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IP speed dating: AutoHarvest gathers partners, buffs up website

By [Tom Henderson](#) and [Dustin Walsh](#)

Slower than planned, the **AutoHarvest Foundation** is gaining traction in its goal of providing an online meeting place for automakers and auto suppliers, advanced manufacturers, universities and national labs to license or find intellectual property.

When the TechTown-based 501(c)(3) nonprofit was announced in August 2011, co-founder and CEO Jayson Pankin, who previously spent seven years helping **Delphi Corp.** commercialize its intellectual property and spin off for-profit companies, hoped to go from an alpha version to beta version to final version of the technology clearinghouse's website by the end of 2012.

The final version of the website is still several months away, but AutoHarvest has been adding important partners, including the **U.S. Patent and Trademark Office**, and is up to 204 organizations that have put up information on their needs or capabilities at the site, autoharvest.org.

AutoHarvest is an IP marketplace where researchers and companies can offer their technology and patents for possible licensing deals. If there's interest, the parties can make arrangements for further discussion. Pankin said it's designed to be an eBay for technology licensing. Approval is needed to use the site.

At least one new spinoff company says it owes its existence, and its first federal research grant, to a successful search on the AutoHarvest website of available technologies.

A match made online

Song Young is CEO of **Optimal Inc.**, a Plymouth-based provider of engineering services and staffing to the auto sector. He is negotiating a license agreement for two patents with the **University of Michigan** for his new company, **Optimal Process Technologies LLC**, which was founded in Plymouth in 2012.

Young said he did a search on the AutoHarvest site for something called "dissimilar



AutoHarvest co-founder and CEO Jayson Pankin

AutoHarvest progress

- In January, U.S. Commerce Secretary Penny Pritzker told the **Detroit Economic Club** that the Patent Office had signed a memorandum of understanding to share patent information on the AutoHarvest website.
- The **U.S. Department of Defense** recently entered information on 70 of its research labs nationwide into the AutoHarvest database.
- Ann Arbor-based **InfoReady Corp.** has gathered data, including contact information for researchers, from 83,000 Small Business Innovation Research grants and Small Business Technology Transfer grants made by 12 federal agencies in the past 13 years. InfoReady is developing the upgraded version of AutoHarvest's members-only marketplace portal, due to go live by the end of summer.
- What AutoHarvest calls the Innovation Hub was launched on the site last year. It includes the data on the federal grants; access to a searchable database of import-export trade of more than 50 companies, including U.S. trade with the world; access to a database listing capabilities for North American manufacturers and distributors; a link to a patent brokerage; and contact information for area patent attorneys.

material joining," which, he said, "led to my discovery of the outstanding work done by Professor Jack Hu and his team at the University of Michigan."

While negotiating the license, Young formed **Optimal Process** and began applying for federal research grants, the first of which began in January, a **National Science Foundation** phase-one Small Business Innovative Research grant of \$149,226 to investigate "joining of dissimilar materials using rivet-weld technology."

Despite taking nearly two years longer than planned to implement and the ongoing struggles with a fundraising structure, Pankin and others say the site fills a need and is living up to expectations, if not a timetable.

"We have come up with a better mousetrap of open innovation," said Pankin. His co-founder and AutoHarvest chairman is David Cole, former chairman of the Ann Arbor-based **Center for Automotive Research**.

It is hard for Pankin to track successful matchups between companies that have technology and those seeking it. "Members voluntarily report success. We've had some deals close. Not a lot, because we're still in beta," he said.

"We're a matchmaker, not a filter. It's technology speed dating," he said. AutoHarvest offers a platform for parties to get together. After that, they negotiate on their own without AutoHarvest involvement. "We offer a collaboration room on the site where people can talk. But they do their formal deal-making off the website."

"Early on, we weren't sure you'd get the level of engagement you'd need from an online site, but we felt that what they were doing in the ecosystem was important enough to fund," said Pam Lewis, senior program manager for the **New Economy Initiative for Southeast Michigan**, which granted AutoHarvest \$475,000 in 2012 and \$400,000 last year.

"We're pleased with their user interaction, with their number of users and members," she said, adding that AutoHarvest won't be a success as *just* a website. "An online tool is important, but it needs to ... accelerate in-person interactions."

Profit or not

AutoHarvest is limited in its ability to raise funds like a traditional startup, which would seek investors, but operating as a nonprofit is the only way to get the region's automotive industry to buy into the concept, Pankin said.

Steven Crumb, executive director of automotive open-source software nonprofit **Genivi Alliance**, said operating as a nonprofit fuels cooperation for Genivi and others, like AutoHarvest.

"(The auto industry) doesn't have a lot of trust between competitors," Crumb said. "We've created an atmosphere of competition; we'd have a hard time as a for-profit member organization."

Pankin said the IP site requires a budget of less than \$1 million a year to operate at full capacity. By comparison, operating Genivi requires a budget of at least \$1 million to \$2 million, Crumb said.

AutoHarvest raised more than \$450,000 from grants and member fees and had \$247,000 in revenue in 2012, according to its 990 tax form.

Members are asked to pay fees voluntarily, Pankin said, and the organization hasn't determined a tiered-fee structure.

The **Michigan Economic Development Corp.** provided \$50,000 to AutoHarvest in 2011 to develop the concept of online

collaboration for advanced manufacturing. The New Economy Initiative for Southeast Michigan provided \$875,000 in funding divided between two grants in 2012 and 2013.

The foundation also received \$300,000 from the Flint-based **C.S. Mott Foundation** to help launch operations and begin building a rudimentary alpha version of a website.

Pledging support, and in some cases cash, at the time of launch were more than 60 organizations, including Ford; **Chrysler Group LLC**; **General Motors**; **Ohio State University**; **Kettering University**; **Visteon Corp.**; Delphi; **3M Corp.**; **TARDEC**; **Sandia National Laboratories** in Albuquerque, N.M.; **Michigan State University**; **Wayne State University**; **NextEnergy**; and Automation Alley.

Despite a tight budget, the site is progressing and will culminate with the rollout of a fully functional website. The site would include an alert system, so someone looking for something specific doesn't have to keep checking but can be notified when data is added he or she might be interested in.

"In terms of being globally live, which is the big event, we're getting close," Pankin said. "Summer would be nice. I don't think there will be snow on the ground."

In addition to its small office in Detroit's TechTown, AutoHarvest, which employs five, also has an office in the **North Campus Research Complex** at the **University of Michigan**. Eric Stief, the former director of venture development in the technology commercialization office at **Wayne State University**, is AutoHarvest's senior vice president.

AutoHarvest is entering a competitive landscape between IP marketplaces, but may carve out its own niche, said Jeff Sadowski, partner and IP attorney at Royal Oak-based law firm **Howard and Howard Attorneys PLLC**.

Sadowski said patent brokerage firms, such as Los Altos, Calif.-based **IP Venture Inc.**, have stomped out smaller IP deals by only looking for home runs.

"In the beginning, firms like IP Venture covered the spectrum of all deals; now they are only looking at patent portfolios in the hundreds of millions of dollars," Sadowski said. "If AutoHarvest can carve a niche for smaller companies looking to sell two or three patents, they are definitely going to fill a need."

One member of AutoHarvest's Innovation Hub is a competitor, Chicago-based **Intellectual Property Exchange International Inc.**, or **IPXI**, which acts as a financial exchange for licensing and trading IP rights.

The for-profit exchange performs due diligence, negotiates legal documents creates a public offering-like pricing for licensing mature technology.

Ian McClure, director of IPXI, said AutoHarvest has created a niche for earlier-stage tech collaboration and will create a funnel to IPXI as the technology advances.

"For every R&D stage, there's a need; companies are asking, 'Do I spend R&D on developing this technology or look for what's already out there?' " McClure said.

IPXI closed its first licensing deal recently, involving 600 patents associated with organic light-emitting diode technologies for display screens from **Koninklijke Philips N.V.** The licenses are being sold as five square meters of OLED panels per license, which is enough for 700 smartphones, McClure said.

Pankin said one advantage of being a nonprofit is that companies like IPXI aren't seen as the enemy. "It's collaborative. There are many ways to drive innovation," he said.

"Because we're a nonprofit, we can be trusted. We don't have favorite clients. We can be an open tent for everybody. We're in the sweet spot of what innovation is supposed to mean."

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