured and materialized from past investments. Utah would need to make an adjustment in their constitution for this type of activity to be allowed.

Program Alignment:

The program needs a complete refresh moving forward; working with the program evaluation team within GOED a clear alignment between statute, rule, and policy is continuing to move forward. Discussion around clearly identified impact and outcome based performance measures has also begun and will change the discussions with companies, making the program stronger.

The potential requirement for matching funds and the addition of non-recourse loans in the mix will require changes to statute, rule and policy which will also create additional discussion.

Technology Readiness Levels are important to track but getting that specific in dividing the roles of various programs all depends on the fate of how they'll all integrate together so they better complement one another. This is a great opportunity to take a deeper look than ever before, work with the legislature and fortify the program to make it even stronger than it is now.