



MISSISSIPPI STATE
UNIVERSITY™

Learning through lawyer jokes: Innovation and Entrepreneurship at MSU

*Dylan White
Eric Hill
Jeremy Clay*

10/26/2021



- Introductions
- Services
- Lawyer
Jokes/Questions

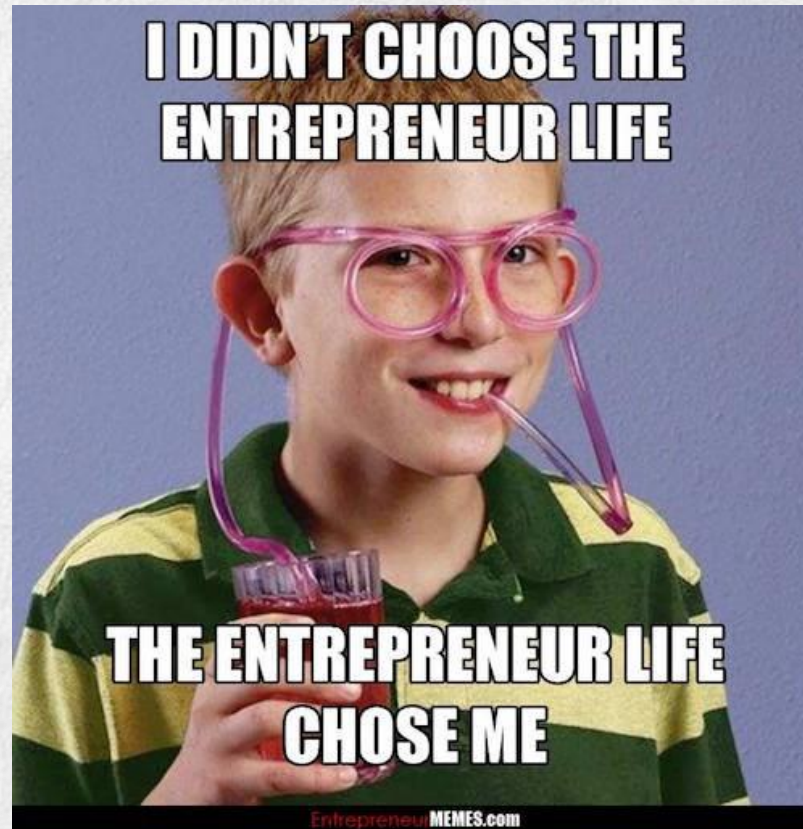


By: Brian Jackson



MISSISSIPPI STATE
UNIVERSITY™

Introductions- Eric, E-Center



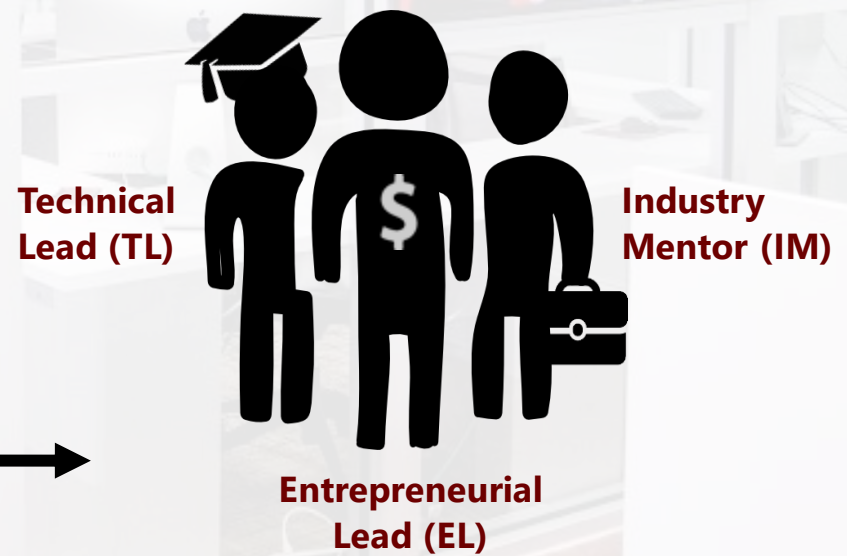


NSF I-Corps at MSU



Specialized Program for Faculty & Grad Students

- **\$3k micro-grant** to determine if technology has market potential
- **Pathway to up to \$2M in 0% equity** funding for exploring market potential for advanced technology
- Entire team gains **NSF grant lineage**





MSU VentureCatalyst™

Structured program from **idea** to **funded company**.



FUND

Up to \$7,500 in capital to identify customers and build prototypes



TRAIN

Three training courses on business essentials taught by entrepreneurs



MENTOR

Meet with executives one-on-one and learn from successful alumni



MSU VentureCatalyst™ Fund

Up to \$7,500 in startup capital at 0% equity.

1

\$500

2

Up to \$2,000

3

Up to \$5,000

PREP

- Students and recent grads
- Founded a company that has:
 - a) Revenue exceeding \$25k
 - or b) Raised more than \$75k

ECAB

- Mix of execs and researchers
 - a) Founder or exec of a company with more than **\$1M** in sales or investment
 - or b) Active researcher in entrepreneurship

IRC

- Experienced entrepreneurs who founded venture-backed companies
 - a) **\$5M+** sales or capital raised



MISSISSIPPI STATE UNIVERSITY

Funding vs. TRL

Res. Grants	NSF ICorps	NSF PFI	SBIR / STTR	Friend / Fam	MSU Ven. Cat	Crowd funding	Angel	VC	TRL
						Green	Green	Green	9. Actual system proven through successful mission operations.
						Green	Green	Red	8. Actual system completed and qualified through test and demonstration.
						Green	Green		7. System prototype demonstration in an operational environment.
			Phase 2	Red	Green	Red	Red		6. System/subsystem model or prototype demonstration in a relevant environment
			Phase 2	Green	Green	Red	Red		5. Component and/or breadboard validation in relevant environment
Red			Phase 2	Green	Green	Red			4. Component and/or breadboard validation in laboratory environment
Red		Green	Phase 1	Red	Green				3. Analytical and experimental critical function and/or characteristic proof of concept
Green	Green	Green	Phase 1		Red	Red			2. Technology concept and/or application formulated
Green	Green	Red	Red						1. Basic principles observed and reported
	\$50k	\$200-750k	< \$1.5M	< \$100k	\$7.5k	< \$1M	< \$1M	> \$10M	



A note about angel deals

- <\$1M Investment, (typical \$100-300k)
- Goal: 10x returns in 3-5 years
 - E.g. \$100k in, want \$1M out.
- They need an exit out of your deal
- Typical deal is 3-8x earnings
- Invests in **companies**, not **inventions**.



MISSISSIPPI
UNIVERSITY

What goes into an investment?



	Round Up/Down	Way Up
COMPANY	Founders Ownership	High
	Team Intelligence	Very High
	Attracts Capital	Extreme
	Attracts Talent	Extreme
	Energy & Drive	Extreme
	Team Completeness	Two Founders
	Track Record	Prior Startup
	Prior Exit	Low
	Vision	Very High
	Focus	Very High
Location	Proximity to Tech Centers	Very High
PRODUCT	Level of Autonomy	High
	IP Ownership	Strong IP + More in the works
	State of Technology	Live 1.0
	Mobility	Extreme
	Design Focus	High
PROFIT	Market Type	New
	Market Size	100B+
	Global Application	Extreme
	Market Growth Pace	Very High
	Competition	Low
	Traction & Growth	Traction
	Growth	Very High
	Organic	Very High
Revenue Drivers	Sales Process	Mostly offline / Some online
	Transaction Volume	High
	Revenue Upside	Very High
	Gross Margin	60%+
Macroeconomic Risks	Macro Risk	None
Other Risks	Legal/Reg. Risk	None
Monopoly Potential	Leadership	High
	Commoditization Risk	Low



So, which do you choose?

- License to Existing Co.
 - Lower risk
 - Less uncertainty
 - Minimum to no time commitment
 - “Mailbox money”
 - Often can open a long-term relationship for future inventions
- Start a Company
 - Much higher risk
 - Extreme uncertainty
 - 20-40+ hours of ~~uncompensated time~~ sweat equity
 - If successful, far more lucrative financial **reward**



About that reward...

Let's say you patent an invention that results in a new product that could retail for \$200 and costs \$100 to make. The market is approximately 50,000 units per year.

- License to Existing Co.
 - OTM licenses it for 4% gross sales royalty.
 - You sign some papers and sit back.
- Start a Company
 - OTM licenses it to your startup for 4% gross sales
 - You:
 - Research the market
 - Write a business plan
 - Pitch and raise money
 - Hire a team
 - Build a brand
 - Try to make it... fail.
 - Repeat. Get to 50k units per year in 3 years



About that reward...

Let's say you patent an invention that results in a new product that could retail for \$200 and costs \$100 to make. The market is approximately 50,000 units per year.

License to Existing Co.

- Revenue: $\$200 \times 50,000 = \10M
- COGS: $\$100 \times 50,000 = \5M
- Gross Sales = \$5M
- MSU gets \$200k
 - Your share: **\$92,500**

Start a Company

- Revenue: $\$200 \times 50,000 = \10M
- COGS: $\$100 \times 50,000 = \5M
- Gross Sales: \$5M
- MSU gets \$200k
 - So, you *still* get: **\$92,500**
- But your company gets \$4.8M for op. expenses & profit!
- Net margin ~20%
- You split **another \$960,000** with other shareholders.



Scorecard?...

Let's say you patent an invention that results in a new product that could retail for \$200 and costs \$100 to make. The market is approximately 50,000 units per year.

- License to Existing Co.
 - If there's a licensee ready out there...
 - You made **\$92,500/yr** doing nothing.
- Start a Company
 - If you're successful and still own 50% of the business...
 - You made **\$572,500/yr (6x)** but did a ton of work.

MSU may not pay the highest salaries, but commercialization can enable you to easily outpace your peers!

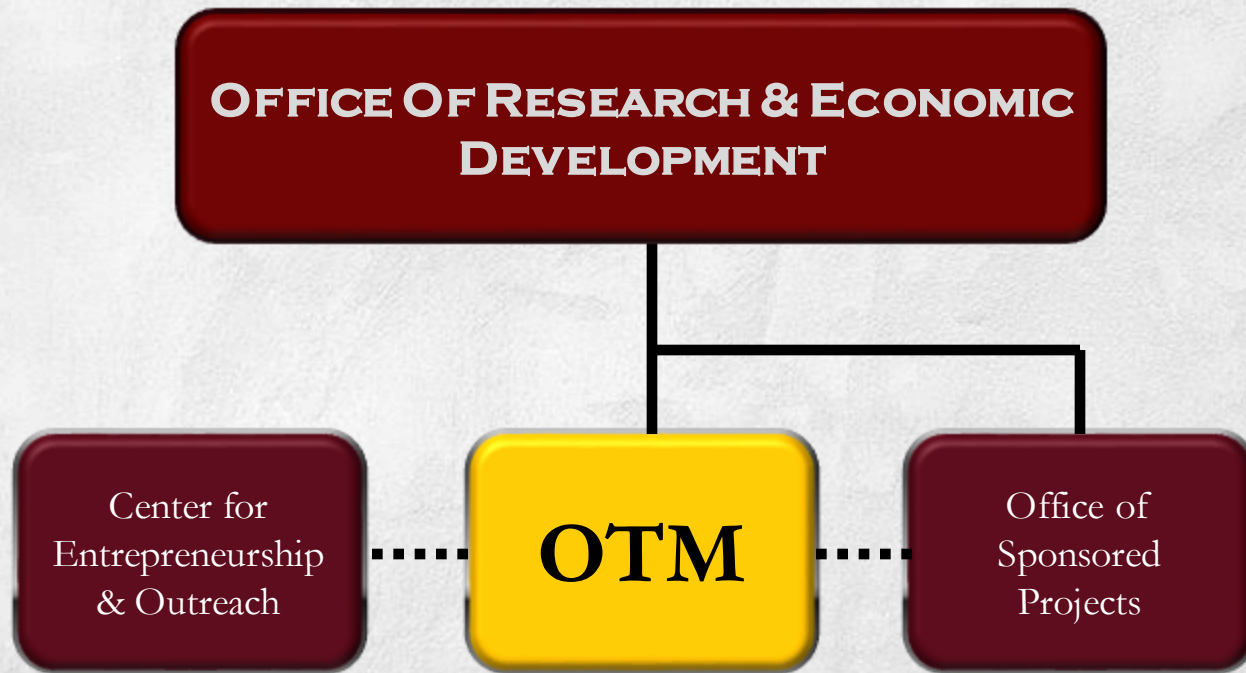


MISSISSIPPI STATE
UNIVERSITY™

Introductions- Jeremy, OTM



Patent pending, new TV tray





Technology transfer



Economic development



GPS

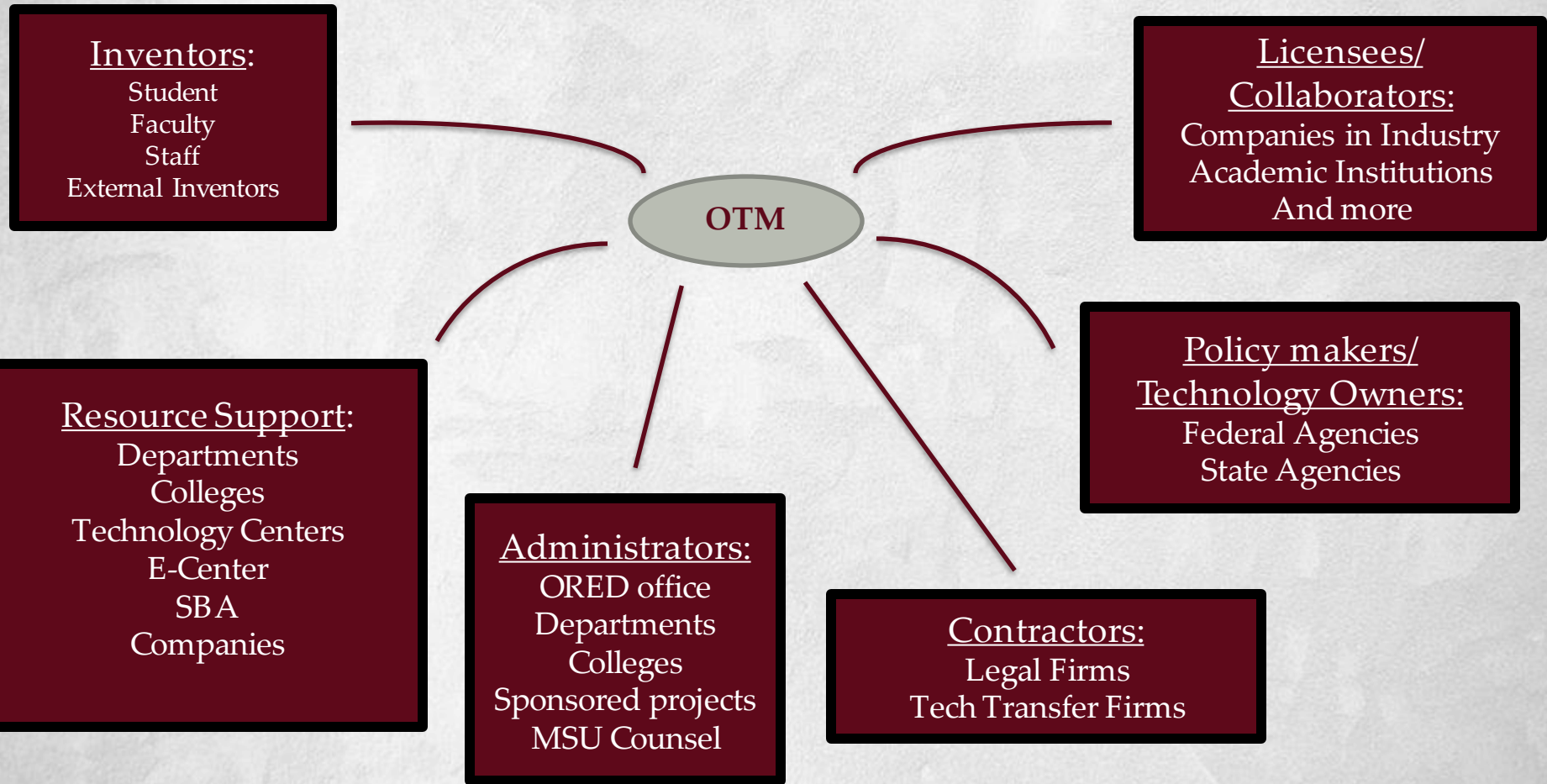


Services:

1. **Reporting IP to Fed/State Sponsors**
 - Bayh Dohl compliance
 - MSU IP Policy compliance
2. **Assist with IP Protection**
 - Patents
 - Copyrights
 - Trademarks
3. **Assist with Collaborations**
 - Material Transfer
 - Sharing Confidential IP
4. **Assist with Commercialization**
 - Licensing
 - Start-ups
5. **Presentations on Intellectual Property**
 - Senior design classes
 - Faculty/Staff



About OTM





MISSISSIPPI STATE
UNIVERSITY™

OTM/E-Center Inventor's Guide

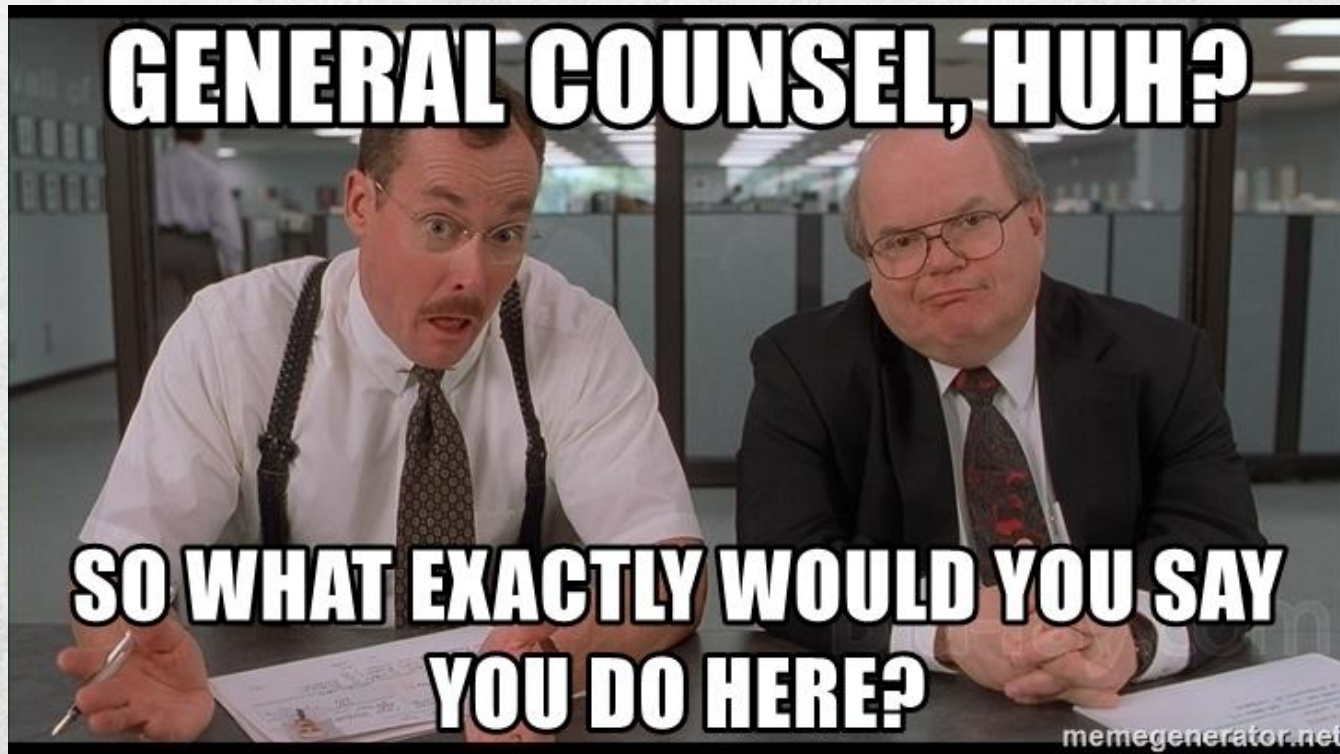


www.otm.msstate.edu

Under the Inventors tab



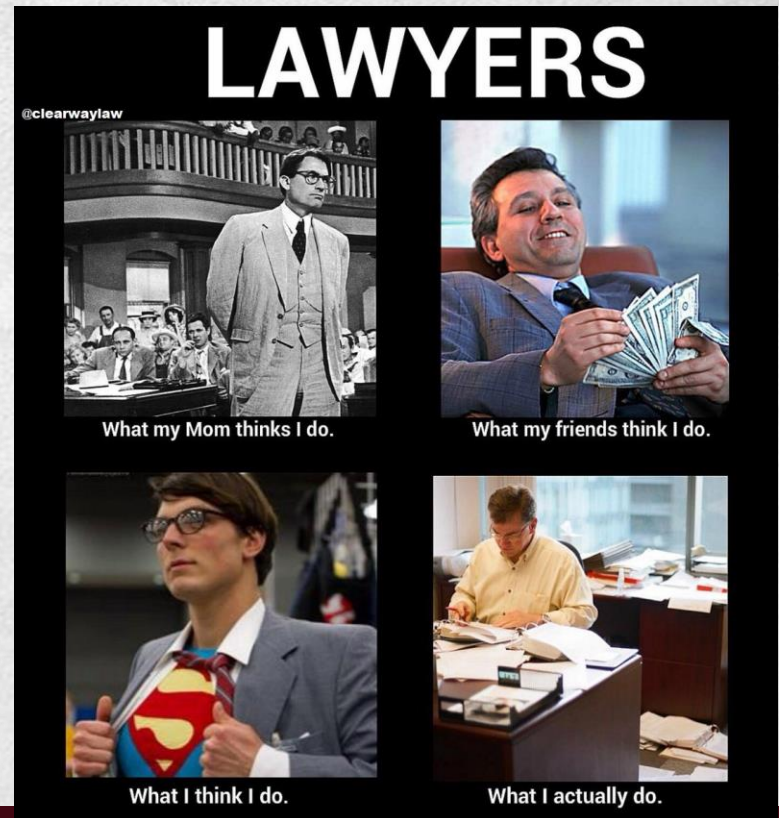
MISSISSIPPI STATE
UNIVERSITY™
Introductions- Dylan, GC





MISSISSIPPI STATE UNIVERSITY About General Counsel

- CONTRACTS, CONTRACTS, CONTRACTS!
- Waivers
- Problem Solving





MISSISSIPPI STATE UNIVERSITY Lawyer Jokes/Questions

Can I just call general counsel,
before I screw something up?





MISSISSIPPI STATE UNIVERSITY™ Lawyer Jokes/Questions

“Do you know the difference between a research rat or mouse and a lawyer,...there are some things a rodent will not do.”

Who should I talk to if I want to start a company related to my work at MSU?



MISSISSIPPI STATE UNIVERSITY Lawyer Jokes/Questions

Copyrighted Material

ARGUING WITH
A LAWYER
IS LIKE WRESTLING
A PIG IN MUD
SOONER OR LATER
YOU REALIZE
THAT THEY LIKE IT.



Copyrighted Material

- How can faculty benefit from participating in I&E?



MISSISSIPPI STATE UNIVERSITY Lawyer Jokes/Questions

- “On a hot West Texas summer day, two old Texas Cowboys had just finished attending the burial of a dear departed friend. As they walked about the cemetery looking at inscriptions on tombstones, they happened upon one that caused them both to stop and ponder. The epitaph read “Here lies an honest man and a lawyer.” After standing there a few moments, one of the old wranglers took his red bandana from around his neck, wiped his sweating weather beaten brow and said, “Isn’t that something...all this open land out here in west Texas and they put two men in the same grave.”
- Are there resources/training at MSU to help me start a business?



MISSISSIPPI STATE UNIVERSITY Lawyer Jokes/Questions

What happens when an agreement gets sent to general counsel for review?





MISSISSIPPI STATE UNIVERSITY™

Lawyer Jokes/Questions

How do I disclose a new invention?

The screenshot shows a web browser window with the URL otm.msstate.edu/inventors/disclosing-marketing-ip. The page header includes the Mississippi State University logo and the text 'MISSISSIPPI STATE UNIVERSITY™ OFFICE OF TECHNOLOGY MANAGEMENT'. A search bar is present with the text 'Search Office of Technology Management'. Below the header is a navigation menu with links for 'Inventors', 'Entrepreneurs', 'Industry', 'Technologies', 'Related Links', and 'About Us'. The main content area is titled 'Disclosing and Marketing IP' and includes a sub-section 'When to disclose'. The text in this section reads: 'The Office of Technology Management should be contacted early in the development of the intellectual property in order to assure all IP rights are protected. Please contact the OTM office whenever you think your idea is patentable and you are considering a proposal, presentation or publication.' To the right of the main text is a sidebar menu with the following items: 'Determining IP Ownership', 'Disclosing and Marketing IP' (highlighted in red), 'Commercialization Process', 'Material Transfer Agreements', 'IP Policy', 'Inventor's Forms', and 'FAQ'.





MISSISSIPPI STATE UNIVERSITY Lawyer Jokes/Questions

- As a boy growing up in a small southern Mississippi town, people used to ask me if I was going to practice law like my father and brother. I always told them no, I was going to be a scientist, because someone in the family had to make an honest living. Hart Bailey
- Can the E-Center connect me to investors?





MISSISSIPPI STATE UNIVERSITY Lawyer Jokes/Questions





MISSISSIPPI STATE UNIVERSITY Lawyer Jokes/Questions

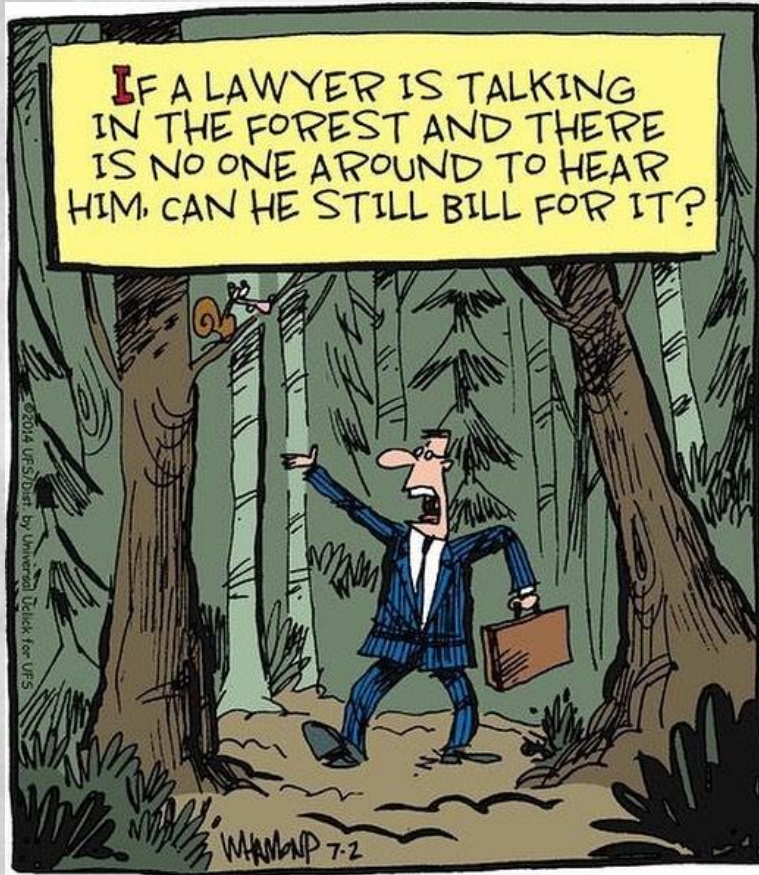
Google articles telling you to hire a tax lawyer, but you are the tax lawyer.





MISSISSIPPI STATE
UNIVERSITY™

Lawyer Jokes/Questions





MISSISSIPPI STATE
UNIVERSITY™

Follow-up Questions?

Dylan White, 662-325-8131

dwhite@legal.msstate.edu

<https://legal.msstate.edu/>

Eric Hill, 662-325-3521

ehill@ecenter.msstate.edu

<https://ecenter.msstate.edu/>

Jeremy Clay, 662-325-8222

jeremy.clay@msstate.edu

www.otm.msstate.edu

