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UNIVERSITY SCIENCE, ENGINEERING AND TECHNOLOGY, INC.

San Diego, California
Monday, February 29th

Dear SUPA Meeting Attendees:

At today's meeting you heard about USET, the new University Science, Engineering and Technology corporation and some of its planned activities. USET helps to solve the problem of moving university, federal laboratory and industry technology to the market place. This is to acquaint you with those efforts.

USET will provide a number of services aimed at facilitating the use of the results of Government investment in research and development. We know that universities in particular have had difficulty locating the resources and staff necessary to manage these results.

Changing Government policy has provided a supportive environment for universities and USET. The primary thrust of government efforts to increase commercialization of federally financed R&D results has been toward decentralizing technology management by permitting the creating organization and its investigators, whether at a university or federal laboratory, to own, and thereby benefit from application of their technology. These policy changes were driven by the realization that successful transfer must be a win-win situation in which all participants must benefit from the result. This was accomplished through legislative changes that permit federally-funded universities and federal laboratories to license technology on an exclusive, royalty-bearing basis. The legislation creates a powerful incentive by also requiring that part of the royalty return be shared with the inventors that produced it.

In addition, increased global competition points to a need for USET. Corporations increasingly seek product innovations from the outside as a response to foreign competition. Traditionally, new products or product improvements have come from internal research and development and/or acquisitions of small companies. The commercialization of federally funded research will provide new product opportunities.

USET's clients will include universities, federal laboratories and industry. Initially, universities and government laboratories will serve as the primary source of technology and research expertise. As USET grows, these interactions will change to find new innovative ways of technological management and exchange.

Technology Management - The primary concern of our effort will be accessing the technology stream of clients who want USET to assist them in managing their technology. This will broadly involve identifying promising technology, evaluating it for commercial potential, creating intellectual property protection, when appropriate, and granting licenses in the technology in return for private sector guarantees to develop, participate in or contribute resources to further development.

USET will assist the client's investigators in identifying technology with commercial potential and projects that may produce such technology. Technology and project disclosures will be personally marketed to private sector users with predetermined technology interests with a boost from our interactive electronic technology information system.

USET has acquired University Technology Corporation (UTC) and is now in the process of creating an interactive electronic information system to serve their clients.

Technology Information - As noted, this effort will initially focus on enhancing the marketing of technology gathered by the Technology Management efforts by creating an interactive electronic technology information system. This system will include not only identified technology, but as indicated, projects that investigators believe may produce useful technology for which they are seeking private supplemental or alternative funding to federal funding. When completed, we will also provide a turnkey interactive technology management system to those who wish to manage their own technology.

Technology Development - This effort will be aimed at finding entrepreneurs to initiate new businesses or assist existing business with marketing products created by USET clients. USET believes that a successful new product start-up can be as rewarding as marketing arrangements limited to royalty return.

We also plan to provide consulting services to facilitate the innovation process by producing collaborative research agreements, business plans and access to patent services.

These major activities will offer clients a breadth of valuable assistance.

We believe that the creation of USET will accelerate the already favorable environment in universities, Federal Laboratories and the private sector to the management of their technology.

We will be interested in hearing from you at:

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