University of California, Irvine
Startup Guide for Employee Inventors

Version 1.0, February 2016

This is the first version of the Faculty Startup Guide for Employee Inventors.It is our goal to build upon it, refine it, and improve it based on your feedback.

We encourage you to share your thoughts, suggestions, and any comments you may have by emailing cove@uci.edu.Thank you!

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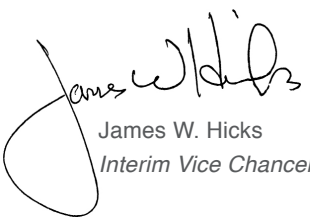
A Message from the Applied Innovation Executive Director and the Interim Vice Chancellor for Research

We have created this handbook to serve as a high-level guide and overview of some key questions and issues that may confront you, the aspiring entrepreneur, as you begin to consider starting a new company around innovations emanating from your research. Its purpose is to provide a starting point for engaging you in conversations about your entrepreneurial journey with the Invention Transfer Group (ITG), Applied Innovation, and other campus resources. There are multiple paths a University of California, Irvine (UCI) inventor can take to commercialize UCI technology, including starting a company or licensing to existing companies.

Inventors interested in such pursuits are strongly encouraged to talk to Applied Innovation and ITG staff, who have experience supporting inventors and steering them to needed resources, as well as their peer entrepreneurial academic researchers and contacts in the business community.

Richard Sudek
Applied Innovation Executive Director



James W. Hicks
Interim Vice Chancellor for Research

Starting a Company: Key Considerations

Building a Team

Putting together a potent and cohesive group to form the startup company is an important first step in the process. One of the most difficult aspects of creating a new business is determining who is in the business and establishing expectations concerning roles in, and commitments to, the company. If the inventor is the main motivator for the new company, then he or she must consider personal goals and family and professional commitments. If the inventor is not the motivator for the decision, then the business driver will have to determine who is involved, which usually includes the inventor in some role.

Choosing Your Role

Consider each founder's role in the management team. Team members may be needed with strong domain expertise, sales experience, and marketing know-how. Investors are usually interested in a company with a strong management team; they are unlikely to fund even the best ideas if the right team is not in place.

When choosing your role in the company, you should consider the current needs of the company and your long term plans for the company and your involvement in the company. You should be aware of University of California policies covering faculty involvement with outside entities.

The following table identifies requirements of Conflict of Commitment and Conflict of Interest policies based on the role or financial interests of the faculty member in the startup.

Role/Financial Interest	Conflict of Commitment	Conflict of Interest[1]
CEO/Officer/Executive or managerial position of company	Category I – requires prior approval of the Executive Vice Chancellor/Provost. Subject to annual approval and reporting.	Disclosure may be required per State law and IRB COI Policy.
Founder	Category I – requires prior approval of the Executive Vice Chancellor/Provost. Subject to annual approval and reporting.	Disclosure may be required per State law and IRB COI Policy.
Advisory Board Member/Member of Board of Directors	Category II – subject to annual reporting.	Disclosure may be required if you are the Chair of the Advisory Board or Board of Directors per State law and IRB COI Policy.
Consultant	Category II – subject to annual reporting.	Disclosure may be required per State law and IRB COI Policy. If also received income, disclosure may be required per PHS and NSF COI Policies.
Employee	Category I – requires prior approval of the Executive Vice Chancellor/Provost. Subject to annual approval and reporting.	Disclosure may be required per State law and IRB COI Policy. If also received income, disclosure may be required per PHS and NSF COI Policies.
Research or administration of a grant outside of the University	Category I – requires prior approval of the Executive Vice Chancellor/Provost. Subject to annual approval and reporting.	Disclosure may be required if company sponsors research at UCI.
Equity or Ownership Interest	May or may not raise a conflict of commitment issue – determination on a case-by-case basis.	Disclosure may be required for all COI policies.

[1] The COI disclosure requirements may apply based on the type of sponsor for your research project (non-governmental entity, NSF, or PHS) and if the research involves human subjects. In addition to the above scenarios, if you receive or will receive income from the company, regardless of your title/role in the company, you may be required to disclose.

Conflict of Interest (COI)

A conflict of interest is a situation where an investigator's outside financial interest(s) or obligation(s) may compromise or have the appearance of compromising the investigator's professional actions or judgment in the designing, conducting, or reporting of their research projects. For any University of California employee working on an outside business, disclosure and transparency are crucial to successful management of conflicts of interest. Acquiring a financial interest in a startup related to your research may result in disclosure requirements. The Conflict of Interest Oversight Committee (COIOC), a committee composed of UCI faculty members reviewing financial disclosures, encourages you to do the following in your financial disclosures:

1. Be transparent in describing your financial interest

2. Acknowledge the potential conflict of interest

3. Explain how you have mitigated the potential conflict

If the faculty member has a financial interest in a company interested in sponsoring research at UCI (such as through stock as a founder of a startup), the proposal may require review by the COIOC. The best way to understand and manage the disclosure requirements created by this potential new financial interest is to meet with the Conflict of Interest (COI) team while you are first developing your plans for yourself, your company, and your UCI research. The COI team can help identify the potential concerns from the COIOC and provide suggestions on how best to address those concerns to facilitate the COIOC reviews. The majority of potential conflicts of interest can be managed and recommended for approval. For examples on addressing potential conflicts of interest, please review the COI Case Studies, http://www.research.uci.edu/compliance/conflict-of-interest/coi/case-studies.html.

The COI team is available to provide resources, feedback, and support to you throughout the COI process. To contact the COI team and for more resources, please visit the COI website: http://www.research.uci.edu/compliance/conflict-of-interest/index.html. For more information about COI policies, please review the COI Disclosure Chart, http://www.research.uci.edu/compliance/conflict-of-interest/forms-references/disclosure-chart-printable.pdf.

Conflict of Commitment - Applies to Select Faculty Titles only[2]

Outside professional activities that interfere with a faculty member's professional obligations to UCI represent a conflict of commitment. University of California policies covering Conflict of Commitment and Outside Professional Activities of faculty members provide guidance for the identification and management of outside professional activities to avoid conflicts of commitment, while assuring that faculty may engage in a wide array of outside activities without unnecessary limitations. Faculty members who are participants in the Health Sciences Compensation Plan are subject to the provisions of APM – 671 and all other titles covered by the policy are subject to APM - 025. Faculty can refer to UCI Academic Personnel Procedures 1-15 for the process of requesting a prior approval for certain outside professional activities. In addition, information related to report of outside activity income as well as time and income limits for Health Sciences Compensation Plan Faculty are subject to the requirements of the School of Medicine Implementing Procedures.

Involving Students

Student involvement in outside companies, including faculty startups, may offer the student potential educational benefits. However, the relationship between faculty member and student must be protected from influences or activities that may interfere with learning consistent

[2] See APM 025-14(a), Faculty titles subject to APM - 025. All faculty holding appointments in the following title series are subject to this policy; however, faculty holding appointments of less than 50 percent time are not subject to the annual reporting and prior approval requirements: Professor, including Acting titles; Professor in Residence; Adjunct Professor; Professor of Clinical (e.g., Medicine); Health Sciences Clinical Professor; Clinical Professor of Dentistry; Lecturer or Senior Lecturer with Security of Employment; Lecturer with Potential Security of Employment. Please note that faculty holding titles in these series are subject to APM - 025 if not participating in the Health Sciences Compensation Plan. Faculty participating in the Health Sciences Compensation Plan are subject to APM - 671 and are not subject to APM – 025.

with the goals and ideals of UCI (The Faculty Code of Conduct, APM - 015). A faculty member involving a student in outside activities has the responsibility to ensure that the student's participation does not interfere with the student's academic obligations.

If the faculty member has, or expects to have, academic responsibility (instructional, evaluative, or supervisory) for the student, the faculty member must obtain prior written approval from the Department Chair before involving a student in an outside professional activity regardless of whether the faculty member is compensated for or has a financial interest in the activity. The involvement of a student in the outside professional activity of a faculty member must not affect, positively or negatively, the faculty member's evaluation of the student's performance in any other context. For more information, please review the applicable policy, APM – 671 for faculty participating in the Health Sciences Compensation Plan and APM - 025 for all others.

Note that student visas, as well as certain other visa types provided for university employees, are generally not transferrable to an outside company for employment purposes. Transferring some visas can also be prohibitively expensive for a startup. Please be sure to consult appropriate counsel for assistance.

Use of University Facilities/Resources. UCI is a public institution, heavily subsidized by the state and federal taxpayers and tasked with the performance of academic and scholarly research. Private companies are not allowed to directly use or access UCI resources unless UCI has specifically identified that resource as available for use by external users. In addition, UCI is required to recover all of its costs (direct and indirect) when performing work for others, including private entities such as startup companies. If a startup company wants to access or use UCI's research infrastructure for its own projects, it can do so by using one of the many shared research facilities that are available for external use. In addition, UCI has on-campus incubator space where startup companies can lease offices and basic lab space.

If a company is interested in having UCI researchers conduct a research project for the company, it can do so through a research agreement. UCI is required by federal regulation, state law and University of California policy to own any resulting intellectual property (IP) developed by its employees. However, if the funding is provided through a research agreement, the agreement typically includes language allowing the sponsoring company to negotiate a license (i.e. first right to negotiate) to any IP developed by UCI while performing the research project. Research done in the faculty member's laboratory should be appropriate for the university setting. Very routine tests that are readily available at commercial entities outside UCI are generally not appropriate. The Industry Sponsored Research unit of Applied Innovation is responsible for executing research agreements with companies.

Use of UCI Name and Logo

The Regents of the University of California is the State of California Constitutional Corporation that runs and manages the University of California. The Regents own and control the University's names and logos. As a public, state entity, the University of California is prohibited from endorsing any specific company, product or service. As a result, the use of the University of California names and logos are restricted and cannot be used to imply, directly or indirectly, that the University supports, favors or endorses any commercial product. If a faculty member is involved in your company, it is appropriate to identify them as a professor at UCI as long as the statement is factual and does not imply endorsement by the University.

Campus Resources

Subject Areas	Office	Contact
• Resources and information related to creating a company	Applied Innovation	cove@uci.edu
• Patent application • License UCI IP	Invention Transfer Group (formerly Office of Technology Alliances)	Licensing Officers
• Company sponsored research	Industry Sponsored Research	Industry Contract Officers
• Financial disclosure requirements related to research • Prepare for upcoming Conflict of Interest Oversight Committee review	Conflict of Interest	Conflict of Interest Administrator
• Acquire prior approval for Category I activities under the University of California's policy Conflict of Commitment and Outside Activities of Faculty Members	Academic Personnel	Dean's Office Chief Personnel Officer Academic Personnel SOM Dean's Office (for Health Science Compensation Plan Implementing Guidelines related to report of outside activity income & time/income limits)
• Involve students in new company	Academic Personnel	Department Chair
• Startup company's products have military end use or are subject to export control regulations	Export Control	Export Control Officer

Frequently Asked Questions

1. When should I contact my Department Chair and Dean to discuss my proposed startup-related activities?
As soon as possible.

2. How many days may I dedicate to startup-related activities?
It depends. School of Medicine Health Sciences Compensation Plan participants may dedicate 21 days. Academic-year faculty may dedicate 39 days. Fiscal-year faculty may dedicate 48 days. Days on vacation or unpaid leave of absence do not count towards the time limit. If you are approaching your time limit, you should consider seeking prior approval for exceeding the time limit. For more information, refer to the Conflict of Commitment section on page 4.

3. As a UCI employee, what type of role in the new company am I not allowed to take?
University of California policies do not prohibit UCI employees from taking specific types of roles in outside companies. However, these roles should not detract from or conflict with the employee's obligations and responsibilities to UCI. In addition, certain UCI employees (primarily faculty members) are required to request prior approval to assume some higher level roles in an outside company like co-founder or an executive or managerial role per the Conflict of Commitment Policy (APM-671 for those in the Health Sciences Compensation plan and APM-025 for general campus). You may also be required to disclose annually the amount of days and compensation received related to this new role to comply with the Conflict of Commitment Policy. For more information, refer to the Conflict of Commitment section on page 4.
In addition to the Conflict of Commitment requirements, you may be subject to additional disclosure requirements depending on what type of role you assume per the Conflict of Interest Policies. For more information, refer to the Conflict of Interest section on page 4.

4. What is the limit on equity interests in an outside company for a UCI employee?
The University of California has not established a limit on the amount of equity interests you can acquire as an UCI employee. However, the dollar value and/or the percentage of issued and outstanding shares your equity interests represents may trigger Conflict of Interest and—depending on activities associated with the equity interests—Conflict of Commitment disclosure and review requirements. For more information, refer to the Conflict of Interest and Conflict of Commitment sections on page 4.

5. Will I have more disclosure requirements if I acquire a new financial interest?
You will most likely have additional disclosure requirements after you acquire a new financial interest. Your requirement to disclose will depend on a number of factors including but not limited to: the type/nature of your financial interest; whether or not your UCI research is related to the entity's interests; and the types of sponsored research in which you are involved. The disclosure requirements are based on Conflict of Interest policies and the Conflict of Commitment Policy. For additional guidance, review the Conflict of Interest and Conflict of Commitment sections on page 4 or contact the COI team.

6. How do I address my potential conflict of interest in research?
Each potential conflict of interest is unique therefore the COIOC consider multiple factors when determining whether or not additional safeguards are required to protect the objectivity of the research. Some factors the COIOC considers include but are not limited to: the study design, the status of the entity, and the nature of the Investigator's financial interest. For ideas on how to address the potential COI issues, review the COI Case Studies, http://www.research.uci.edu/compliance/conflict-of-interest/coi/case-studies.html, and contact the COI team.

7. May I involve a student in my startup?
Yes, but prior approval may be required. If you have or will have supervisory or academic authority over the student you would like to involve, you must seek prior approval from your Department Chair. For more information, refer to the Conflict of Commitment section on page 4.

8. What if I'm not ready to license the University of California technology(ies) that will be the basis of my startup company?
A variety of agreements are available to serve the particular needs of the company at different stages of its growth. Initially a Letter of Intent may be sufficient. This type of short-term agreement provides for an exclusive negotiation period in exchange for limited financial consideration to UCI. This allows the startup to do any necessary due diligence around the IP and business opportunity, to refine its commercialization plan and to negotiate the license without being concerned that another party will also be negotiating with UCI. An evaluation license or option provides the company with the ability to conduct more in depth due diligence, including evaluating how the technology works in the company's hands or performing proof of concept experiments to confirm the viability of the company's plans. A licensing officer at ITG can meet with you and explain the different licensing arrangements to help you determine the best fit for your company based on its current circumstances.

9. What happens if my company develops IP?
It is anticipated that, during its research and development activities, a company will develop new IP that is distinct from the in-licensed UCI IP. If the new IP is generated independently by the company without UCI resources or UCI employees, the company will usually own the IP. If UCI funds, facilities or employees were involved in generating the IP, UCI is likely to have an ownership position in the IP. If no UCI resources are used but company employees with UCI employees are co-inventors or co-authors, IP ownership may be shared with the company.

10. If a faculty member participates in the company and develops IP, does UCI own it?
University of California faculty are permitted to engage in certain outside professional activities, including consulting for companies. Companies are able to own IP developed by UCI faculty during permissible consulting activities that comply fully with applicable University of California policies. To learn more and to discuss best practices, please contact a licensing officer at ITG, or review the University of California's Guidelines on Faculty Consulting and Intellectual Property, a copy of which is located at: http://www.ucop.edu/ott/documents/consult.pdf.

The following are a series of issues and concerns that will need to be addressed by the startup company. UCI Applied Innovation has a wide variety of resources and expertise that can be utilized to help you address these questions and issues. For more information, contact UCI Applied Innovation at cove@uci.edu.

Startup Process: Basic Steps to Launch

- **Start Discussions Early:** We encourage you to contact ITG and Applied Innovation early in the process to discuss your business and/or invention, how to protect the IP, and your thoughts about developing and commercializing the IP through a startup company.
- **Protect IP:** Work with a licensing officer at ITG to file a patent application on the invention before it becomes public. A major asset of a startup company is its IP. Obtaining a patent after public disclosure may no longer be possible, particularly outside the United States.
- **Seek Input, Network and Build Your Team:** UCI provides a wealth of resources for entrepreneurs and inventors looking for help to start a company, many located within UCI Applied Innovation. Identify a mentor and work with him or her regularly, network with like-minded entrepreneurs, review ideas with potential investors, and evaluate the commercial aspects with potential customers.
- **Choice of Legal Entity:** A range of tax, accounting, business structure, corporate governance, and certain personal considerations drive the process of selecting an appropriate business entity. Forming a legal business entity is not difficult or expensive; however, one should consult with a qualified attorney as to which form of business entity is most appropriate.
- **Ensure Compliance:** As a UCI faculty member, you should also consult with Academic Personnel, Conflict of Interest, and other relevant offices to develop a better understanding of the implications of acquiring this new outside financial interest and to ensure compliance with University of California policies.
- **Develop Your Business Model:** A detailed and well-thought out business model is often a key part of this phase through which you can develop a thorough understanding of target customers and applications, market potential, competition, funding needs, how you plan to develop the product, key management plans, and overall exit strategies.
- **Negotiate and Execute the License or Option Agreement:** A licensing officer at ITG will negotiate with the appropriate representative of the company to grant a license to your startup. In some cases, a short-term option agreement may be more cost-effective and may precede a license so that your company can demonstrate to potential funders that it has secured the rights to negotiate for a license to the technology.
- **Pursue Funding:** Commercializing technology is typically a capital-intensive process. You'll need to present your opportunity to people with the funds to help you make it happen: venture capitalists, angel investors and perhaps in the initial stages, friends and family. This is discussed in more detail on page 13.

Analyzing Your Company's Potential

Is there a market for your product? This is the most important question to answer – if you turn your technology into a product, will customers want to buy it? To answer this question, it is a good idea to survey as many potential customers as possible. Does your technology solve a problem they think they have? Is your value proposition strong enough that those customers will be willing to pay a sufficient amount for it? Have you identified the features and benefits that are most important to your potential customers? Once you have answered these questions to your satisfaction, you can turn to assessing the market size.

Market Size, Dynamics and Potential. What is the market size? Is it growing, stable or shrinking? When analyzing the market size, it is important to focus on the addressable market that the product will specifically benefit. (For example, the addressable market for a new high power, extremely bright LED bulb, is not likely to be the entire lighting industry, but rather, the automotive or entertainment industries interested in automotive headlights and stage lighting. This technology may be the wrong fit for residential or other uses.) Is the market controlled by a few players? If so, how will your company enter the market and/or overcome barriers to the market? Of the addressable market, what share can be obtained by your company?

Competition. Now that you have identified and assessed the market size, the next step is to understand your competition in that market. Are there products already in the market that address the same general need? Is your product sufficiently differentiated from competing products and/or does it offer a significant advantage over existing products? If so, how is your technology better? Are there other companies that are developing technology that would directly compete with yours? If so, what is the stage of development and why is your technology better?

IP Protection. Your IP should give you a competitive advantage. Based on your understanding of the market and your competitors: What is the best form of IP to protect the technology? Is broad protection possible to secure? Are any key intellectual property rights owned by someone else? If so, how will the startup acquire the necessary rights or re-design the technology to assure "freedom to operate"? Can the company employ multiple forms of IP rights, such as a combination of patents, trademarks, copyrights and, later in the company's development, trade secrets, to strengthen and supplement protection of its products and services? Will it be more advantageous to treat certain aspects of an invention as a trade secret and not file a patent application?

Development Needs/Risks. What further research and development will be needed to get the technology ready for commercial sales? What are the key development milestones? How long will it take to achieve these milestones and how much funding is needed to achieve them? What are the development risks, including full failure points, and how do you anticipate mitigating these risks?

Regulatory Issues. Are any regulatory approvals required? If so, what is the history of similar products obtaining approvals, have you sufficiently accounted for the length of time and funding in obtaining approvals and what is the risk that the approvals will not be secured?

Exit Strategies. Based on the amount of funding required to develop the technology for commercial sale, is it possible for investors to achieve their necessary rate of return? Please note that different funding sources have different needs when calculating their necessary return on investment. For example, the federal government would not expect any return on investment when awarding a grant. In contrast, venture capital firms each have a return they seek to achieve, which could be as high as ten times the invested funding. The required return on investment can vary, so it is important to research individual investors, when possible, in addition to market standards.

Protecting Intellectual Property

IP refers to a category of intangible property rights comprising primarily patents, trademarks, copyrights, and trade secrets. The table below summarizes ownership of the various types of IP at the University of California.

Intellectual Property at the University of California: Who owns what?	
Patents	UCI employees, as a condition of employment, must disclose and assign patent rights to the University of California. The patent application process is administered by the ITG and the University of California Office of Technology Transfer. If the invention resulted from unrelated outside work, UCI may decide that it does not have a right of ownership.
Copyrights	Ownership of the copyright in the work depends on the conditions and funding of the particular work. If classified as a "Work for Hire" or part of a sponsored research, the copyright belongs to University of California. If the work results from other intellectual activity, the copyright will generally belong to the individual. Administration of University of California-owned copyrights is carried out by the UCI's Invention Transfer Group.
Trade Secrets	UCI generally does not assert rights to the "know-how" or a trade secret held by its faculty. UCI occasionally may maintain, transfer and/or receive confidential information under secrecy agreements.

Disclosure and Assignment of Patentable Inventions

As a condition of employment at the University of California, faculty, staff, and researchers are obligated to disclose all inventions to the University of California and to assign to it their rights in any possibly patentable inventions developed within the scope of their University of California employment. This is accomplished through signature of the Patent Acknowledgment.

To preserve patent rights, you should disclose inventions by submitting a Record of Invention to ITG before making any form of public disclosure, e.g., a paper, poster session or discussion with a colleague. ITG licensing officers make a preliminary evaluation of the Record of Invention. Factors such as patentability, benefit to the public, commercial potential, and patent rights of outside parties are considered in selecting cases to pursue further. If the ITG evaluation determines that a case qualifies, ITG begins marketing of the invention to assess commercial interests and find a qualified licensee. You should indicate in the Record of Invention if you are interested in starting a company around the invention so the ITG licensing officer can keep this in mind during the evaluation. If ITG decides to proceed with filing a patent application, ITG authorizes and coordinates the process, and engages a patent attorney to draft the patent application. In doing so, the attorney will often work closely with you to complete the application.

The completed patent application is submitted to the United States Patent and Trademark Office (USPTO). At the time of filing of the application, you execute legal documents assigning the patent to the University of California pursuant to the inventor's Patent Acknowledgment. The whole patent process after the application has been submitted to the USPTO commonly takes at least three to five years.

Procedures for filing applications in foreign countries vary, and are very costly. ITG recommends filing foreign patent applications only when the cost is likely to be recovered from a licensee. If a publication has been made after a U.S. patent application filing, a preliminary foreign filing date must be made within one year of the U.S. filing date in order to preserve rights in other countries.

Licensing

The legal agreements to provide rights in UCI intellectual property to a company are handled by the licensing officers in the Invention Transfer Group. A faculty member and startup company can expect the following with regards to the licensing process:

1. A company must be formed. UCI will not license to an individual. The startup company must demonstrate that it has the resources to develop the product in a timely manner consistent with the stage of the technology.

2. Under a license agreement, UCI will require the startup company to pay patent costs, licensing fees, and royalty on sales of a product, consistent with licensing practices for any other commercial entity. Financial terms of the license are based on comparable market rates, however UCI often accepts equity in order to help reduce initial fees for startup licenses.

3. UCI will not negotiate with the faculty member or other UCI employee, therefore the startup company should find appropriate representation to negotiate with the licensing officer at ITG. This may be another person working for the startup who does not have a conflict with the university or it could be someone, such as an attorney, hired specifically to represent the startup company in the negotiation.

4. The startup company will be treated similarly as any other university licensee. If the startup company fails to meet diligence provisions, make financial payments, or otherwise not meet its obligations under a license agreement, the company risks losing the license.

The licensing officers at ITG complete several startup licenses every year and are well versed in working with startups. They utilize template agreements and can address areas of concern for the startup. Once the startup company is ready to discuss a license agreement, contact the licensing officer managing the technology of interest for an initial meeting.

Building a Funding Strategy

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

1. **Friends and Family.** During the earliest stages of company formation, entrepreneurs often use their own funds, or funds provided by friends and family, to get the company off the ground. A "friends and family" round can provide critical seed funding. However, take care to assure that what the company provides in exchange for the funding will not unduly interfere with future funding opportunities.

2. **Federal Grants.** The U.S. government provides innovation research grants to small companies, which can be great and non-dilutive sources of initial capital. The Small Business Innovation Research (SBIR) program is sponsored by eleven federal agencies, including the National Institute of Health (NIH), National Science Foundation (NSF), and Department of Defense (DoD). SBIR funds can be used for just about any industry: life science, physical sciences, information technology, or even education technology. A sister program known as Small Business Technology Transfer (STTR) allows for R&D to be performed in partnership with a university or non-profit research institution.

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

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

5. **Venture Capital.** Typical venture capital firms (VCs) invest after the seed funding round (i.e., during Series A, B or C) in exchange for an equity stake in the company. VCs raise substantial funds from other sources, such as institutional investors, and then invest the funds in high growth potential companies. VCs are typically hands-on, interacting with the startup's management team and will often help locate and place senior management into the startup. VCs also typically require relatively high annualized return on the funds used to make investments.

6. **Organic Growth.** Entrepreneurs can also grow companies slowly based on sales, without the need to raise external funds. Organic growth can be a reasonable strategy for certain ventures. Typically, however, UCI innovations are at such an early stage of development that additional funds are necessary to move them from the lab to market.

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