Catapult Corporation:
Venture Philanthropy Creating Managed Investment Capital for Extraordinary Companies Created at the University of Arizona

David N. Allen, PhD, Vice President
DavidA@tla.arizona.edu
520.621.7262
Agenda

- Quick Tutorial: from invention to commercialization
- Tech Launch Arizona: what’s different from the past?
- What has TLA produced?
- Cat Corp overview and proposition
- Funds flows and uses
- Cat Corp organizational structure
- Cat Corp deal funding approach
- Summary
Quick tutorial: from invention to commercialization

- Invention
- Reporting
- Assessment
- Protection
- Asset development and validation
- Business case creation
- Marketing to existing companies or creating a startup
- License
- Commercialization
Tech Launch Arizona (TLA) Today - An Acknowledged Commercialization Turnaround

| Technology Transfer       | • Identifies, protects, markets and licenses UA inventions  
|                          | • Supports startup formation                               |
| Business Development      | • Brings resources from across the ecosystem to bear on    |
| Resources                 | positioning UA inventions for market success              |
| Tech Parks Arizona        | • Provides rented space for businesses to grow their       |
|                          | products and services, including Arizona Center for       |
|                          | Innovation                                               |
|                          | • Connects companies to the talent and expertise of the UA |
## Performance Comparison of Previous Fiscal years

<table>
<thead>
<tr>
<th>Metric</th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>FY 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invention Disclosures</td>
<td>144</td>
<td>188</td>
<td>213</td>
</tr>
<tr>
<td>Exclusive Licenses &amp; Options</td>
<td>22</td>
<td>39</td>
<td>45</td>
</tr>
<tr>
<td>Startup Companies</td>
<td>3</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>Provisional &amp; Utility Patents Filed</td>
<td>145</td>
<td>167</td>
<td>200</td>
</tr>
<tr>
<td>Income from Royalties and Patent Reimbursements</td>
<td>$1.3 M</td>
<td>$1.6 M</td>
<td>$2.4 M</td>
</tr>
</tbody>
</table>
So What’s Different about TLA?

- TLA is a Presidential unit - heat on our neck; wind to our back
- Increased financial resources, new and increased staff
- Embedded licensing managers in six colleges
- Re-engineered procedures with service as a cornerstone
- Use of external patent counsel & over $2M patent budget
- Asset Demonstration Program; aligning technology to market drivers
- Substantial use of Subject Matter Expert Network and resident entrepreneurs and former executives
Overview of Cat Corp: Donation and Investment Propositions

- Venture Philanthropy: philanthropy using a venture capital wealth creation model
- Catapult Corporation (Cat Corp) makes the investments in the best UA startup companies; student companies are eligible
- Companies funded at startup and early growth stages
- All money stays in UA Foundation until investment, and all liquidations go to UA units.
Flow of Funds

Donations
- Donor contribution to UA Foundation for Cat Corp
  - Designated UA Foundation account

Investments
- Cat Corp capital call
  - Cat Corp invests in UA license startup 1
  - Cat Corp invests in UA license startup (N)

Liquidations
- First and some Subsequent Liquidations
- Majority of Subsequent Liquidations

Return
- $4M returned to UAF for evergreen pool (future investment), anything over that is distributed
- 85% of returns directed to UAF for distribution to UA units per donor agreement
- 15% of returns directed to TLA

Distribution
- 85% of returns directed to UAF for distribution to UA units per donor agreement
- 15% of returns directed to TLA

Conclusion
- Cat Corp liquidates investments.
- Companies are bought, merges or goes public.

Designated UA Foundation account
- Donor contribution to UA Foundation for Cat Corp

Flow of Funds
- Investments
- Return
- Distribution

The University of Arizona
Tech Launch Arizona
# Cat Corp Board Organization

501(c)3 non-profit corporation with extremely low cost operations

- **3 Designated Directors, Appointed by UA President**
  - David N. Allen, Vice President, Tech Launch Arizona
  - Jeff Goldberg, Dean, UA College of Engineering
  - Jeremy Woan, Chairman and CEO, CyraCom International Inc., Tucson

- **4 Non-University/At-Large Directors**
  - Jeff Jacob, CEO of Cancer Prevention Therapeutics Tucson
  - Harry George, former VC Solstice Capital, Tucson
  - Sherman Chu, VC, Partner, Grayhawk Capital, Phoenix
  - Brian Wallace, Managing Director, Access Venture Partners, Denver
Investment Parameters

• All investments by Cat Corp will be based upon larger investments (co-investments) made by professional investors
• On average, investments in seed rounds will be $175k, $300k for follow-on rounds, no more than $750k per company
• 76 investments in 48 companies during the 15 year model planning horizon
• For investments able to produce a return (20%), the average multiple is 3 and 4.5 times for the investment amounts of $475k and $775k respectively
• Full capitalization at $10M, $5M to begin investing
Summary of the Catapult Corporation Opportunity

• Great science/technology created by world-class UA inventors
• TLA delivering investment-grade technology startup companies
• Conservative model of exit percentages and return multiples
• Experienced and low-cost management with experienced co-investors
• The Thomas R. Brown Foundations has made a $2.5M contribution contingent on an equal match, some additional commitments

- Supports UA innovation and entrepreneurship
- Supports enterprise development in Arizona
- Supports TLA and donor designated UA Units
- Investment model sets the bar for UA startups
Any comments or questions?

Thank you for your attention.

David N. Allen
Vice President,
Tech Launch Arizona
Secretary, Catapult Corporation
DavidA@TLA.Arizona.edu
520 6217262

Just Google
“Tech Launch Arizona”
while there
sign up for our
monthly newsletter