

Approved by the Board of Trustees,
November 11, 2004

Board Meeting
November 11, 2004

REVISED

ROLL CALL

AWARD CONTRACTS FOR THIRD PARTY AND CONSULTING SERVICES IN
SUPPORT OF THE DEVELOPMENT AND COMMERCIALIZATION OF NEW
TECHNOLOGIES

Action: Approve Contracts for Consulting Services for the Offices of Technology Management

Funding: Patent and Royalty Income Funds

In order to obtain full commercial benefit from University technologies, certain consulting services in the areas of technology prioritization, market assessment, licensing, and license compliance may be required from time to time.

Therefore, the University issued a request for proposal on August 3, 2004. Twenty-two firms submitted proposals. From these 11 were selected, based upon their stated ability to provide the broadest range of services and their expertise in particular areas. The 11 firms are Bearing Point, Deloitte and Touche, Ernst & Young, Foresight, McGladrey and Pullen, Nexus, OJC Technologies, RTI, SAIC-DEMACO, TT Solutions, and Xomix. It is proposed that contracts be awarded to these 11 firms for the period November 15, 2004, through September 30, 2005, with an option to renew one year at a time up to a total of nine years. Renewals would be based on continuing need, availability of funds, satisfactory prior performance, and authorization of the comptroller. Services would be requested only on an “**a**s needed basis,” and each engagement would

be tailored to the particular services required. Contractors would be chosen for each engagement based upon the nature of the project and the contractors' strengths in the particular area. Funds for payment are available from license revenues. Estimates for fixed-fee or contingency arrangements would be obtained before each engagement.

Contingent fee agreements may be advantageous when the University desires to (1) audit the accuracy of licensees' royalty payments, or (2) have third parties market less desirable technologies. In such cases, the vendor would receive a percentage of any recovery secured for the University. It is possible, though unlikely, that a vendor working under such a contingency agreement could be paid more than \$250,000 in one year, triggering the requirement for board approval. However, it is not possible to know in advance *which* engagements might lead to such a payment. It is therefore proposed that the Vice President for Technology and Economic Development seek prior approval from the board only in those cases where there is a *substantial likelihood* that payments to one vendor in one year might ultimately exceed the maximum allowed.

The board action recommended in this item complies in all material respects with applicable State and federal laws, University of Illinois *Statutes*, *The General Rules Concerning University Organization and Procedure*, and Board of Trustees policies and directives.

Accordingly, the Vice President for Technology and Economic Development with the concurrence of the appropriate University officers, recommends approval to enter into contracts for the services described above. Procedures for renewing these contracts will comply with the Illinois Procurement Code.

The President of the University concurs.