



# OHSU

## STARTUP GUIDE

For Faculty, Researchers and Students at  
Oregon Health & Science University



## About this Guide

Some of the information in this guide is relevant for outside entrepreneurs (who are neither employees, nor contractors at OHSU) that are looking to start a company based on a current OHSU technology. These individuals are required to work with TTBD throughout the process.

This guide is best read in its electronic format so as to best access the links provided.

The OREGON HEALTH & SCIENCE UNIVERSITY (OHSU) STARTUP GUIDE is for faculty, students, and staff members at OHSU.

THIS GUIDE serves as:

- An overview of the processes for forming an OHSU startup company;
- A review of relevant OHSU policies that a faculty, student, or staff member needs to know; and
- A reference tool for OHSU and local entrepreneurial and community resources that may aid faculty, students, or staff members through startup launch and development.

The TECHNOLOGY TRANSFER & BUSINESS DEVELOPMENT (TTBD) office serves as the primary point of contact to provide guidance and answer questions about inventions, intellectual property (IP), licensing, patenting, or other related topics. TTBD resources are also available to assist you throughout the exciting process of launching a new startup company.

**Please note that this guide is intended to be a high level resource on how to form a company at OHSU. In order to walk away with this basic knowledge, we highly recommend reading this guide in its entirety. However, for those using this guide as a quick reference tool, important takeaways are reiterated throughout the document. Please refer to the [Faculty Guide to Startups](#) from Research Development and Administration (RDA) for additional OHSU resources to support your startup activities.**

## Table of Contents

<b>2</b>	Beginning Your Journey <ul style="list-style-type: none"> <li>What is a Startup?</li> <li>Setting Expectations           <ul style="list-style-type: none"> <li>Why Start a Company?</li> <li>Time and Effort</li> <li>Securing Funding</li> <li>Preparing Your Presentation Pitch</li> <li>Developing Your Team</li> </ul> </li> </ul>
<b>6</b>	The University Startup Process - Initial Steps to Company Formation <ul style="list-style-type: none"> <li>Working with TTBD</li> <li>Main Steps to Company Formation</li> </ul>
<b>10</b>	Conflict of Interest & Commitment
<b>11</b>	Startup Licensing & Process <ul style="list-style-type: none"> <li>Term Sheet</li> <li>Financial Terms of an Exclusive License Agreement</li> <li>Non-Financial Terms of an Exclusive License Agreement</li> <li>After Execution of the License Agreement</li> <li>Startup Licensing &amp; Process FAQs</li> </ul>
<b>14</b>	Company Formation & Other Things to Consider <ul style="list-style-type: none"> <li>Detailed Steps to Incorporate and Form Your Company</li> <li>Identifying a Corporate Attorney</li> <li>Seeking Input, Networking and Building Your Team</li> <li>Developing Your Business Model &amp; Plan</li> <li>Engaging a Regulatory Consultant</li> <li>Space, Equipment, and Other Resources</li> <li>Space, Equipment, and Other Resources FAQs</li> </ul>
<b>19</b>	Startup Funding & Financing <ul style="list-style-type: none"> <li>Raising Capital: Non-Dilutive           <ul style="list-style-type: none"> <li>OHSU Resources</li> <li>SBIR/STTR Grants</li> <li>SBIR/STTR Support Resources</li> <li>SBIR/STTR Grant FAQs</li> <li>Family &amp; Friends and Crowd-Funding</li> </ul> </li> <li>Raising Capital: Dilutive           <ul style="list-style-type: none"> <li>Angel Investors</li> <li>Venture Capital</li> </ul> </li> </ul>
<b>27</b>	Concluding Remarks
<b>28</b>	Appendices <ul style="list-style-type: none"> <li>Entity Considerations Chart</li> <li>Additional Resources           <ul style="list-style-type: none"> <li>Essential Reading</li> <li>Free or Low Cost Business Planning Tools &amp; Websites</li> <li>Business and Startup Support</li> </ul> </li> </ul>

## Beginning Your Journey

### What is a Startup?

Per the [Association of University Technology Managers \(AUTM\)](#), a university startup is a company that is dependent upon an institution's technology for their formation. Thus, startup companies created by OHSU faculty should align with the University's vision and should also possess the goal to bring technologies to the market for public benefit.

**Even though OHSU startups work in unison with the University's vision and mission, they remain private, independent legal entities that are separate from the University. All company decisions affecting a startup must be disassociated from OHSU. A startup's activities and relationships must be clearly distinguished from the research and other duties at the University and should not be conducted during regular work hours.**

### Setting Expectations

The traditional path to commercialization is by licensing the technology to an external partner (e.g. pharma, biotech, device companies, etc.). Encouraging faculty to start a company based on their technology is another important path to commercialization.

### Why Start a Company?

As an inventor, you should only consider engaging in startup formation when and only if you:

1. Are passionate about bringing a technology to market.
2. Have determined, through careful evaluation and diligence, the best path to technology development and profitable commercialization is through a startup company.
3. Have access to OHSU intellectual property (IP) that will allow you to create a startup.

**The primary focus of an OHSU startup company is to bring innovative technologies to market. OHSU has a keen interest in your company's success and will engage with you early to help you through the process.**

AUTM is a nonprofit association of technology managers and business executives who manage intellectual property primarily in a university setting. For reporting purposes, TTBD aligns its metrics and data to AUTM.

It is important to understand that the licensing of a technology and starting a company based on the technology are mutually exclusive commercialization efforts. For example, if efforts to license a technology is *not* successful, we *do not* encourage faculty to create a startup. If starting a company is determined to be a reasonable path for commercialization, it is up to the inventors to decide if they would like to pursue this path.

### Time and Effort

There is no standard timeline to launch a startup, as every situation is unique. When an inventor is prepared to launch a startup, usually it is advisable to spend some time (several months to a year) conducting due diligence and developing business and technology commercialization plans. As a new entrepreneur, it is critical that you seek advice from your peer faculty, the [Startup Advisory Group \(SAG\)](#), and other key members in the community with prior experience starting a company. TTBD can help facilitate these connections and provide guidance as needed.

### Securing Funding

Securing funding for your startup company can be the single greatest challenge you will face as an entrepreneur. Thus, early in the process you should start planning a strategy to identify and secure sources of non-dilutive and dilutive funding that can move your technology and commercialization plan. Common sources of **non-dilutive funding**, or financing that does not require the sale of your company's shares and hence does not cause dilution of the existing shareholders, are NIH (SBIR and STTR) and DoD grants, friends and family, and capital raised through online crowdfunding platforms. Examples of **dilutive funding**, or financing that causes a reduction in the ownership percentage of a share of stock caused by the issuance of new stock, include investment from angel investors, venture capital firms, pharmaceutical companies and corporate ventures.

As mentioned previously, there are various options for funding that can help sustain your technology development in a non-dilutive fashion. Examples are the Small Business Innovation Research (SBIR)/Small Business Technology Transfer (STTR) grants that are available through different governmental agencies on a competitive basis. Department of Defense (DoD) grants are also available for technology development. These grants are commercial development grants that are milestone based.

It is important to note that SBIR/STTR and the Department of Defense (DoD) grants are not intended to support the long-term basic science exploration of knowledge that characterizes National Institutes of Health (NIH) funding. The Signature Research Institutes in Oregon (Oregon Nanoscience and Microtechnologies Institute (ONAMI), Oregon Translational Research and Development Institute (OTRADI) and Oregon BEST) also provide commercialization grants. For more information on funding resources including SBIR/STTR and DoD grants and the SBIR Phase 0 Program, refer to the section in this guide on *Startup Funding & Financing*. You may also [contact TTBD](#) for more information on how to get connected to these resources.

The [Startup Advisory Group \(SAG\)](#) is an independent business-focused volunteer advisory group comprised of life science industry senior executives not affiliated with OHSU. These volunteer advisors contribute their time, entrepreneurial expertise and skills to mentor and assist faculty with the startup process. The SAG acts as a resource for the startup process and does not represent TTBD or OHSU management.

The [Biomedical Innovation Program \(BIP\)](#) can help accelerate the delivery of healthcare technologies from academia to the marketplace. See *Startup Funding & Financing* section of this guide or [contact OCTRI](#) for more information on this funding program.

As a first time entrepreneur, it is important to understand that, when you accept private funding, you will likely have to give up a portion of the equity/ownership of your company. While this may be good for commercialization, it may not be favorable to your own economic interests. This situation is almost inevitable, thus you need to be prepared for equity dilution and its impact on your relative ownership of the startup resources.

Contact [TTBD](#) to help you get connected with local private funding and community resources such as the Keiretsu Forum Northwest, Oregon Entrepreneurs Network (OEN), Technology Association of Oregon (TAO), Oregon Bioscience Association (OBA), local angel networks, and out of state venture capital investors (VCs). In addition, many OHSU inventors who have a startup company also have experience with SBIR/STTR grant applications. TTBD can also refer you to the various organizations in the community that offer workshops and trainings.

**SBIR and STTR grant funding allows you to add incremental value to your technology in a non-dilutive fashion. OHSU is supportive of startup companies applying for SBIR/STTR funds. However, when you are seeking funds from other dilutive sources, you need to prepare differently. It is strongly advised that that you do not pitch your company to investors unless you have done your due diligence and preparation! This may include having a well-rehearsed pitch and slide deck that addresses the questions private funders normally ask.**

#### Other recommendations for seeking dilutive funding:

- Develop a commercialization plan before fundraising.
- First seek legal and financial advice to understand the impact of accepting private funding before accepting an offered term sheet from investors.
- Perfect a short investor presentation (i.e. slide deck) and a 30-second “elevator pitch.” In most cases, you only get ONE chance to make a pitch in front of investors, so have the narrative right; PRACTICE, PRACTICE, and PRACTICE and seek feedback often!
- Prepare an executive summary or two-page overview document of your company.

TTBD can refer you to suggested template resources in order to help you prepare these materials.

### Preparing Your Presentation Pitch

Preparing a company pitch to private investors is very different from making a scientific presentation. This is a very important part of the startup learning process and may take a long time to perfect before you are ready. The SAG and other business experts in the community can provide coaching on investor presentations and pitches. The Oregon Entrepreneurs Network (OEN), Oregon Bioscience Association (OBA) and the global angel network Keiretsu Forum often host workshops on making company presentations to investors. It is advisable to attend many of these workshops and other networking community events such as OEN’s PubTalk™ and community “shark tanks” to gain an understanding of how company pitches are made. Your colleagues in TTBD can help make you aware of these events.

# 3-4

Average number of OHSU startup companies launched per year

**Entrepreneur-in-Residence (EIR)** are seasoned business executives selected by TTBD to meet with faculty seeking to start a company based on their invention(s). The objective is for the EIR to identify projects where they best can contribute their knowledge and expertise with activities related to startup formation. There is potential for the EIR to be matched with an inventor team where they might eventually join as their CEO/executive management.

### Developing Your Team

Another critical piece to the success of your company is finding the right management team that offers the right skills, expertise, and perspective in managing a startup. While it may be difficult to find and recruit an experienced management team locally, the effort to obtain such management expertise is critical. The earlier you can find someone who can lead your company, the better chance you will have at being successful with your startup. Due to a lack of management resources, a number of startup companies continue to have their founder act as management. This can hinder the launch and growth of the company. Additionally, this situation can often become a conflict of interest between the founder’s duties as faculty and as an executive of a startup. With a new startup company, you may not have the resources to offer salary and benefits. However, there are seasoned managers who often will take a leadership position in a company in exchange for equity. OHSU is trying to help address this challenge through programs such as the TTBD **Entrepreneur-in-Residence (EIR) program**. The EIR program will help connect scientific founders with seasoned business executives. Contact [TTBD](#) for more information and other ways to recruit the right management team for your company.

**An experienced management team can negotiate on your behalf with investor groups and with the University. Seasoned managers often have experience with SBIR/STTR grant writing or can effectively represent the company with their various connections to the angel and VC investor community. However, finding the right manager is critical, and you may want to engage in discussions with numerous candidates (both local and non-local) before selecting the appropriate person to lead and represent your company.**

## The University Startup Process - Initial Steps to Company Formation

### Working with TTBD

Once you begin contemplating starting a company, the first office to contact is Technology Transfer & Business Development (TTBD). If you have not already done so, we recommend you submit your [Technology Disclosure Form](#) and include as much detail as possible.

The other important party to contact is your department chair/institute director. Some departments may require you to obtain approval in order to move forward in the process.

TTBD will form a **Startup Team** that comprises of a technology development manager, the startup development associate, and the director of business development. It may also include a patent associate. Although the members within the Startup Team have individual roles, they work as a team throughout the entire process.

- **The technology development manager (TDM)** is your point of contact related to the technology. They will provide you with a first-hand evaluation of the commercial viability of the technology and working with the Patent Team. They will also be responsible for drafting and negotiating the license/option agreement.

**All startups that would like rights to or the freedom to practice under intellectual property developed and owned by OHSU must have license agreement(s) with OHSU.**

- **The Patent Team:** Our patent associates will work closely with the TDM to file a provisional application only if patent rights are warranted and there is a reasonable commercial development plan.
- **The Business Development (BD) Team:** The BD Team works with the inventor to evaluate whether a startup should be formed, offer guidance in the formation stages of a new company, as well as track company life cycle and stages of development once launched. The BD Team will also help companies connect with local and non-local professional business and community resources.

# \$13.75

MILLION

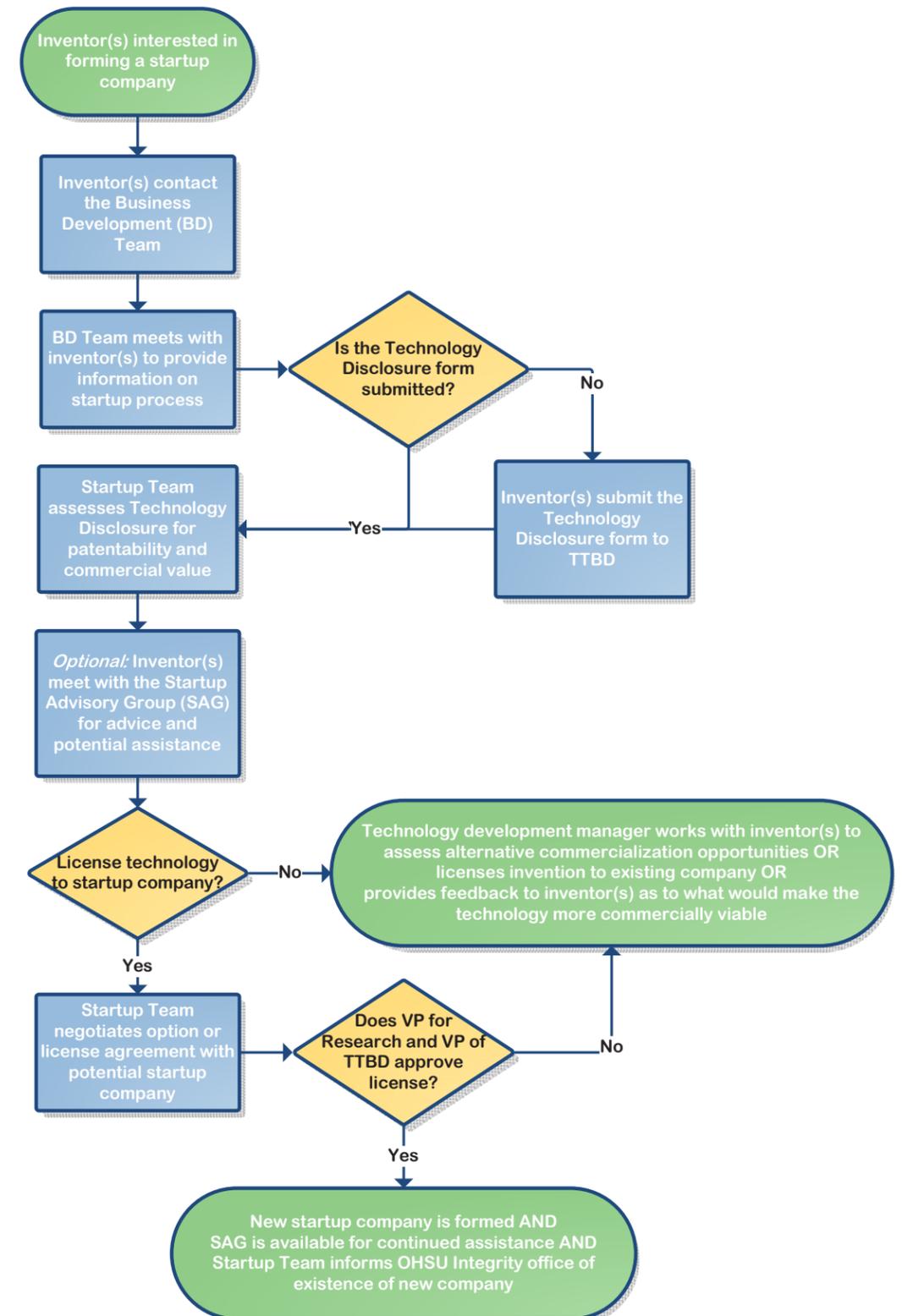
in Industry-Sponsored Research Income in Fiscal Year 2014

# 128

Technology Disclosures received in Fiscal Year 2014

Before initiating a conversation with TTBD about forming a startup, we recommend that you have a conversation with your department chair about your plans for a startup.

## Startup Company Formation - Detailed



## Main Steps to Company Formation

When filling out the [Technology Disclosure Form](#), you should provide as much detail as possible about the invention to allow for our team to make a comprehensive assessment when evaluating your new technology.

TTBD will usually form a Startup Team to provide the help you may need throughout the process. This team will continue to meet with you regularly and will work together to clarify any preliminary questions you may have regarding startup formation. We recommend [disclosing your invention to TTBD](#) before meeting with the TTBD Startup Team so that TTBD may be better prepared in discussing the technology your company may be founded upon.

### Step 1. Disclose your Invention to TTBD

Begin the technology transfer process by submitting the [Technology Disclosure Form](#). This disclosure is the first confidential written description and formal documentation of a new invention to the University. The document should also include the names of all contributors and their affiliations.

### Step 2. TTBD Startup Team Meeting

The TTBD Startup Team will meet with the inventor(s) that have expressed interest in starting a company to review and discuss the general path to incorporation and company launch. The resources and tools available to assist you and your co-inventors throughout that process may also be discussed. The TTBD Startup Team may also refer you to the [Startup Advisory Group \(SAG\)](#) as an optional resource. The SAG can provide startup advisement and assistance in connecting you to community resources.

### Step 3. IP Assessment and Decision to License Technology to a Startup

After you submit the [Technology Disclosure Form](#), your invention is assigned to a technology development manager (TDM) in the Technology Development and Licensing Team. After the initial TTBD Startup Team meeting, the TDM will then perform a preliminary assessment for commercialization and IP protection along with the Patent Team.

**Prior to and during the Technology Disclosure review, TTBD highly urges inventors not to publish or discuss any unpublished information on the invention with any persons outside OHSU before talking to a TDM to prevent the loss of any potential patent rights.**

Once it is determined that there is commercial potential and a need to protect the intellectual property, the Startup Team will work with the Patent Team to file a provisional application. TTBD will determine if licensing the technology to a startup is a viable option for commercialization.

**If, as a result of the due diligence conducted by the startup team and the inventor, it is decided that starting a company and licensing the technology to the startup is not a viable option, then the startup team will work with the inventor to explore alternative opportunities to commercialization. These opportunities may include licensing the technology to an existing entity. Feedback may also be provided to the faculty as to what would make the technology stronger for commercial value.**

**33**  
currently operational OHSU  
startup companies

**48**  
total number of OHSU  
startups formed since 1998

### Step 4. TTBD Startup Team Negotiation & Approval Process

Once you have met with the Startup Team to discuss the process and decision to license your technology to a startup, the next step is to enter into a license/option agreement with OHSU. The person to contact for this is your assigned TDM. This process is interactive, commonly taking several iterations before both the Startup Team and the licensee (i.e. your startup company) come to a mutual understanding on the financial and commercial development terms.

**Since the startup is a separate, independent entity from OHSU, it is advised that the company representative who will negotiate on behalf of the startup not be an employee of the University. If you do not have this person identified for your company, then we recommend you either identify company management that will negotiate on behalf of your company or seek corporate counsel for further guidance.**

Once the license terms have been agreed upon by the Startup Team and the licensee, the next step is to obtain approval from the vice president of TTBD and the senior vice president for research. The director of technology transfer and the director of business development will jointly send their recommendation to the vice president of TTBD and the senior vice president for research for their approval and to provide notification of the new startup. If approved, the license can be executed and rights granted to the new startup company. Refer to *Conflict of Interest and Commitment* and *Startup Licensing and Process* sections of this guide for more information on startup license negotiation and conflict of commitment and interest.

#### A new OHSU startup is formed! Now what?

**Your next steps are to notify Campus Planning, Conflict of Interest and then other Departments, as necessary.**

#### Be sure to make all your contacts well before:

- Developing any grant proposal for your startup that may use OHSU space, facilities, resources, services or personnel;
- Making any commitments to individuals, companies or funding agencies for the startup that may affect or involve OHSU resources, facilities or personnel;
- Making any assumptions in the planning processes about use of OHSU facilities or services and the fees that may accompany use;
- Using lab personnel who may be under a NIH grant for engaging in the newly formed startup; and
- Accessing and utilizing any OHSU space for company work.

Every OHSU employee who is part of a startup, either as an employee, contractor, or part of management, must meet or obtain clearance from the OHSU CoIR department. See next page to find out more about this group.

## Conflict of Interest & Commitment

**The Conflict of Interest in Research (CoIR) Committee collaborates with you, your department and TTBD to help ensure that you are aware of potential conflicts of interests that arise when you have responsibilities at OHSU and are involved with a startup company.**

**At the Outset: Once you have secured a license for your startup from OHSU, you will meet with the representatives of the CoIR Committee for an overview of the conflict of interest policies and discuss ways to mitigate potential conflicts of interest in your research. Topics that are discussed at this early meeting include:**

1. The nature of the conflict and ways to mitigate the conflict at the outset.
  - a) Commitments to OHSU and to the company.
  - b) Personnel for OHSU and for the company activities.
  - c) Research endeavors at OHSU and at the company.
2. Planning for the Conflict of Interest Management Plan to be issued by the CoIR Committee.
  - a) CoIR disclosure requirements for all individuals in startup company activities that also hold OHSU appointments.
  - b) Individual and institutional conflicts of interest management.
  - c) Planning for involvement of non-conflicted investigators in the design, conduct and reporting of OHSU research.
  - d) Planning for restricted and prohibited roles of OHSU research involving human subjects.
3. Keeping in compliance with OHSU policy and regulations concerning CoIRs.

**ONGOING:** As your company becomes active and interacts with OHSU through common research endeavors, you continue to have an ongoing relationship with the CoIR Committee because your responsibilities at OHSU requires regular reporting of financial interests and research related to those interests. The CoIR Committee is available to help you mitigate conflicts when you begin new research endeavors. Your communication with CoIR Committee will include:

1. Timely reporting of new and changing financial interests and research related to those interests via the eCOI reporting system in Big Brain.
2. Ensuring that CoIR management requirements are met as you seek new funding
  - a) Planning budget and personnel to meet any restrictions imposed by the management plan
  - b) Special considerations when there are sub-awards involved (e.g. STTR/SBIR grants) to the company with sub-award to OHSU; sub-award to company when OHSU is the primary awardee.

**The CoIR Office 503-494-7887 or [coir@ohsu.edu](mailto:coir@ohsu.edu) has resources available on the web at <http://www.ohsu.edu/xd/research/about/integrity/coi/index.cfm>. Consider reviewing in particular the “CoIR Management Guidelines” as you plan your company related OHSU research.**

## Startup Licensing & Process

To further develop and commercialize the OHSU technology, the startup company must enter into a license agreement with OHSU, which may follow a time-limited option agreement with OHSU. It is highly recommended that the OHSU employee should not negotiate any agreements (license or otherwise) with OHSU on behalf of their startup company and thus obtain outside representation for all such negotiations.

Commonly, startup companies take an option (for a limited time period) from OHSU to evaluate the technology and negotiate a license agreement. An **option agreement** can be exclusive or non-exclusive, granting the new startup company the right, for a limited time period, to evaluate the technology and negotiate a license agreement. An exclusive option agreement typically comes with an option issue fee and reimbursement of patent costs during the term of the option.

A **license** is a contract between the owner of an intellectual property right (the licensor, in this case OHSU), such as the patent or copyright, and another party (the licensee, the startup company) who wishes to obtain permission and the right to use the intellectual property. These may be exclusive whereby the licensor agrees not to license the same rights granted under the **exclusive license** to anyone else, or **non-exclusive** whereby the licensor can grant the same rights to multiple licensees.

### Term Sheet

At the onset, a term sheet is drafted by the technology development manager. The **term sheet** for either an option or license agreement outlines the basic financial terms of a license (or option) agreement. This process may take multiple drafts and discussions with the potential licensee.

As the term sheet is created and as the company prepares to negotiate the terms of the license, there are several key factors that the company should evaluate and take into account including: the development stage of the technology, commercialization risks, market and risk strategies and the particular industry in which the company will be competing. OHSU will require documents and information prior to drafting a term sheet. These types of documents and information required include: business plan (4-5 pages), commercial development plan for the technology and company strategy and management team.

OHSU may consider granting sub licensing rights to the startup company. A **sublicense** grants the licensee (startup company) the right to grant sublicenses to third parties for the same or portions of rights granted under the exclusive license agreement with OHSU. Sublicense rights are negotiated under an exclusive license agreement and have requirements that need to be fulfilled by the startup company.

The startup company's interests and OHSU's interest are aligned to do whatever is needed to reduce the IP to practice as quickly as possible and increase the chance for public benefit through commercialization and profits.

### Financial Terms of an Exclusive License Agreement

As mentioned previously, a startup company will most often wish to enter into an **exclusive license agreement**. This typically includes, but is not limited to, financial terms such as:

- License issue payment, in the form of cash or equity or change of control fees.
- Milestone payments (based on commercial development plan).
- Royalty payments.
- License maintenance payments.
- Minimum royalty payments.
- Sublicense payments.
- Reimbursement of past, ongoing, and future patent costs.

### Non-Financial Terms of an Exclusive License Agreement

The non-financial terms of the license are equally important and may include the items below (a non-exhaustive list):

- Commercialization and diligence benchmarks (as in commercial development plan for the startup).
- Reporting requirements.
- Confidential Information.
- Patent prosecution and maintenance.
- Patent enforcement.
- Representations and warranties.
- Insurance requirements.
- Indemnification.
- Term and termination.
- Notices.
- Governing law.
- Dispute resolution.
- Assignment.
- Equity Agreements (i.e. stock acquisition and investor rights agreements).

### After Execution of the License Agreement

Your relationship with OHSU does not end with the successful execution of a license agreement. The startup company will have a number of obligations (reporting and otherwise) to OHSU. The startup company independently continues the advancement of the technology and makes other business investments to develop the product and/or service. These steps may entail furthering development, seeking regulatory approval, sales and marketing support, training, and other activities. The licensee provides OHSU with annual commercial development reports and royalty income payments for tracking and recordation by TTBD. This requires an ongoing relationship with the startup company's management in conjunction with the TDM and others in TTBD and at OHSU.

Additional agreements are needed when equity (stock) is part of the license deal. These are negotiated and executed simultaneously with the license agreement. The terms are complex; hence the licensee should be seeking professional assistance on all agreements. OHSU can accept stock or equity in startup companies that are incorporated as C-Corp and S-Corp, but cannot accept units in LLCs. Option or license agreements with startup companies that are LLCs will require upfront cash payment to OHSU for license/option fees or a change of control fee.

### Startup Licensing & Process FAQs

#### ***Will OHSU assign (transfer ownership of) the invention to my startup?***

No. OHSU does not assign inventions to startups. Instead, OHSU will negotiate a license, either an exclusive, or a non-exclusive license, granting the right to use the technology.

#### ***Does TTBD take a seat for OHSU on the company's board of directors?***

Not typically. However, if an exchange of equity is involved, OHSU often obtains a non-voting board seat.

#### ***Can I get a license to my invention from OHSU if I haven't incorporated the company yet?***

No.

#### ***If my startup is based on an invention jointly owned by OHSU and another institution, how do I get started?***

In practice, the startup could secure rights from one institution and still be able to move forward. Usually, TTBD will work out an Inter-Institutional Agreement (IIA) with the other institution whereby one of the institutions will "take the lead" and negotiate one license with your company for both institutions' rights in the invention.

#### ***If my startup needs technology from another institution besides OHSU, but not jointly owned with OHSU, will I need a separate license?***

Yes, under most circumstances, you will need a license to use the technology from another institution.

#### ***If my invention is unpatented software, do I still need a license for a startup?***

Yes. Software and other copyright materials are owned by OHSU and the startup will require a license.

#### ***What is your policy regarding the creator(s) of IP receiving equity from startup licenses?***

When OHSU receives equity in exchange for the transfer of OHSU IP rights, OHSU will instruct the licensee to transfer the OHSU equity shares entitled to the creator under OHSU's Intellectual Property and Royalty Distribution Policy. However, if the OHSU creator(s) receive equity in return for their participation as founders of the new company, then OHSU will require the creator(s) to waive their rights to any share of the OHSU equity shares.

Please refer to the [TTBD Guide](#) for more information on OHSU's Intellectual Property and Royalty Distribution Policy.

## Company Formation & Other Things to Consider

In this section of the guide, we provide a detailed list for company incorporation as well as other important factors for you to consider when launching your startup.

### Detailed Steps to Incorporate and Form Your Company

The order of the following steps will vary per startup:

1. Name your company.
2. File the name with the [State of Oregon](#) and incorporate the company. OHSU recommends that you incorporate as a “C corporation.” If you do not have this expertise, identify an attorney to help you incorporate.
3. Open a term sheet discussion for a license from OHSU with TTBD.
4. Acquire a [Federal and State Tax Identification Number \(EIN\)](#).
5. Register a [DUNS number](#). The D-U-N-S Number is a unique nine digit identification number, for each physical location of your business.
6. Register with the [Federal SAM](#) (formerly CCR). SAM is combining federal procurement systems and the Catalog of Federal Domestic Assistance into one new system.
7. Register and get username and password on the [eRA Commons site](#) (necessary for all US government grants). NIH’s eRA systems provide applicants, grantees and federal staff the tools necessary for electronic processing of grants.
8. Search and seek a domain name/URL with the corporate name for a website ([godaddy.com](#) is one of the cheapest) and create an email account.
9. Open a company business bank account.
10. Find a location for an office/lab, if sufficient funds are available.
11. Develop a website for the company. [Google websites](#) is highly recommended.
12. Develop and forecast a budget for the first 5 years after launch.
13. Launch business. Continue to network and build your team. Continue to build and refine your business strategy and plan. Read on to see more about building your team and refining your business model/plan.
14. Seek SBIR/STTR, NSF and DoD grants (non-dilutive).
15. Seek venture capital and angel investment (dilutive).

### Identifying a Corporate Attorney

As you launch your company, you may want to consider researching and identifying a corporate attorney that can guide you through the incorporation process, as well as help you to determine which kind of legal entity will be formed upon incorporation (e.g. C-Corp, LLC, etc.). A corporate attorney will also help you to prepare, file, and maintain corporate documents and records.

### Seeking Input, Networking and Building Your Team

Throughout the process of launching your company, we highly encourage you to continually seek input, network, and build your team both at OHSU and outside of the University. Your team may consist of your CEO, COO, or CSO as well as a board of scientific advisors and a board of directors.

**As mentioned previously, if you have not already done so, we encourage you to identify and recruit a CEO or co-founder(s) for your company who will help you manage the business and address any conflict of interest matters.**

**In the hiring process, it may not be easy to identify a CEO that is complementary to your goals. For any company management that you recruit and hire, it is integral that you establish expectations and goals early in the recruitment process.**

### Developing Your Business Model & Plan

As you develop your commercialization plan, you should also consider your business model in order to have a clear outlook on your business plan, strategy, and end goals. We recommend you start this process by evaluating the business plan and strategy for your company.

The business plan will typically be used to start a company, direct operations, and obtain funding. A business plan should outline and define the following items:

- **Company Name.**
- **Mission Statement.**
  - o What is the guiding vision for your company?
- **Market Environment.**
  - o What unmet need is your company addressing?
  - o How big is your market?
  - o What is the demand for your product?
  - o Who is the competition?
  - o What critical problems could arise?
  - o How is the landscape changing?

We encourage you, as part of the startup entity, to interview more than one law firm to determine whether each firm has the necessary skill set and expertise to fit the startup’s needs. Any engagement with the law firm is between the startup and the law firm, not OHSU. [Contact TTBD](#) for a current list of recommended attorneys.

Refer to *Appendix A* for more details on choices of legal entities.

If you plan to hire current OHSU employees for your startup, it may be in conflict of interest and commitment with the University. This can be an area of confusion for startups, particularly those that are located at OHSU. OHSU employees and students are not fungible with startups in terms of their time or effort. Contact the [Conflict of Interest in Research \(CoIR\) Committee](#) for more information.

It will be easier to “pitch” your business idea to possible investors and attract new company management if you have a clear and concise business plan. More so, once you create a business plan, the executive summary or a similar two-page document outlining your business plan/model will be a useful, concise tool when pitching to investors. Other useful tools include your refined 30-second company pitch and a brief pitch presentation. These documents are generally confidential and should be distributed carefully. Consider having a nondisclosure agreement (NDA) template ready for use and distribution. Refer to *Appendix B.2.a.* for business plan creation tools.

- **Stage of Development.**
  - o Have you conducted any preclinical animal studies?
  - o Have you done any proof of concept studies?
  - o What are your (non-confidential) outcomes?
- **Product Outlook.**
  - o What products or methods will be developed?
  - o How long will it take to develop the product(s) or method(s)?
  - o What are its applications?
  - o What are your company’s unique advantages and are those advantages sustainable? Will there be any changes to the current market due to the company’s products, methods, services, etc.?
- **Patent/IP Landscape.**
  - o Are there similar products on the market to prevent you?
  - o What is your IP position (non-confidential)?
- **Marketing and Sales Strategy.**
  - o What is your product’s marketing mix? (Product, price, place, and promotion)
  - o Who are your customers?
  - o How will you make customers aware of your product?
  - o Who pays for your product (e.g. managed care organizations or end users)?
  - o What sales distribution channels will you use?
  - o Where is your market and who are you marketing to?
- **Five-to-Ten Year Strategic/Financial Plan and Budget.**
  - o What are the financial projections? When will the company break even?
  - o What are the key metrics to be measured and tracked?
  - o What are the key assumptions and how will they change based on competitors?
  - o What are the funding requirements?
- **Management Team.**
  - o Who will you appoint as your CEO, COO, CFO?
  - o What will be their role in the company?
  - o What do they have to offer your company?
- **Risk Factor and Mitigation Measures.**
  - o What are the proposed risks to your company?
  - o How will you resolve these issues?

It is necessary that your IP attorney and the regulatory expert communicate so that there is a clear understanding of the IP being filed and what the future product may look like.

## Engaging a Regulatory Consultant

If your product requires FDA approval, it is advised that you engage a regulatory expert early in the process so that you have a clear idea about your product filing strategy with the FDA.

Below are several important regulatory recommendations and considerations for startups:

- **Preliminary analysis of FDA pathway should be conducted very early in the product development life cycle, before investment strategy is prepared.**
  - o Different pathways could mean substantial differences in time and money needed to get to market.
  - o Will clinical studies be needed? If yes, what is the scope and cost of each study?
- **Preliminary analysis of FDA pathway requires decisions about product design.**
  - o More novelty (which is considered a good attribute with the United States Patent and Trademark Office) can create complexity in getting through the FDA (thus more novelty may not be considered a good thing - it may create complexity that translates into time and money).
  - o Think iteratively:
    - 1st generation: Product to enter market as quickly and cost-effectively as possible; Establish brand and monetize company.
    - 2nd generation: Product can have more ‘bells & whistles;’ Distinguish product from competitors and expand market penetration.
- **FDA isn’t the only barrier to creating revenue. You must tackle the question of who will pay for the product.**
  - o What reimbursement codes make the most sense for the product(s)?
  - o What is the reimbursement strategy that makes the most sense for the product(s)?

## Space, Equipment, and Other Resources

If your startup requires space, it is common to lease/rent such space. Due to the current lack of proper wet laboratory space in the Portland area, OHSU may consider leasing a portion of its available lab space, depending on availability. OHSU has space at Marquam II where a number of OHSU startups conduct their work. Another resource to consider is OTRADI Bioscience Incubator, Oregon’s only bioscience-specific incubator. Refer to *Appendix 3.B.* for more information on incubators and accelerators and other additional options for space in the Portland community.

Depending on availability, OHSU welcomes faculty-founded startups to OHSU space as a springboard to success, with the expectation that companies will move to their own space off campus as they mature.

## Space, Equipment, and Other Resources FAQs

### **Is there a rental fee for OHSU space?**

Yes. The base rental rate is set by Central Financial Services (CFS). County property taxes, OHSU ID/Access Badge and Key fees, telecommunications fees, and alterations to the space are in addition to the base rental rate. Common research space (i.e. glass wash and cold rooms) is leased at rates proportionate to the amount of wet lab bench space occupied. Your campus planning contact has information on the rental rate.

### **May I use my OHSU email or U.S. postal address?**

OHSU's email and postal addresses may not be used for startup communications. Please obtain an email and postal address before company operations commence.

### **May I use the OHSU Library?**

OHSU's subscriptions and licenses limit access to those library resources to OHSU employees. Startup employees who are not employees of OHSU have the same library access as the general public, which is more limited than OHSU employee access. Executive Vice Provost David Robinson manages all non-OHSU user access to the library and can answer your questions.

### **What about parking?**

Startup employees may have access to available campus parking if that access is set out in the lease. OHSU Transportation & Parking rates and rules apply if parking is granted in the lease.

### **What about access to and use of the computer network?**

Only OHSU members are allowed access to the OHSU systems. Employees of a startup may not access or use the OHSU systems unless they are also OHSU employees. Please connect with your Information Technology Group (ITG) contact before making any assumptions about access, or even before you make preliminary siting plans. Some startup sites at OHSU are easier for ITG to manage, such as the Marquam II Building, while a startup lease of a portion of a bench is more complex to manage.

### **What about telecommunications?**

This access should be set out in the lease. Please contact ITG for set-up.

### **What about other OHSU resources and personnel? Are they included in the lease?**

No. Please consult the particular pages of the [Faculty Guide for Startups](#) from RDA for information about service units such as Research Cores, DCM, IACUC, IBC and IRB as well as the page on "Human Resources" for OHSU personnel who might perform work for the startup.

### **Who do I contact with questions?**

- For questions regarding leasing space, contact Brian Newman, Associate VP, Campus Planning, Development & Real Estate (503-346-0005; [newmanb@ohsu.edu](mailto:newmanb@ohsu.edu))
- For questions for ITG, contact Kerry Walker, Manager (503-418-3246; [walkerke@ohsu.edu](mailto:walkerke@ohsu.edu))

## Startup Funding & Financing

There are many types of financing from government grants to venture capital. Below is more information on non-dilutive and dilutive financing that is generally more relevant for life science companies.

### Raising Capital: Non-Dilutive

**Non-dilutive funding** is financing that does not require the sale of your company's shares, and hence does not cause dilution of the existing shareholders. Non-dilutive funds have many benefits:

1. Non-dilutive funds can provide critical cash to support your company's product development.
2. Non-dilutive funds do not require the sale of the company's voting equity, allowing founding teams and existing shareholders to retain company ownership and control.
3. As many non-dilutive funding sources require approval from expert stakeholders with deep domain knowledge like funding agencies, important validation of the team and technology can be provided for future customers, partners, and equity investors.

*From [Non-Dilutive Financing for Biotech Startups](#)*

### OHSU Resources

#### **Biomedical Innovation Program (BIP)**

The BIP, administered through the Oregon Clinical & Translational Research (OCTRI) at OHSU, helps to accelerate the delivery of healthcare technologies (devices, diagnostics, and software) from academia to the marketplace to improve human health. The program provides funding, mentoring, educational opportunities, and project management to help investigators achieve proof-of-concept and secure next stage funding.

#### **BioScience Innovation Program (BSIP)**

Oregon Health & Science University, with support from the OHSU Foundation, has developed the Bioscience Innovation Program (BSIP) to fund proof of concept, product development, and testing. Through this fund the University will invest in viable technologies and research to achieve specific milestones needed for initial commercial investment. This commercial investment may come from a licensee, angel investor, or early stage venture capital fund.

# 67

Total U.S. Patent applications filed by OHSU in Fiscal Year 2014

# 29

Patent applications filed on new matter by OHSU in Fiscal Year 2014

The [OHSU INVENT seminar series](#) serves as an educational program for bioscience innovation and entrepreneurship. It features a series of weekly seminars, revealing best practices for translating and commercializing discoveries in the health and life sciences field.

Helpful links that describe SBIR and STTR grants are:

- SBIR - <http://www.sbir.gov/about/about-sbir>.
- STTR - <http://www.sbir.gov/about/about-sttr>.

#### The MedTech Alliance

OHSU's MedTech Alliance provides an additional forum to match early stage selected OHSU technologies for collaboration/investment opportunities with potential industry collaborators and seed/early stage investors. This program includes a semi-annual technology and innovation showcase and education meetings, along with quarterly email updates on new technologies.

#### Small Business Innovation Research (SBIR)/Small Business Technology Transfer (STTR) Grants

SBIRs and STTRs are two of the primary non-dilutive funding sources that founders consider when drawn to the idea of a startup company. SBIR/STTR grants differ from traditional NIH grants in that they carry an expectation that the funds will be used to bring existing technology to market. The majority of the governmental agencies like the NIH, DOE, DoD, and NSF offer SBIR/STTR grants.

#### From Startup to SBIR Grant

The following are registrations that must be completed and filed in order to submit an SBIR/STTR grant to the NIH. The items are listed in order:

1. [Incorporation in Oregon \(note: requires a lawyer\)](#).
2. [Employer Identification Number \(EIN\)](#).
3. [Dun & Bradstreet Number \(DUNS\)](#).
4. [System for Award Management \(SAM\)](#).
5. [Grants.gov](#).
6. [eRA Commons](#).
7. [Small Business Administration \(SBA\)](#).
8. [Research Misconduct](#).
9. [Federal Wide Assurance \(FWA\)](#).

**This funding is not intended to support the long-term basic science exploration of knowledge that characterizes NIH funding. SBIRs and STTRs thus should not be viewed primarily as a means to supplement or substitute funding for a faculty member's academic research.**

Contact [TTBD](#) for more information on getting connected to OHSU faculty members with SBIR/STTR experience.

#### SBIR/STTR Support Resources

Below is a list of SBIR/STTR support resources.

##### Business Oregon Small Business Development Center (SBDC)

To help bring innovative concepts to the marketplace and help Oregon businesses grow, the Oregon SBDC assists qualified Oregon companies in preparing proposals for Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) grants. Oregon SBDC can offer:

- Advice and assistance to qualified businesses in preparing and meeting the rigorous requirements of SBIR or STTR proposals.
- Editing of draft and final proposals for completeness, professional presentation and other critical factors.

##### National Institutes of Health (NIH) - Commercialization Assistance Program (CAP)

The NIH Commercialization Assistance Program (CAP) is a specialized technical assistance program for SBIR/STTR Phase II awardees. CAP is designed to help promising small life science companies develop their commercial businesses and transition their SBIR/STTR developed technologies into the marketplace. For more information on the program, expectations, and eligibility: <http://grants.nih.gov/grants/funding/cap/>.

##### OCTRI and Business Oregon (State Agency) - SBIR/STTR Application Support

OCTRI's Biomedical Innovation Program and Business Oregon have a "Phase 0" grant program that provides SBIR/STTR application support to help local businesses pursue these federal funds. The Phase 0 program provides expert reviews of draft SBIR/STTR grant proposals, as well as funding for proposal development. Contact [TTBD](#) or the [BIP through OCTRI](#) for more information on this program.

##### Oregon BEST SBIR/STTR Support Center

In partnership between [Oregon BEST](#), [Business Oregon](#), [MIPO](#), and the [Oregon SBDC Network](#), the SBIR/STTR Support Center provides comprehensive information on the SBIR/STTR application process, information on support programs for Oregon companies, trainings and workshops and updates on current funding opportunities.

## SBIR/STTR Grant FAQs

### ***What is OHSU's role with respect to STTRs and SBIRs?***

STTRs require a university partner for the grant application (not required for SBIRs), but the applicant and the grant awardee is exclusively the startup, which has sole authority and responsibility for the grant development and management. As a collaborator on the grant application, OHSU is a subcontractor to the startup and may not serve as an applicant. OHSU offices, such as Office of Proposal and Award Management (OPAM; formally RGC and SPA), may provide input, but only as the grant relates to OHSU's designation as a university partner. OPAM, as well as departmental administrative staff, may not take on grant development, management or administrative tasks on behalf of the startup. Startups do sometimes hire OHSU employees to work for the startup on their own time.

### ***What about other granting agencies or industry contracts?***

The U.S. Department of Defense has many programs, which can be applicable to startup technology, such as the U.S. Army Medical Research and Materiel Command (USAMRMC), Office of Naval Research (ONR), and Defense Advanced Research Projects Agency (DARPA). Examples of other SBIR participating federal agencies include the Department of Agriculture, the Environmental Protection Agency, and the National Science Foundation.

### ***Is OHSU approval required before submitting a grant application for my startup?***

Some Departments now require SBIR and STTR grant applications, as well as DoD or industry grants or contracts, to be submitted to the chair for review prior to submission in order to ensure that correct assumptions are made regarding access to OHSU facilities, equipment, resources, or employees. Check with your chair to learn of any departmental expectations before investing too much time in a grant application or industry contract negotiation. A principal investigator (PI) who is submitting a SBIR/STTR grant on behalf of the startup cannot be the same PI conducting the work sub-contracted to OHSU.

### ***What is the relationship between these grant funds and OHSU?***

As with other aspects of the startup's relationship with OHSU, it is important to remember that any award is to the startup, not to OHSU. Revenue, expenses, management, and the science of these grants and contracts must be managed at arms-length from OHSU grants and are not interchangeable or to be commingled with OHSU activities. If OHSU employees are planning to work on grant writing or development, then be sure to first get approval to work for the startup.

### ***Who do I contact with questions?***

- Contact your departmental administrator or chair for clarifications on departmental requirements for startup STTR, SBIR, or DoD grant applications.
- The CoIR office can discuss potential conflicts between your role as a faculty member and a founder.
- For questions relating to OHSU's role as a university partner or sub-awardee in a SBIR/STTR, [contact TTBD](#) and [OPAM](#).

OHSU is one of the  
**Top 5**

largest employers in Oregon

**14,000+**

OHSU employees in Oregon

## Family & Friends and Crowd-Funding

Entrepreneurs will use this source of online fundraising to collect small investments from a network of individuals, which often includes family and friends.

Below is information about a Portland based healthcare-related crowd funding platform. We encourage you to perform additional research to identify other potential friends and family and crowd-funding resources that may arise in the community.

### **Consano**

Consano is a platform that enables donors to contribute any amount directly to a medical research project that matters to them. Usually medical research is paid for by large grants from government or other large funding institutions. Consano is part of a new movement to connect individuals directly to specific medical research projects. By harnessing the power of a crowd, Consano aggregates donations so the public can directly choose and support high quality medical research, pooling their money with others who care about the same health issues.

## Raising Capital: Dilutive

The two most common types of dilutive funding include capital raised from private investors, angels and venture capitalists (VCs). Angels and VCs generally take on high risk ventures with goals of high returns.

**Commercializing your technology will be a time-consuming and capital-intensive process. Most life science companies will at some point need angel or venture capital investment to get their product to market. TTBD's network as well as the [Startup Advisory Group](#) will be able to connect you to investors. You will most likely raise your first funds through your own family and friends network in the early stages of your startup. Commercializing your technology will most likely require multiple rounds of funding from various sources.**

### Angel Investors

Angel investors are generally high net worth individuals (\$1 million or more - see [accredited investor](#) for more information) that are willing to invest in early stage (young and unproven) companies. Angel investing is a very high risk form of alternative investment with high uncertainty, in pursuit of higher potential returns. Angels can be involved either actively (be involved to influence outcomes) or passively (invest or forget).

Below are is a list of several local angel networks in the Northwest:

#### [Keiretsu Forum Northwest](#)

Keiretsu Forum is the world's largest angel investor network with over 1,400 accredited investor members throughout 28 chapters on three continents. Keiretsu Forum members collaborate in the due diligence of presenting companies, but make individual investment decisions with \$400 million invested in over 300 companies to date (\$130 million in Northwest) in technology, consumer products, life sciences, real estate, and other high growth segments. The six Forums throughout the Northwest include Seattle, Kirkland, Portland, Vancouver B.C., Spokane, and Boise.

#### [Oregon Entrepreneurs Network \(OEN\) Angel Oregon](#)

OEN's Angel Oregon attracts the state's brightest doers, innovators, and big thinkers. Held in the fall and spring of each year, OEN's Angel Oregon offers early-stage companies an opportunity to compete for an investment award while receiving valuable coaching from angel investors and serial entrepreneurs. Meanwhile, new angel investors have a chance to learn about angel investing, conduct due diligence, and network with experienced investors.

### How Investors Evaluate a Company

Investors are constantly at events and networking forums to listen to company pitches and to also receive solicited and unsolicited prospect requests. Only a small portion of these startups actually obtain funding. When the investors evaluate a company, they are conducting due diligence to determine if the startup meets their strategic and financial goals, if the company fits into their current portfolio of investments, and when they should expect a return on investment (ROI).

# 24

OHSU assigned U.S. patents issued in Fiscal Year 2014

# 80

OHSU license agreements executed in Fiscal Year 2014

### [Oregon Angel Fund \(OAF\)](#)

The OAF is a community supported, professionally managed, investor driven angel fund. The fund provides investors privileged access to the most promising startups and early-stage growth companies in Oregon and SW Washington. OAF has grown to become the most active local venue for funding startups in terms of both participants and dollars invested. OAF launches a new \$5 million fund each calendar year.

### [Portland Seed Fund](#)

The Portland Seed Fund is a privately managed fund and non-resident accelerator focused on providing emerging companies the capital, mentoring, and connections to propel them to the next level. Their proven 90-day mentor-led program works; over the last two years, their first 36 companies have collectively raised \$23 million in outside capital and created more than 200 jobs.

### [Washington Medical Technology Angel Network \(WINGS\)](#)

WINGS is a non-profit angel network that facilitates seed and early stage investments for medical technology companies in Washington State. WINGS considers Medical Technology opportunities in the areas of Therapeutic and Diagnostic Devices, Healthcare IT, Healthcare Delivery Models, and unregulated biotechnology development tools.

### [Willamette University Angel Fund](#)

The Willamette University Angel Fund is an experiential learning program that brings MBA students into the deal flows of Angel Groups. Backed by a designated angel fund and guided by an Advisory Board of experts, students analyze and invest in local startups. The fund works to support between 2 and 4 investments per year, directly into high potential Northwest ventures. Investment decisions are made by the students with the oversight of the Advisory Board.

# \$1.67

MILLION

in OHSU license income in  
Fiscal Year 2014

## Venture Capital

Venture capitalists (VCs) generally invest larger amounts of money as compared to angel investors. These amounts can be millions of dollars in exchange for receiving more equity in the company. There are generally two types of investors when referring to VCs: **seed stage venture funds** and **corporate venture capital**.

**Seed stage venture funds** invest in early stage companies and are a more traditional route of financing for university startups to raise their funds. Other times, seed stage VCs are part of a large consortium of investors and may also invest in several rounds of funding (“follow-on funding”). Seed stage VCs also tend to exercise more control and provide experienced management to help guide the startup through growth and development.

**Corporate VCs** may be a fund spun out of a mid to large size pharmaceutical company that focuses solely on investing in startups that contribute to the goals of the company. Some examples of these are: Lilly Ventures, GE Ventures, and Pfizer Venture Investments.

Below is more information on Allegory Venture Partners, a life science focused VC in the Portland area:

### **Allegory Venture Partners**

Allegory Venture Partners is a new healthcare and life sciences-focused venture capital fund manager based in Portland, Oregon and Houston, TX. The Allegory Fund, a seed stage venture fund, expects to focus its investments primarily in the following subsectors, (i) healthcare information technology, software, and applications; (ii) healthcare services; (iii) medical devices and diagnostics; and (iv) research tools and technologies.

# \$356

MILLION

in grants/awards to OHSU in  
Fiscal Year 2014

## Concluding Remarks

We hope that this Startup Guide has been a useful resource for you. Often times, many hours are spent just to understand and navigate the process before launching a company. This guide attempts to address the startup process and thus help to reduce the number of mistakes made along the way. We have tried to address many of the common hurdles that a faculty or an inventor faces when starting a company. We encourage inventors and founders reading this guide to [contact TTBD](#) for further guidance, but also to refer to the many outstanding resources and business leaders in the Portland and Northwest community for additional startup advice.

This first edition was the result of great team work from TTBD, OHSU, faculty and startups, and several community leaders. We sincerely thank everyone for their contributions and input. This version will certainly go through many more revisions and thus we welcome your feedback to improve this guide and address any questions or topics that may have been missed.

Remember, you are one of the few who is willing to take this great risk, plunge into the unknown, and as a result will have many sleepless nights over the next several years. However, in the end, it will be worth it! You believe in your instincts and in yourself for the greater cause of bringing innovative technologies to market for the public good.

## Appendices

### A. Entity Considerations Chart

	LLC	C-Corp	S-Corp
Ownership Rules	Unlimited Members Allowed	Unlimited number of shareholders allowed	Up to 100 shareholders allowed
Company Liability	Partially limited; personal liability of shareholders for the obligations of the corporation	Partially limited; personal liability of shareholders for the obligations of the corporation	Partially limited; personal liability of shareholders for the obligations of the corporation
Tax Status	Entity not taxed; as the profits and losses are passed through to the members	Double taxation - corporation taxed on its earnings at the corporate level and shareholders have further tax dividends distributed	Pass through taxation - corporate income, losses, deduction and credits are taxed to the shareholders
Documents for Formation	<ul style="list-style-type: none"> <li>Articles of Organization</li> <li>Operating Agreement</li> <li>Obtain EIN</li> </ul>	<ul style="list-style-type: none"> <li>Articles of incorporation</li> <li>Organizational Board Regulations</li> <li>Stock certificates and ledgers</li> <li>Obtain EIN</li> </ul>	<ul style="list-style-type: none"> <li>Articles of incorporation</li> <li>Organizational Board Regulations</li> <li>Stock certificates and ledgers</li> <li>IRS &amp; State S corporation election</li> <li>Obtain EIN</li> </ul>
Management Structure	Managed by LLC members or by appointed managers	Board of Directors has overall management responsibility and officers have day-to-day responsibility	Board of Directors has overall management responsibility and officers have day-to-day responsibility
Capital Contributions	The members typically contribute funds or services and receive an interest in profits and losses	Shareholders typically purchase stock in the corporation, either common or preferred	Shareholders typically purchase stock in the corporation, but only one class of stock is allowed

### B. Additional Resources

1. Essential Reading
  - a. [“The Entrepreneur’s Guide to a Biotech Startup,” Peter Kolchinsky, PhD](#)
2. Free or Low Cost Business Planning Tools & Websites
  - a. Business Plan and Model or Launch
    - i. [Oregon Business Guide](#)
    - ii. [Oregon Business Express](#)
    - iii. [Steve Blank’s Entrepreneurship Blog](#)
    - iv. [Business Model Generation](#)

- b. Capital Access and Financing
    - i. [Business Oregon Finance Programs](#)
    - ii. [Oregon SBDC - Capital Access Team](#)
  - c. Legal Services and Growing Your Workforce
    - i. [Lewis & Clark Legal Clinic](#)
    - ii. [Worksource Oregon](#)
3. Business and Startup Support
- a. Commercialization & Life Science Networking Opportunities - Please keep in mind, there are a wealth of resources available in the local community to help you form your company. This includes local business leaders, attorneys, consultants, etc. Your colleagues at TTBD can help supply you with resources but you may also want to reach out to others for additional guidance.

#### [OregonBEST \(Oregon Signature Research Center\)](#)

The Oregon Built Environment & Sustainable Technologies Center, Inc. (Oregon BEST) is an independent nonprofit that provides commercialization funding for early stage technologies in the area of clean technology as well as support for startups including a SBIR/STTR Support Center.

#### [Oregon Bioscience Association \(OBA\)](#)

Oregon Bio supports the regional bioscience community through networking, educational programs, enterprise support, advocacy, and the enhancement of research collaboration. Oregon Bio is responsible for communicating the industry’s impact, issues and challenges to the public sector, educators and the general public.

#### [Oregon Nanoscience and Microtechnologies Institute \(ONAMI\) \(Oregon Signature Research Center\)](#)

ONAMI’s commercialization program is designed to bring Oregon technologies to the marketplace and support the companies behind them. The program focuses on the critical early stages of technology commercialization where a GAP between research and product often leaves potentially successful enterprises in the so-called “valley of death.”

#### [Oregon Translational Research and Development Institute \(OTRADI\) \(Oregon Signature Research Center\)](#)

OTRADI is a nonprofit Oregon Signature Research Center that facilitates scientific collaboration, commercialization of new bioscience discoveries and incubation of startup companies at their incubator.

- b. Incubators and Accelerators for Life Science Companies -
 

Incubators and accelerators are two traditional types of business support ecosystems that provide useful resources and programs for startups. This may include opportunities such as mentoring, community and investor connections, education and office or lab space, and access to a strong peer network. Below is a non-exhaustive list of several incubators/accelerators that have or currently house life science companies in the Portland area. Further research is recommended for other incubators/accelerators that may pop up in the NW community.

**Oregon Technology Business Center (OTBC)**

OTBC, is a non-profit tech startup incubator based in Beaverton, Oregon that provides coaching, networking events, entrepreneurship programs, and shared office space to help tech, biotech, cleantech and opentech startup ventures succeed.

**OTRADI Bioscience Incubator (OBI)**

The OTRADI Bioscience Incubator (OBI) is Oregon's first and only bioscience-specific accelerator. The OBI, at the Oregon Translational Research and Development Institute, provides scientists and young companies with the resources and expertise needed to take their research from the lab to the market.

**Portland State Business Accelerator (PSBA)**

The PSBA is home to more than 30 promising technologies and science startups, including spinouts from all major Oregon research universities. The Accelerator provides affordable work space; conference room access; monthly CEO meetings and topic-related brown bags, plus ready information on business basics, raising funds and managing people.

## c. Additional Key Startup Support/Other Networking Opportunities

**Mercy Corps Northwest**

Mercy Corps Northwest is a small business development resource helping to build and grow small businesses in the Pacific Northwest. They provide microloan funding, matched savings, business courses and training, counseling and other services to companies that don't have access to traditional business financing and resources.

**Oregon Entrepreneurs Network (OEN)**

The Oregon Entrepreneurs Network (OEN) is a hub for entrepreneurs, startups, investors, and service providers. OEN's constant stream of webinars and workshops teach entrepreneurs how to create a business plan, value your company, pitch to investors, and much more. OEN also provides private review sessions to produce custom business plans to entrepreneurs from industry experts and a CEO roundtable program to advise new startup companies on their business plan.

**Portland State University – Lab2Market**

Oregon's Lab2Market merges world-class university-based innovation with the practical lessons of the marketplace. Through a two-day intensive workshop, university entrepreneurs and innovators refine their business concepts with hands-on help from venture capitalists and startup mentors. The event culminates in a pitch competition judged by investors and business experts, where prizes are awarded.

**Oregon Small Business Development Center Network (SBDCN)**

The Oregon Small Business Development Center Network is an established partnership between 17 Oregon community colleges, two state universities, the U.S. Small Business Administration and the Oregon Business Development Department. They provide resources, advising, training and online courses to help guide companies in Oregon into successful businesses.

**Technology Association of Oregon (TAO)**

TAO is a professional organization for investors and startup companies in the high tech field. TAO holds over 70 events per year and offers opportunities for professional and business development for entrepreneurs. These events can include leadership exchanges, forums, signature events, and partner events. The TAO Digital Health Community provides a public exchange to share best practices, explore inspiring ideas and create professional connections to Oregon's Healthcare Technology World.

**University of Oregon - Lundquist Center for Entrepreneurship**

University of Oregon's Lundquist Center for Entrepreneurship creates, shares, and promotes business knowledge through cooperation and collaboration among students, faculty, and the greater business community. OU's Technology Entrepreneurship Program partners business, law, and science graduate students to evaluate the feasibility of and develop business plans for commercializing new technologies.

**University of Portland/OHSU Technology Entrepreneurship Certificate Program**

This highly regarded interdisciplinary program, jointly delivered by the University of Portland and Oregon Health & Science University, is designed for people with a passion for successfully turning ideas into ventures. Over the course of a year, students participate in and experience the entire spectrum of the commercialization process, starting with invention and product development, to technical and market feasibility analysis, through intellectual property acquisition and business planning, and culminating with venture funding and product launch.

**The U.S. Small Business Administration (SBA) - Portland District Office**

The SBA is specifically designed to provide financial assistance to small businesses to meet key financing needs, including debt financing, surety bonds, and equity financing. SBA provides assistance primarily to four programmatic functions: access to capital, entrepreneurial development, government contracting, and advocacy for small businesses.



Oregon Health & Science University  
Office of Technology Transfer & Business Development  
0690 SW Bancroft Street  
Mail Code: L106TT  
Portland, Oregon 97239

503-494-8200 | [techmgmt@ohsu.edu](mailto:techmgmt@ohsu.edu) | [www.ohsu.edu/techtransfer](http://www.ohsu.edu/techtransfer)