Technology Marketing

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ABSTRACT

Finding out how to market your technology to potential licensees can be a perplexing process. There is no common consensus about how to approach technology licensing, and workshops on the topic tend to offer a haphazard mix of tools and strategies that cannot be applied generally. This chapter emphasizes the importance of actively marketing your technology. It offers a systematic marketing approach supported by numerous models for contacting and prioritizing your contacts. The chapter also includes numerous helpful worksheets to guide and focus your approach. By following the steps laid out in this chapter, you will have learned a great deal about the market for your "merchandise," its potential licensees, and its value. You may have even found a licensee!

1. INTRODUCTION

If you ask ten seasoned licensing professionals about how they locate potential licensees, you are almost guaranteed to receive ten different answers. The truth is that technology marketing, although one of the most important and difficult aspects of technology licensing, is rarely carried out in a systematic way.

There is no consensus about the best way to approach technology licensing, and many people are not willing to share their expertise. Marketing experts in technology transfer learned the ropes just like about everyone else learns the tricks of their trade: by experimenting with hit-or-miss techniques. This haphazard approach probably explains why most training workshops on the topic offer smorgasbords of tools and strategies that one person or a few people found useful and that may or may not be useful to someone else; the workshops never offer much guidance about which tools to use, when to use them, or in what order.

The following materials suggest that it is possible to construct a marketing plan that will (1) work for both the novice and the expert in most, if not all, situations and (2) allow the licensing professional to continually refine his or her marketing strategy by systematically examining the feedback received from various sources.

2. MOVING MERCHANDISE

To fully appreciate how important technology marketing is to your licensing program, consider this simplified step-by-step plan of how technology marketing works:

1. You begin by having to market technologies that are "raw materials."

MacWright RS and JF Ritter. 2007. Technology Marketing. In *Intellectual Property Management in Health and Agricultural Innovation: A Handbook of Best Practices* (eds. A Krattiger, RT Mahoney, L Nelsen, et al.). MIHR: Oxford, U.K., and PIPRA: Davis, U.S.A. Available online at www.ipHandbook.org.

Editors' Note: We are most grateful to the Association of University Technology Managers (AUTM) for having allowed us to update and edit this paper and include it as a chapter in this *Handbook*. The original paper was published in the *AUTM Technology Transfer Practice Manual* Second Edition (Part VII: Chapter 3).

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2. By investing capital in patent applications or other IP protection, you convert the raw materials into "merchandise."
3. Licensing converts your merchandise (nonliquid IP assets) into capital (liquid assets). These assets fall into two categories: recovered capital and profits.
4. Recovered capital (and, optionally, profits, as well) can be re-invested with the aim of converting more raw materials into merchandise, the licensing of which will generate more recovered capital and additional profits.
5. If the rate of licensing is slower than the rate at which raw materials are converted into merchandise, your inventory will grow. Eventually, most of your capital will be tied up in nonliquid assets, and you will go out of business.

The point is that *you must move your merchandise.*

3. HOW TO MARKET

Our approach to technology marketing makes use of the telephone extensively and requires that each call to a prospective licensee be followed up in writing.

Although direct mail communication with potential licensees is perhaps the least costly approach, the response rate to such mailings is extremely low, and there is no way to answer any questions that potential licensees might have. The same can be said for computer databases and bulletin boards, which require potential licensees to log on, search for, and find advertisements and information about your technology. The limitations of such an approach are evident.

In an ideal world, the licensing professional would personally meet with all potential licensees: much more information can be communicated in person, and the response to the presentation can be gauged more easily. But few companies have the resources to keep their marketing professionals on the road. Although conferences are an efficient way to meet many potential licensees in person, they do not happen frequently enough to be adequate as a sole source of new contacts; besides, not all companies send representatives to such meetings.

Although telephone conversations are not quite as good as face-to-face meetings, phone conversations are a close second choice. The greatest advantage of using the telephone is that you can easily and inexpensively communicate with potential customers who are geographically distant and dispersed. Follow up each phone call with a brief letter and a nonconfidential description of the technology you hope to license. This follow-up activity will remind your potential customer about your offer and allow you to offer materials that can be sent to his or her company's scientists for further consideration.

4. DISCLAIMER

Keep in mind that the ideas shared in this chapter are new and have not yet been put to the test in the "real world." However, they are based on more than 20 years of experience by licensing professionals. We believe that these are practical materials, and we hope that you will put these materials to the test. We look forward to hearing your comments and criticisms.

The strategy outlined here is meant to serve as a template. We expect each user to modify it to suit his or her own needs and personal style. Some professionals may eventually choose to abandon this strategy altogether for a more free-form approach to marketing.

Finally, we have recommended particular reference texts or databases with reluctance; some professionals in the field might feel that we are promoting the interests of certain companies. We would like to point out, however, that 1) not one of the contributors has ownership interest in any of the companies recommended here and (2) none of us has received any compensation or consideration for our recommendations. Furthermore, we acknowledge that many other services and resources may be just as good as those we have recommended, and some may be far better; many more resources exist that we have been able to personally evaluate. We therefore invite you to explore the alternatives for yourself. The Association of University Technology Managers

(AUTM) Web site contains a section on marketing resources in its business section that can help you to begin your exploration.[1]

5. SYSTEMATIC MARKETING

This systematic technology marketing approach can be divided into four major activities:

Step 1. Collect information from the inventors.

1. Attach the marketing information sheet shown in Box 1A to your disclosure form (all Boxes are at the end of this chapter). This form explains the importance of technology marketing to the inventors.[2]
2. Attach the subquestionnaire, shown in Box 1B to the disclosure form, which asks the inventors to consider a variety of marketable applications for their invention. Each inventor should fill out this portion of the questionnaire: each person is likely to have different ideas and different contacts.
3. Based on any information you have on hand (or that you can reasonably estimate) about the current situation of the market(s) into which the invention might be introduced, fill in the summary sheet shown in Box 1C. Fill out one sheet for each hypothetical product or service envisioned by you or the inventor(s). Keep this sheet updated as you collect relevant information.
4. In order to collect further information that may aid in marketing the invention, consult with the inventor(s) about the contents of the summary sheet in Box 1C, and ask them the questions on the checklist in Box 1D.
5. For each target market, prepare a tailored, single-page, nonconfidential disclosure, in accordance with the guidelines and sample text shown in Box 1E.

Step 2. Collect information about potential licensees.

1. Begin with online searches. You may decide to manually search for potential licensees, for example, using the CorpTech hard-copy directory.[3]
2. Subscribe to a service that provides an online database that you can search for potential licensees (for example, Knowledge Express Data Systems [KEDS] or another system of your choice).
3. Install the database software by following the tutorials and step-by-step instructions provided. Review any additional instructional materials that come with the database, paying particular attention to information on how to use the database.
4. Develop both a list of keywords that will help you identify potential licensees and a profile describing your ideal licensee, and also develop a CorpTech-like profile for your ideal licensee.
5. Search the databases using the parameters you have collected: your keywords, CorpTech profiles of companies that might be possible customers, and the profile you created of the ideal licensee. Identify the five companies that seem to be the best matches for your technology. If you are having trouble identifying the top five, use the worksheet in Box 2 to narrow down your list of companies.
6. If you are using KEDS, you can substantially expand the number and focus of hits by using the Knowledge Express "hypertext" function. This function allows you to quickly determine which of the many available databases have entries that match the keywords you have identified. You can then search each database individually for possible licensing prospects. The hypertext function will often find entries on advanced technologies in the CorpTech and BioScan databases (the latter is a database that focuses on biotechnology and related disciplines), *Business News* (which contains current information and lists companies that are not listed elsewhere), and SBIR (which lists awards made by the Federal Small Business Innovative Research program for small, high-tech companies).

Step 3. Review and prioritize your prospects list. Examine your list of prospects. Using the worksheet in Box 3, assign each of the top five corporate prospects a rank from 1 to 5, with 1 the highest priority and 5 the lowest priority.

Step 4. Make contact with potential clients.

1. Review the guidelines (Box 4A) for finding the right person to talk to. Write down the company's telephone number, and, if possible, make a list of names and titles of potential contacts.
2. Review the three cold-call transcripts (Box 4B) and familiarize yourself with the sorts of conversations you can expect, depending on whether your prospects are very interested, not at all interested, or somewhat interested.
3. Review the "What to Get Across to Your Contact When You Call" checklist (Box 4C), and make sure you have all of the information you will need to convey. You may want to write it down so that you do not forget any of it.
4. Make the call. Call the company with the lowest priority of the five you have selected. Box 4A explains how to find the right person to talk to.
5. During and after the call, record information about the prospective company and how your contact responded on the "Reaction Data Sheet" (Box 4D).
6. Send the prospect a follow-up letter, modeled after one of those in Box 5, along with a copy of the nonconfidential disclosure (regardless of whether or not the prospect requested one).
7. Repeat steps 4 through 6 for each of the other prospects, working from the one with the least potential to the one with the greatest potential (in other words, beginning with number 4, then number 3, and so on).
8. Next, call those prospects ranked 6, 7, 8, and so on in order of decreasing potential.
9. If you have found a licensee, congratulations! But do not stop. One prospect is fine, but two or more prospects are better: if you are planning to offer an exclusive license, more prospects will give you more bargaining power; if you are planning to offer nonexclusive licenses, each new prospect means more payoff for your marketing efforts. If, on the other hand, you have not been able to find a licensee, assess your results using the guidelines in Box 6 and decide what you want to do next: Continue looking for prospects using the same strategies? Continue looking for prospects using new strategies? Wait a year and try again? Write off, as a loss, the capital invested in IP protection for this invention?

6. CONCLUSIONS

By following these steps, you will have learned a great deal about the market for your merchandise, its potential licensees, and the value of your product. You may have even found a licensee. Build on whatever success you have found by taking the time to learn from your experience and by analyzing the feedback you have obtained from your systematic marketing approach. And share what works with others.

For further information, suggestions, or guidance regarding this marketing strategy and how it might be customized or refined, please feel free to contact the authors at the numbers shown below. We would also appreciate your feedback on how this approach has worked for you, and how you believe it might be improved. Please share with us copies of any revisions you may make to the instructions or forms. ■

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1 www.autm.net (accessible to AUTM members) First select "Business," then "Marketing," then "Resources to Review."

2 See, also in this *Handbook*, chapter 8.4 by DR McGee.

3 www.corptech.com.

4 See, also in this *Handbook*, chapter 7.2 by SP Kowalski and A Krattiger.

5 See, also in this *Handbook*, chapter 11.8 by S Shotwell.

Box 1: Collecting Information from the Inside (Step 1)

A. Filling Out the Invention Questionnaire

When you complete the attached Invention Questionnaire, you will notice that it includes questions not only about the technical aspects of your invention, but also about its potential commercial market(s).

If you are like most inventors, you will probably not be very interested in thinking about how to market your invention. However, your answers to these questions are at least as important, if not more important, than your answers to the technical questions. Why? Remember that a patent is, first and foremost, an economic vehicle. It gives patent holders a monopoly on the manufacture, use, and sales of an invention for the life of the patent. The government grants such monopolies in order to provide an incentive for individuals and companies to invest the resources and effort needed to bring new products to the marketplace.

If patents were free, we could patent every invention and make profits on whichever ones reached the marketplace. Unfortunately, obtaining a patent is always costly. The application procedure for a typical U.S. patent costs between $10,000 and $20,000 from start to finish, and foreign patent applications can cost more than $100,000 for a single invention.

Therefore, we, as technology transfer specialists, have to try to determine in advance which inventions are likely to be of interest to licensees. The goal is to license each patented invention in exchange for a royalty, so that we can both recover the costs of the patent application process and generate additional revenues. If we patent inventions without first considering their licensing potential, we risk losing the money we have invested in patenting costs.

Granted, market exploration is not your job—it is ours. However, though you may not think that you know anything about marketing, experience has shown that inventors are one of the most valuable sources of market information. You know your new technology better than anyone else. You probably know how it might be used, and you might even know who would be interested in licensing it.

Now you know why we are asking you for help with marketing. Please answer the following marketing questions to the best of your ability. If you do not know the answer to a question, or are unsure whether you really understand the question, try to answer it anyway, and make your answer as comprehensive as possible. Please feel free to provide additional information that we have not specifically requested.

(Continued on Next Page)

Box 1 (continued)

B. INVENTION QUESTIONNAIRE

Docket _____ Title _____

Date _____ Completed by _____ Form ___of___

Please feel free to attach additional sheets if you need more room or if you want to explain your responses. In addition, please attach any materials that you think might help illustrate or supplement your answers.

PRODUCTS AND SERVICES

List as many products or services (whether actual or hypothetical) as you can think of that might benefit from your invention. Be adventurous: try to think of both broad and narrow applications, as well as applications that are outside of your own field.

1. _____

2. _____

[etc.]_____

COMPETING PRODUCTS AND SERVICES

List as many existing products or services, and the companies that provide them, as would be in competition with your new invention if it were to be used for all the functions you listed on the Products and Services form. You may wish to refer to catalogs or databases in completing this next list. Please attach any relevant product brochures or descriptions.

Product or service *Company*

1. _____

2. _____

[etc.]_____

POSSIBLE LICENSEES

List the names of companies you think would be interested in using your invention to make, use, or sell products or services. If you have a contact at any of these companies, be sure to provide a name and telephone number. (We will obtain your permission before we contact anyone.)

Company *Contact* *Phone*

1. _____

2. _____

[etc.]_____

ADVANTAGES

If we are to convince companies to invest in the commercial development of your invention, we will have to be able to explain why it is superior to alternative products, processes, or services. List all of the advantages of your invention. Attached is a list of possible advantages for you to consider and to help you generate other ideas.

1. _____

2. _____

[etc.]_____

(Continued on Next Page)

Box 1 (continued)

B. INVENTION QUESTIONNAIRE (continued)

POSSIBLE ADVANTAGES OF YOUR INVENTION

CHEAPER	The invention is cheaper to make or use than currently available products or processes.
EASIER TO USE	The product or process is less complicated, less labor intensive, or more user friendly than those of currently available products or processes.
EASIER TO MAKE	The product is less complicated to make, or its manufacturing process is less complex, than those of currently available products.
SAFER	The product or process is safer for the operator, bystanders, or animals than currently available products or processes.
MORE ECOLOGICAL	The product or process recycles materials that usually end up in landfills or is less polluting than currently available products or processes.
FASTER	The product or process works faster than currently available products or processes.
MORE PRECISE	The product or process yields a more exact result than those produced by currently available products or processes.
MORE ATTRACTIVE	The product would be attractive to a broader segment of the marketplace than those products currently on the market.
NOVEL	The product or process is novel: people would ask, "Why didn't I think of it?"
CLEAR VALUE	Other products or processes are similar enough that the value of this one will be apparent.
QUIETER	The product or process is quieter or the sound it produces is less irritating than is true of currently available products or processes.
SMELLS BETTER	The product or process produces no smell, or a more pleasant smell, than is true of currently available products or processes.
TASTES BETTER	The product (if intended to be tasted) tastes better than currently available products.
BETTER SIZE	The product is more compact, or is larger and has greater capacity, than currently available products.
BETTER WEIGHT	The product is lighter or heavier (whichever is preferable) than currently available products.
MORE DURABLE	The product is more durable than currently available products.
MORE RELIABLE	The product breaks down less frequently, or the process is more consistently successful, than currently available products or processes.
EASIER TO FIX	The product is less complicated or costly to fix or adjust than currently available products.
LARGE MARKET	There is already a large market for this product or process, or the appeal of the product or process will likely create a large market where one did not previously exist.
GROWING last MARKET	There has been steady growth in the target market for your product or processes over the several years.
LASTING MARKET	The need or demand for the product will last a very long time.
EASY FOR MANUFACTURERS TO SWITCH	The product or process is similar enough to currently available products or processes that users or manufacturers can easily switch.
HARD TO DUPLICATE	Competitors will have difficulty producing an equivalent product or process, or to solve problems without it.
HIGHER PROFIT MARGIN	The product or process is easier and cheaper to make than currently available products or processes, but can be sold for a comparable amount.

(Continued on Next Page)

Box 1 (continued)

C. MARKET SUMMARY DATA

Docket _____ Title _____

Date _____ Completed by _____ Form ___of___

Note to reader: Since this sheet is completed before any systematic research is performed, the information is likely to be both highly speculative and incomplete. You may need to fill out a separate form for each product or service that you envision for this invention. Use this form as a guide when discussing marketing issues with the inventor(s).

Product or service _____

Market size ($ million) *Worldwide* _____ *U.S.* _____

Europe _____ *Asia* _____

Top companies _____

_____

Other companies _____

_____

Competing products or services _____

Market cycle status ☐ *growing* ☐ *stable* ☐ *contracting*

Regulatory requirements _____

Expected regulatory costs ($ million) _____

Other investment needed (rough estimate) _____

(Continued on Next Page)

Box 1 (continued)

D. QUESTIONS FOR INVENTOR INTERVIEW

Ask each of the inventors the following questions, preferably in person or by telephone, rather than in writing. Depending on the direction the conversation takes, you may decide to ask other questions that occur to you that are not on this list. You may find that the inventors are more candid if you speak to each of them privately.

1. Do you have any family members, friends, or ex-classmates who work for a company that might have an interest in your technology?

2. Do you have a company of your own? Are you interested in starting a company?

3. Do you have any consulting or other relationships with companies? Would these companies be interested in your technology?

4. When we license the technology, would you be willing to collaborate with the licensing company as a principal or as a technical advisor?

5. Do you know of anyone who might want to invest in this technology (venture capitalists or private investors, for instance)?

6. Where did you work before you started working here? Do you know anyone from your previous position(s) who might be of help?

7. Would you be willing to spend a little time calling friends and colleagues to find out what they think about your technology and its possible applications?

8. Can you give us a few names and telephone numbers of people with whom we could speak about your technology and possible licenses?

9. Would you be willing to speak to potential licensees about your technology?

10. Would you be willing to make prototypes or samples, or carry out demonstrations, in order to help us in our licensing efforts?

(Continued on Next Page)

Box 1 (continued)

E. DRAFTING THE NONCONFIDENTIAL DISCLOSURE

A nonconfidential disclosure (NCD) should be nonenabling, that is, it should not contain enough information to allow a person skilled in the field to reproduce the invention without undue experimentation. The NCD should, however, contain enough information to pique the interest of the person reading it. Only on very rare occasions should an NCD exceed one page in length. There are many possible formats for an NCD, but we recommend the following one:

1st Section. Begin with an introductory sentence such as: "A novel dengue virus vaccine has been developed by BioReplicon Corp. and is available for licensing." The remainder of this section should give a punchy, brief explanation of the field of the invention.

2nd Section. Briefly describe the state of the art before the invention, and then highlight the important advantages that the invention offers over the currently available alternatives.

Keep in mind that you can often disclose performance data without giving anything else away. For example, you can say, "Vials of one milliliter in volume, having walls 0.1 millimeter thick, were able to withstand sustained pressures measuring in excess of ten atmospheres." A reader would be able to see that the material in question is very sturdy without being able to figure out what it was or how it was made.

If at all possible, refer to and append any data (charts, tables, graphs) that show the invention's technical superiority and/or compare the technology with currently available alternatives.

3rd Section. Describe the terms of licensing and provide contact information, should the reader wish to make further inquiries.

4th Section (optional). Provide brief biographies of the inventors, especially if they are well known in their fields.

An example of an NCD follows:

New Invention

A novel method for manufacturing piezoelectric composites has been developed at Moorhead University and is available for licensing.

Piezoelectric composites are composed of two layers, an "active phase" and a "passive phase." The active phase physically deforms when an electrical current is applied, thereby producing sound waves. By improving the match between the sound impedance of the active phase and the target of the sound waves (for example, the skin), the passive phase improves the efficiency of sound transmission. Piezoelectric composites are used in medical imaging devices, hydrophones, and various sensor applications.

The industry currently uses a "dice-and-fill" method to make such composites. This method involves sawing slits into blocks of active-phase material, and then filling them with passive-phase polymer. Our new method overcomes many of the disadvantages and limitations of the dice-and-fill method:

Improved efficiency: The process takes fewer manufacturing steps to produce the same composite.

Less waste: No material is lost, because no slits have to be sawed.

Increased flexibility: The dice-and-fill method can create only two-phase composites, but our method can create multiphase composites. (See attached page for diagrams of the types of multiphase composites that are possible to make using our technology.)

Improved preformation: Our method allows for the variance of active-phase volume content, thus decreasing the out-of-plane distortions of the transmitted signal.

This new technology is available on an exclusive or nonexclusive basis.
For further information, please contact:

John Smith
Technology Licensing Associate
Office of Technology Transfer
Someplace University
Somewhereville, LA 12345
Phone +1-800-555 1212, Fax +1-800-555 1213
smight@someplace.edu

Dr. Arnold Smuthers, co-inventor of the described invention, is a world-renowned authority in the field of piezoelectrics, and holds over 30 U.S. and foreign patents.

Box 2: Collecting Information from the Outside (Step 2)

A. WORKSHEET FOR DEVELOPING A SIMPLE SEARCH STRATEGY

Docket _____ Title _____

Date _____ Completed by _____ Form ___of___

Because you have already collected some information about the technology and its market from the inventor(s), developing a licensee search strategy should be easy. Ask yourself:

1. **In what product development areas might potential licensees be interested?** List single- and multiple-word descriptions that might be used as search identifiers. Keep in mind that you may want to find several licensees, each holding a license to make, use, and sell licensed products in a different field of use. [5]

2. **Do I already know of a few companies that might be good licensees for this technology?** Search for information on these companies, and then use that information as a guide to search for other, similar companies.

3. **Create a profile of the ideal licensee.** Imagine the ideal licensee (or describe a licensee known to you that you think would be ideal) for the technology. Complete one copy of this form for each product or service that you have envisioned for this technology. Use additional copies as necessary.

Company size	☐ *large*	☐ *medium*	☐ *small*	☐ *start-up*
Structure	☐ *private*	☐ *public*	☐ *nonprofit*	
Country	☐ *U.S.*	☐ *foreign*	☐ *multinational*	

State/province _____

Sales per year _____ *$ (million)*

No. of employees _____

Products and/or services _____

4. **If you are stuck, imagine that you are the president of a company that would be an ideal licensing partner, and ask yourself the following questions:**

1. What is our product development focus? How does this product fit?
2. What kind of personnel do I have? What kind of personnel would I need if I were to license this technology?
3. What is my existing manufacturing capability? Can I manufacture this technology? Can I create the ability to manufacture it? Can I outsource its manufacture?
4. Do I have access to complementary technology?
5. What kind of capital resources do I have? Where will the research funds come from?
6. What kind of marketing expertise do we have? If it is limited, can we partner with other companies that have more marketing expertise?
7. Is it important for this technology to have international markets? Do we have the ability to develop international markets?
8. What regulatory issues are involved? Can we handle these, given our current levels of resources and expertise?
9. Do we have experience with this type of early-stage technology? (For example, [the applicable type of technology].)

Now, go back and re-address questions 1, 2, and 3.

Box 3: Ranking Prospects: A Worksheet (Step 3)

For each of the potential licensees identified, assign a score for each, using the criteria listed below. If you have no information, leave the space blank. Rank the companies, with the most promising prospect being the company with the highest total score. If you have more than five prospects, use additional sheets.

Write the names of the prospect companies in the spaces at the right, and on the similar spaces on the next page.					
CRITERIA					**SCORE (1-5)**
Portfolio includes products like this one					
Has large share of relevant market					
Could expand its share of that market					
Has patents on related technology					
Has personnel needed					
Has relationship with you or your office					
Has relationship with inventor					
Company not too big or small					
Company already expressed interest					
Good fit with other company products					
Located nearby					
Has known licensing experience					
Good fit with company R&D focus					
Has long history, established management					
Known for being an innovative company					
Respected by the inventors					
Has introduced new products recently					
Has membership in professional association					
Is well known, has good reputation					
Has large marketing and sales force					
Has international marketing capability					
Has successfully licensed from you in the past					
Would big part of company's business					
Can manufacture or out-source it					
Can afford necessary re-tooling					
Has product development resources					
Can afford up-front, minimum payment					
TOTAL					
RANK					

Box 4: Making Contacts (Step 4)

A. CONTACT IDENTIFICATION GUIDELINES

As you contemplate which individual in a company might be best to contact, it is worthwhile to consider how someone wishing to license to or from your organization would identify you. You hope the person would find you, but, in the end, the path between you and that person might not be direct. Furthermore, it may take a few calls before you identify the "right" person at the company you have identified as a licensing prospect.

The following guidelines should help you to make contact with the right person.

1. Utilize the knowledge of secretaries

   Receptionists and secretaries are often knowledgeable about who does what at their company. Secretaries of higher-level executives generally are the most knowledgeable about sophisticated functions such as licensing. If you are having trouble finding out who to talk to, try asking the secretary of a vice president or the president. The secretary for the legal department may also be quite helpful. Describe carefully who you are and what you need.

2. Try to look up your contact

   Regardless of the apparent size of a company, it is always worth the time to first look up the company in the LES directory and the AUTM directory. Even small companies sometimes belong to one or both of these organizations, and if the target company is listed, any one of the members included in the listing is most likely a "direct hit."

   If the company has more than one member, look up all of the members' titles before you decide who to call. If the company is fairly large, unless your technology is a revolutionary invention, you are probably better off calling the second or third most senior licensing person. He or she is more likely to spend the time to hear you out, and to take the time to follow up after the call is over.

   If the company is of substantial size, look up the company in CorpTech, Dunn & Bradstreet's, or Moody's directory, if available (you can also do this online). Look under the corporate officer's listing, and look for titles such as:

   - director of licensing
   - director of technology acquisition
   - vice president for new ventures
   - patent counsel
   - general counsel
   - director of new product development
   - vice president for new product development
   - new technology analyst
   - director of marketing
   - vice president for research and development

   The listing should give the officeholder's name. Although that person might not be the person you need to speak to, having a name and title that is at least somewhat relevant make

3. Make a call or two

   If you have found a name or at least a title that looks promising, call the company and ask for the person, or the person with that title. In all likelihood, a secretary will answer. Tell him/her your name, the organization you are from, and explain that you have a new technology that you think the company would be very interested in acquiring. Ask if the person you have called is the right person to speak to. The secretary may believe that someone else is the right person or that a different department would be better able to help; in either case, ask to be transferred. On the other hand, the secretary may not know who or which department to refer you to. If that is the case, ask to speak to the person you called. Then, give that person the same introduction and ask if he or she is the right person to speak to. If he or she is not the right person, ask to be transferred.

   Whenever you are transferred to another line, start by saying, "[name's] office thought you might help me," or "The president's office thought you might help me," for example. This will avoid the possibility of being referred back to someone you've already spoken with and will suggest to the second person that the first person thought it was worthwhile to help you, so they should, too. Introduce yourself as described above, and proceed in the same way.

   For a company that is not listed in the LES directory, the AUTM directory, CorpTech, Dunn & Bradstreet's, or Moody's, it is likely that the company is fairly small. For fairly small companies, it is sensible to start "at the top." Call and ask to speak to the president. Usually an executive secretary will screen the president's calls and will ask why you have called. Give your name and the name of your organization, and explain that you have a new technology you believe the company would be very interested in. You will likely be connected to the president, a vice president, or research director. Introduce yourself, and ask if you were properly directed. Proceed as described above.

Box 4 (continued)

B. COLD-CALL TRANSCRIPTS

The following transcripts illustrate the sorts of conversations you might encounter when talking with a prospective licensee. Keep in mind that these are examples and that you should be prepared for conversations that do not follow any of these patterns. However, we do not mean to suggest that a company of one size is a better prospect or will be more receptive to your call than a company of another size. Good licensing deals can be made with companies of all sizes.

Also, do not assume that the length of these transcripts is necessarily representative of the length of the conversations you will have with potential licensees. Conversations can be quite long and cover many subjects, especially if your contact is very interested in what you have to say. Be sure to leave plenty of time for the call, and hope that you need it.

1. The call we all want. (It really does happen this way sometimes.)

Licensor: Hello, this is Jake Sinclair, and I'm from the University of Maui. I'm calling because our Professor Mahalo has invented a new fiber-optic stethoscope that we thought your company would be interested in.

Prospect: University of Maui, huh? I went there as an undergraduate. Great school. Who did you say was the inventor?

Licensor: Professor Mahalo.

Prospect: Oh, yeah! I took a course on biomedical engineering with him about ten years ago. I'm sure anything he's invented is really good. What can you tell me about it?

Licensor: Well, it has an electronic pickup device that picks up even very faint sounds. It then converts the signal to a light beam, and transmits the beam through a fiber-optic fiber to a decoder that is about the size of a large felt-tip marker. The decoder electronically filters out background noise, then transmits the filtered sounds to a pair of headphones.

Prospect: A fiber-optic stethoscope. Pretty neat. As you know, stethoscopes are our only business here at Stethoscope Technologies.

Licensor: Yes, we know. That's why we thought of you. Also, you have an excellent reputation in this field.

Prospect: And, as it turns out, we have been looking for a high-tech product to sell to the top end of our market. But it would be very important to us that the device we sell look and handle like our other, more traditional stethoscopes.

Licensor: Dr. Mahalo feels that the pickup and decoder could be miniaturized enough for that with a little engineering work.

Prospect: Well, this certainly seems interesting. Do you have any patent protection?

Licensor: Yes, we have applied for two U.S. patents, and on one of them, we have already filed a worldwide application under the PCT [Patent Cooperation Treaty].

Prospect: Hmm. Wow, this sounds like it may be just what we have been looking for. Could you send us some detailed technical information so we can talk with our product design team about it?

Licensor: Sure. Of course, we will need to have you sign a confidentiality agreement first.

Prospect: Oh, that's no problem for us. If you would fax one to me, I'll courier it back to you tonight, and maybe you could send us a copy of the patent applications. After we've had a chance to review them, if we're still interested, we could come visit you and Dr. Mahalo next week on our way back from Japan.

Licensor: Sounds great. However, we would prefer not to show you the claims until it becomes more certain that you are interested in a license.

Prospect: That's fine.

Licensor: Well, I've really enjoyed talking to you, and I'll fax you the confidentiality agreement right away.

Prospect: Great. And tell Dr. Mahalo that I look forward to seeing him again.

Licensor: Sure will. Bye.

Box 4 (continued)

B. COLD-CALL TRANSCRIPTS

2. The "No thanks" call. Because few technologies are attractive to everyone, quite a few of your calls may be of this type.

Licensor: Hello, my name is James Sulkind and I am in charge of out licensing for the Omed Marine Corporation. I'm calling because one of our scientists has developed a radio beacon technology that is simply too high tech for our manufacturing capability, but we thought it might be right up your alley.

Prospect: Radio beacons? We make televisions and FM receivers, but we've never made marine stuff. The market's too small.

Licensor: Well, we know the market is relatively small now, but marine radio equipment is growing increasingly sophisticated, even in pleasure boats, and we thought it might be a new and growing market for you.

Prospect: Nah, we're volume producers, and that market will never be big enough for us to bother with. We even gave up the portable radio market, and that was probably ten times bigger than the one you're talking about.

Licensor: Are you sure you wouldn't be interested?

Prospect: Yes, I'm sure. But why don't you send me something anyway?

Licensor: Sure, be happy to.

Prospect: Thanks. Bye.

Interestingly, even if the person is not interested, he or she usually wants something in writing anyway. Some may circulate it to their R&D and marketing staff, just to double check that your technology is not something they want to pursue. Others may just want a nonconfidential disclosure to attach to their monthly reports in order to show their bosses that they have been actively considering new technologies. Regardless of your contact's intentions, follow up on the phone call and send the written disclosure. It may or may not get a second look, but at the least, it will encourage that individual to take your call the next time when you have another technology to offer.

3. The "Gee, I don't know" call. Another common situation is one in which the person you call has some interest in what you have to say, but really is unsure if the company would be interested or not. In this situation, it helps to have persuasive skills and to have spoken with your inventors in advance about the benefits that your technology can offer.

Licensor: Hello, my name is Beverly Houghton, and I'm a licensing associate at Ethridge University. I'm calling because Dr. Cuthbert of our computer science department thought that you would be quite interested in his new neural network approach to "just in time scheduling" for automotive parts production.

Prospect: Neural networks? We just got our computerized production scheduling system on the market last year. I don't think we are ready to make any big changes in it at this point. Coordinating all of our warehouses and car dealers was an enormous investment. Besides, our inventories are already stable and at very low levels compared to the old days.

Licensor: Well, Dr. Cuthbert is familiar with your system, and he thinks that it could really benefit from this new approach. He also thinks it could be implemented easily and quickly.

Prospect: Oh, really? What does he think would be the benefit?

Licensor: Dr. Cuthbert says he thinks that the processing time would be reduced by at least 50 percent, and that this time savings would be directly translated to increased speed at the parts department terminals.

Prospect: Well, node speed has been an issue.

Licensor: Yes, and you could increase node speed by, say, 20 percent, and then have processing time left that would allow you to receive and transmit more data in real time. This increased information transit may allow you to have even lower levels of standing inventory than you currently think possible.

Prospect: Interesting. What does Dr. Cuthbert think it will cost us to do this?

Licensor: In terms of hardware, nothing. On the software side, he already has compatible software elements that he and your programmers could easily weave in.

Prospect: But there's a catch, right? You guys aren't going to let me use this for free.

Box 4 (continued)

Licensor: You're right. But because we hope to license this technology to others, too, the cost to you should be relatively low. We would like to get something up front, plus about $100 per node per year. Of course, there would also be some costs for Dr. Cuthbert's time, and we are looking for about $50,000 per year for use of his neural-network system software.

Prospect: Well, when you add it up, that's a fair amount of money. Besides, if we tell our dealers that we're going to mess with this system again, they'll scream bloody murder.

Licensor: Only until they see what it can do.

Prospect: Well, maybe. What can you send me about this?

Licensor: For starters, I can send you a nonconfidential disclosure. If you're still interested, I can send you a copy of the patent application, and maybe have you talk to Dr. Cuthbert.

Prospect: Well, at this point, just send me the nonconfidential stuff. If the operations guys are interested, I'll call you back.

Licensor: It's on its way. If you like, maybe we could also set up a demonstration for your operations guys.

Prospect: Well, since you're right here in Detroit, maybe that isn't such a bad idea.

Licensor: How about if I have Dr. Cuthbert call you to set it up?

Prospect: Well, let's not get ahead of ourselves. I'll give you a call after we've thought about it here.

Licensor: Great. I look forward to your call. Bye. (After hanging up.) Who knows? I better make a note to call him back.

C. "WHAT TO GET ACROSS TO YOUR CONTACT WHEN YOU CALL" CHECKLIST

The following checklist should help you make sure that you cover the basics on each call. Of course, there may be something else you want to get across that is not on this checklist. Also, the person you call will likely ask questions that are listed here.

To some extent, the level of your contact's interest will determine how far down this list you get. In any event, failing to get some things across is not fatal.

In the beginning, you may want to write notes to yourself to make sure that you know exactly what you need to say. But don't sound as if you're speaking from a script. Even when you have more experience, you may still find it helpful to check off items as you cover them.

- ☐ Your name
- ☐ Your organization
- ☐ Your location
- ☐ A general overview of the technology
- ☐ Who the inventor is (if he/she is an academic or well known)
- ☐ Why you think the company should be interested in the technology
- ☐ The advantages that the new technology offers over existing products, processes, or services
- ☐ Whether prototypes or demonstrations of the technology are available
- ☐ Whether you have applied for patents, copyrights, and/or trademarks; whether there are trade secrets
- ☐ Whether you are looking for an exclusive or nonexclusive licensee (or are undecided)
- ☐ Whether other licenses have already been granted
- ☐ That you can provide written nonconfidential information about the technology
- ☐ That you would be willing to enter into a confidentiality agreement with the company
- ☐ What confidential information you could provide

Box 4 (continued)

D. REACTION DATA SHEET

Docket _____ Title _____

Date _____ Completed by _____ Form ___of___

Complete a copy of this form after each call to each potential prospect. Make sure to review any prior forms before you make each call. They will help you remember what the person's personality is like and help you interpret his or her reactions.

The checklist is a general barometer of your prospect's reactions. It is a supplement to, but not a substitute for, the notes you will take during the call regarding what was said and what needs to be done.

IDENTIFYING INFORMATION

Who made the call _____

Company name _____

Company address _____

_____

Contact _____

Title _____

Secretary's name _____

Telephone no. _____

Date of call _____

Company size	☐ *large*	☐ *medium*	☐ *small*	☐ *start-up*
Location	☐ *U.S.*	☐ *foreign*	☐ *multinational*	
Structure	☐ *private*	☐ *public*	☐ *nonprofit*	

CONTACT'S MOOD

☐ *calm*	☐ *hurried*	☐ *somber*	☐ *annoyed*	☐ *curious*
☐ *amused*	☐ *angry*	☐ *tired*	☐ *guarded*	☐ *happy*

CONTACT'S ATTITUDE

☐ *receptive*	☐ *enthusiastic*	☐ *sarcastic*	☐ *disinterested*	☐ *encouraging*
☐ *sincere*	☐ *mysterious*	☐ *sinister*	☐ *secretive*	☐ *confused*
☐ *aloof*	☐ *friendly*	☐ *condescending*	☐ *respectful*	☐ *nervous*

CONTACT'S COMMUNICATION STYLE

☐ *hardly spoke*	☐ *asked questions*	☐ *made suggestions*	☐ *made jokes*
☐ *made small talk*	☐ *talked about company*	☐ *conversant*	☐ *gave opinions*
☐ *talked about market*	☐ *talkative*	☐ *talked about LES*	☐ *talked about family*

Box 4: Making Contacts (Step 4) continued

CONTACT'S LEVEL OF INTEREST

☐ *expressed a lot of interest* ☐ *expressed minor interest* ☐ *moderately interested*
☐ *disinterested* ☐ *expressed a lot of interest* ☐ *bored*
☐ *expressed some interest* ☐ *expressed lack of interest*

NEGATIVE COMMENTS CONTACT MADE ABOUT THE TECHNOLOGY

☐ *retooling costs too high* ☐ *technology too complex* ☐ *technology too costly*
☐ *market too small* ☐ *market too committed* ☐ *market too unpredictable*
☐ *benefit not worth price* ☐ *benefit too small* ☐ *prototypes not available*
☐ *technology not proven* ☐ *licensor/inventor not known* ☐ *demonstrations not available*
☐ *similar technology flopped* ☐ *market in decline* ☐ *profit margins too low* ☐ *bad fit with market needs*

POSITIVE COMMENTS CONTACT MADE ABOUT THE TECHNOLOGY

☐ *modest retooling costs* ☐ *technology not too complex* ☐ *technology inexpensive*
☐ *market large* ☐ *market would be receptive* ☐ *market predictable*
☐ *benefit well worth price* ☐ *large benefit* ☐ *satisfies current and future market needs*
☐ *technology well proven* ☐ *high profit margins likely* ☐ *market expanding*

CONTACT'S REASONS FOR BEING DISINTERESTED IN THE TECHNOLOGY

☐ *resources are already committed to other projects* ☐ *technology is a bad fit with the company's other products*
☐ *company is not innovative* ☐ *working on better one*
☐ *company doesn't like in licensing* ☐ *got burned last time*
☐ *economy is bad* ☐ *technology is a bad fit with the company's goals*
☐ *company has no licensing experience* ☐ *company has a small sales/ R&D staff*

CONTACT'S REASONS FOR BEING INTERESTED IN A LICENSING DEAL

☐ *product is a good fit with the company's other products* ☐ *company prefers high-technology products*
☐ *ample resources available* ☐ *company has in-licensing experience*
☐ *the company is innovative* ☐ *product is just what they need*
☐ *company has strong R&D, marketing and sales capabilities* ☐ *licensor/inventor is known and respected*
☐ *working on inferior version* ☐ *company likes to in license*
☐ *economy is good* ☐ *product is a good fit with company goals*

CONTACT'S REASONS FOR NOT LIKING THE TERMS

☐ *does not understand the technology* ☐ *wants a different degree of exclusivity*
☐ *wants to limit up-front licensing costs* ☐ *wants to limit royalty burden*
☐ *does not like confidentiality agreements* ☐ *does not like usual license terms*

FOLLOW-UP ACTION YOU PROMISED

☐ *provide nonconfidential disclosure* ☐ *provide a confidentiality agreement*
☐ *provide a demonstration/sample* ☐ *have an inventor or scientist call*
☐ *send a sample* ☐ *arrange a demonstration*
☐ *call again*

Box 4 (continued)

FOLLOW-UP ACTION PROMISED BY THE CONTACT

☐ *ask technical staff about the technology*
☐ *review the technology with management*
☐ *provide a confidentiality agreement*
☐ *get in touch if interested ("don't call us, we'll call you")*
☐ *call back ("we'll call you, but we don't mind if you call, too")*

CONCLUSION ABOUT THE CHANCES FOR PROSPECT

SURE THING: *We have a deal in the making.*
HOT PROSPECT: *Good follow up will likely make a deal.*
LUKEWARM PROSPECT: *Hard work might make it happen.*
LONG SHOT: *Miracles can happen!*
TOTAL DEAD END: *Forget it.*

Box 5: Follow-Up Letters

Follow up with your licensing prospect by sending a letter similar to one of the following examples. Decide which letter format to use based on whether the reaction from your licensing prospect was hot, lukewarm, or cold.

In writing such a letter, keep it short and personalize it a bit: for example, mention something from the conversation to show that you were truly interested in what the person was saying. Remember, these are just examples; improvise!

1. Letter to a hot prospect

Dear Charles:

I very much enjoyed speaking with you this afternoon about our new rotary device for applying plaster casts. Although I knew that CastCorp was a major supplier of plaster for hospitals and physicians' offices, I did not know that you also made plaster-room and operating-room equipment, as well as orthopedic surgical supplies. No wonder you were so interested in our new invention.

As promised, a nonconfidential description of the rotary cast applying device is enclosed. Since you were quite interested in the technology, I have taken the liberty of sending a copy of our standard confidentiality agreement. Of course, we would be happy to discuss the agreement with you and address any concerns you might have about it. If the agreement seems reasonable to you, we can send you a copy of our patent application. Also, we would like to invite you to see a demonstration of the device.

Should you have any questions about the technology or the confidentiality agreement, please feel free to call me [phone #]. We look forward to hearing from you soon.

Sincerely,
Lawrence Muvaney
Licensing Associate

2. Letter to a lukewarm prospect

Dear Ms. Hollister:

Thank you for taking the time to speak to me today about Dr. Mortimer's new gene-therapy vector system. We are aware, as you pointed out, that there are quite a few similar systems already on the marketplace. However, Dr. Mortimer and his colleagues feel that this new system is substantially simpler and more flexible than the systems currently available.

As promised, I have enclosed a nonconfidential description of the vector system. I hope that the description encourages you and your scientists to find out more about it. If you should have any specific questions, please feel free to call me at any time at [phone #].

Sincerely,
Janice Datillio
Licensing Assistant

3. Letter to a long shot

Dear Mr. Corman:

Thank you for taking the time to speak with me today about Dr. Kaufman's new process for making microcrystalline polypropylene fibers. I understand that at this time PolyCo only manufactures bulk polypropylene. However, perhaps the enclosed nonconfidential description of our new process will encourage PolyCo to consider making specialty products in the future.

If you have any questions, please feel free to call me at [phone #].

Sincerely,
Martin Howard
Licensing Associate

Box 6: Assessing Your Results

Docket _____ Title _____

Date _____ Completed by _____ Form ___of___

By this point, you have spoken to at least five companies about your new technology. Go back and look at your Reaction Data Sheets.

If you heard at least some maybes, it may be worth continuing to look for prospective licensees. At the very least, make sure you follow up with those "maybes."

If you only heard nos, ask yourself:

- Was there a pattern in the reasons people gave for saying "no"? If so, consider them carefully. They may point to a flaw in the technology or your marketing strategy.
- Did people give reasons for saying no that seemed to focus on the unsuitability of the technology for this particular company, or for the market in general? Comments in the former category suggest that you may still be able to persuade them that the technology is advantageous to them: perhaps the technology could be more effectively marketed to another type of company.

Based upon your answers to the above questions as well as your gut instincts, check off one of the boxes below. You have spent a fair amount of time with this market and this technology by now, and you are entitled to make an honest assessment. If it looks bad, go ahead and say so.

CONCLUSIONS ABOUT THE TECHNOLOGY

A SURE WINNER: We just need to find a receptive company.

A GOOD PROSPECT: A close match will likely make a deal.

AN UNCERTAIN PROSPECT: We might find a licensee with hard work, but it may not be worth it.

A LONG SHOT: Maybe someone will love it.

TOTAL DEAD END: There is no possibility and no hope.

If your technology is a sure winner or a good prospect, go back to Step 2, and find other potential licensees and contact them in order of their ranking. If it's an uncertain prospect or a long shot, you may want to revisit the technology in six to 12 months: the situations of the market and/or potential licensees might have changed, or the technology might be improved by its inventors. But if it's a total dead end, *write it off*—at least in your own mind—and focus your energy on moving your other more promising merchandise.