Move Over, MIT
Utah has a new tech powerhouse

The University of Utah launched more start-ups based on faculty research in 2009 than any other single university, according to the most recent survey from the Association of University Technology Managers. Utah, thanks to its six-year-old Technology Venture Development program, bested even MIT, the survey’s reigning champion. Utah started 19 businesses, including a wastewater-management company and a pharmaceutical company working on HIV and AIDS meds. And it did all this with only a quarter of MIT’s $1.4 billion budget. Inc. reporter Issie Lapowsky spoke with the program’s head, Jack Brittain, about the university’s path to success.

How has the university changed its approach to commercializing technology?
Universities are often so focused on getting reimbursements that they’re trying to get money way too early. We quit worrying about reimbursements and looked at the long-term view. The university now views returns as creating businesses in our communities that employ our graduates. Of the 111 companies we’ve spun off in the past five years, 90 of them are based in Utah, and their survival rate is remarkably high.

What do you offer your start-ups to help them become sustainable businesses?
We fund legal expenses, accounting and finance services, websites, and working space. That costs us about $500,000 a year. What really matters, though, is product development. Our average expenditure is only around $1,200 per prototype, but we’ve seen that a small investment in people who have expertise can make a big difference.

What plans do you have for the program?
We’re in the process of offering our services to small regional universities, which have interesting things going on but don’t have the capacity to bring them to market. We can help that for them for free. We want to help inventive people in all of higher education be part of the innovation economy.

How do you get students involved?
Students are in every piece of this. We have a big health-sciences center, so we produce a lot of medical devices. One of our most successful companies, Catheter Connections, makes an infection-control device for catheters. Bioengineering students worked on the product development. Students wrote the business plan. Our venture fund, also all students, created a document to shop around to investors, who now share ownership. We call this total mission integration, and we’re evangelical about it.

The study: “Bubbles, Gullibility, and Other Challenges for Economics, Psychology, Sociology, and Information Sciences,” by Andrew Odlyzko, the School of Mathematics at the University of Minnesota, published on FirstMonday.org.

The thesis: Even the most savvy business leaders succumb to speculative frenzy. But warning signs are sometimes present. Therefore, building a “gullibility index” could help investors and policymakers identify irrational behavior.

The method: Odlyzko analyzes financial bubbles, including the most recent real estate frenzy and the resulting financial crisis. He gives tech bubbles especially close scrutiny, quantifying, for example, the extent to which telecom companies in the late 1990s overestimated demand for Internet capacity.

Intriguing point: Bubbles have a positive side: They foster excitement and contribute to progress. For example, many of the survivors of the dot-com bust, such as Google, Amazon, and eBay, are today’s Web traffic and e-commerce leaders.

The takeaway: A gullibility index can be constructed by quantifying indicators such as investor expectations of annual returns of 20 percent or higher. Odlyzko plans to use social networking sites as he works to establish a gullibility index within the next few years. —J.J. McCorvey