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UAB fund to spur technology

Seeks to help budding companies gain viability

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MICHAEL TOMBERLIN
News staff writer

A \$2 million fund aims to help research at UAB make the leap from conception to viability where researchers are able to attract venture capital investments and form companies.

UAB Concept Fund LLC was established by Birmingham businessman John McDonald and will work with the UAB Research Foundation to identify prospects for the money. It was incorporated Friday.

William "Sandy" White, head of the research foundation, said the fund will help would-be companies at a time when they are most vulnerable.

"What a university does and what it develops is usually very early-stage technologies," he said. "Once it gets to a certain point, the venture capital world and companies pick it up and run with it. The hard part is trying to bridge that gap. That's really what this fund is all about."

White said the fund will review possible commercial products of technology and research coming out of UAB and Southern Research Institute. A panel will determine where the greatest potential exists and then spend an average of \$100,000 on a project to help it along.

He said he envisions much of the money being used in legal work, getting a patent, the formation of the company and early capitalization.

"This would provide an access to those kinds of funds that are really not under the normal purview of the university," he said. "It's not something you use federal dollars for. It's also the kind of thing venture capitalists don't want to pay for because it's very, very risky."

Jim Hayes, president of the Economic Development Partnership of Alabama, said more business leaders should be willing to take a risk on UAB's work because rewards can be found there.

"I think the community is finally starting to recognize the contribution UAB makes," Hayes said. "We need more business leaders like Mr. McDonald who recognize supporting UAB is a civic endeavor that will pay economic dividends for us all."

White said McDonald set up the fund as a philanthropic gesture. He said the fund might have a stake in some of the companies it supports, but making a hefty return is not the primary goal.

He said McDonald did not want publicity and only reluctantly allowed his name to be released as the benefactor of the fund.

White said when McDonald began discussing the fund, it became difficult to find a blueprint anywhere in the country.

"We've been working on this for many months," he said. "It doesn't fit a classic model."

The new Shelby Biomedical Research Building at UAB could prove a fertile breeding ground for many new companies, White said. However, he said there is plenty of work outside of biotechnology and medicine that is taking place at UAB and Southern Research that could become marketable.

New companies could find a home in the Innovation Depot business incubator being developed at the former Sears building. That building will see the merger of downtown's Entrepreneurial Center and UAB's Office for the Advancement of Developing Industries in Oxmoor Valley.

"What this fund is about is commercializing technology, but also really importantly, it's about starting companies that can be here in Alabama," White said.

The foundation invests in about two dozen companies and generated \$11 million in revenues last year - money used to fund more research at UAB.

E-mail: mtomberlin@bhamnews.com

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