Industry Master Agreements: Considerations and Mechanics

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The Big Picture

• What sponsors fund activity at the University?
  – Federal
  – Foundations/nonprofits
  – International
  – Industry

• Why are industry sponsors important now?
  – Sequestration
  – Faculty and students increasingly interested in applied work and problems
  – Tech transfer/societal impact
Considerations with Industry Sponsors

- In general, industry, or corporate entities:
  - have different missions and priorities than universities
  - aggressively seek competitive edge in the marketplace, reward shareholders
  - sometimes view sponsored research as a purchase of goods or services
  - tend to treat information as confidential
  - are often “closed” to outsiders
  - are interested in highly applied work, some of which is regulated due to national economic and security concerns
Master or Standalone Research Agreement?

• Does Northwestern have a strategic relationship with this company?
  – Advisory boards, gifts, student recruiting, procurement are “touchpoints” in addition to sponsored research

• Does Northwestern want a strategic relationship with this company?
  – It can be important to be selective!

• The significant majority of agreements that Northwestern has with industry are renewable standalone agreements
Roadmap: Master Agreements

• What is a master agreement?
• Advantages and challenges to industry master agreements
• When is a master agreement an appropriate option?
• Mechanics of administering master agreements
• Terms and conditions in master agreements
What is a “Master Agreement”?

- In OSR’s world, an agreement for sponsored research
- Not specific to one project, task, or SOW
- Contemplates multiple PIs and/or departments
  - E.g., Professor X in McCormick and Professor Y in Feinberg
- Funding may be specified or left to specific projects
  - May have soft or firm commitment to certain level of funding
- Typically managed by school most involved in projects (on the Evanston campus, McCormick currently manages all of the master agreements)
Advantages to Industry Master Agreements

- Relatively easy to set up individual projects
- Relatively easy to involve multiple PIs / departments
- Reduces duplication of efforts in negotiating terms for every project
- Improves business relationship with company and potentially makes future agreements or “touchpoints” with the University more attractive
- More involvement with upper management on both sides/significant organizational familiarity and trust
Challenges to Industry Master Agreements

• More administrative burden and logistical challenges involved up front
• More institutional approvals needed
• Less flexibility on terms of individual projects
• Can come with special terms (IP, confidentiality, etc.) that must specifically be communicated to all project team members
When is a Master Agreement Appropriate?

- Company may have good history with Northwestern
- Company has several “touchpoints” at the University
- Company has expressed interest in more than one project
- Large amount of potential funding contemplated
Current Active Master Agreements

- Six active master agreements
  - Dow Corning
  - Baxter
  - Dow
  - GM
  - Ford
  - Boeing
- In negotiations with several other major companies
Proposal Process

• Unique to each individual master; contact OSR-Evanston if you or your faculty member is interested

• Common proposal submission elements
  • Research specification (project personnel, funding, performance period)
  • Scope of work
  • Detailed budget
  • Budget justification

• Proposals are routed via InfoEd for review and submission
Award Establishment and Management

• In general, master agreements make administration of industry-funded projects consistent and efficient at both the local and central level

• Project personnel must sometimes review and sign additional paperwork advising them of specific master agreement terms (e.g., IP, confidentiality)

• Chart string is set up using the PI’s home dept ID

• Notice of award arrives relatively quickly

• Post-award requests are submitted to the cognizant Grants Officer managing the master agreement portfolio (Andrea Zakrzewski)
Master Term: Term

• Generally longer terms than standalone, or “one-off”, agreements
  – Time commitment to negotiate and nature of master agreements result in a long-term relationship between the parties
  – Longest running master is in its 17th year

• Northwestern masters range from 3-5 years, extensions are typical
  – “Extendable upon written agreement between the parties”
  – Extensions usually come with a new agreement or an amendment, as circumstances often create need to revise previous terms
Master Term: Oversight

• Some masters provide for Management Committees
  – Referred to as Steering Committees, Alliance Operating Committees or Alliance Managers

• General oversight responsibility
  – Differing degree of control based on the master
  – Examples: Day-to-day governance, project approval, oversight, statement of work and budget review, strategic decisions, progress monitoring, dispute resolution, managing relationship

• Composed of both Northwestern and Sponsor personnel
Master Term: Intellectual Property

• Background Intellectual Property
  – Retained by party bringing the IP to the project
  – Some masters provide limited license to BIP if necessary to practice any IP developed during project

• Foreground Intellectual Property
  – Non-exclusive license usually granted
  – Exclusive license subject to option, potential fees and/or royalty payments, as well as Northwestern retention of rights for academic research
Master Term: License Rights

• Unconventional licensing provisions used in some masters
  – Tech Fee
    • Northwestern agrees to provide exclusive license for all IP generated in project in exchange for up-front payment
      – % of total project budget
      – Set fee per licensed product/process or for entire project IP
  – Bonanza Clause
    • Further consideration paid to Northwestern once sales of certain licensed product or process hits threshold
    • “In the first year net sales of licensed product exceed $100M, sponsor shall pay NU 1% of total net sales”
Questions?

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