

Securing Private Funding for Research

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Personal Decision

- Early in my career I made a decision to focus my efforts on:
 - ✓ Research that would emphasize areas I had the passion for and that would benefit society (clientele, stakeholders, humankind, etc) and the cow
 - ✓ As long as I can maintain my research productivity and be very happy in my career, I will avoid writing grants just to secure funds
 - I do not believe that a dairy cow is a very good model for humans in my areas of research (nutrition and reproduction)
 - Exception might pelvic inflammatory disease and ovarian cystic disease

My Rationale to Explore Private Funding

PI of Grants/Research Contracts

41% (9/22)

Intramural funding at
UC Davis and at UF



Administrators and my peers were not happy with that.
It does not generate IDC
It does not support graduate students

20% (2/10)
USDA, BARD

65% (34/52)
Private Funding

\$17,000 to \$312,000

Rationale to Explore Private Funding

- Well prepared competitive federal funded grant
 - ✓ Takes me 2 months of dedication
 - ✓ 1, maybe 2 opportunities a year
 - ✓ Many of the projects do not have an opportunity to be revised for a subsequent submission

- Well prepared competitive private sector grant
 - ✓ Takes me 1 to 2 weeks of dedication
 - ✓ Multiple opportunities a year
 - ✓ Projects can be revised

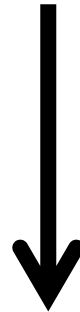
Opportunities - Animal Health

- Pfizer Animal Health
 - ✓ Global revenues at ~ 3.6 billion/year
- MSD Animal Health
 - ✓ Global revenues at ~ 2.9 billion/year
- Merial
 - ✓ Global revenues at ~ 2.6 billion/year
- Elanco Animal Health
 - ✓ Global revenues at ~1.4 billion/year
- Boehringer Ingelheim Vetmedica
 - ✓ Global revenues at ~1.2 billion/year

Animal Health

➤ Animal Health

- ✓ Costs ~ 100 million to place a new product on the market
 - Discovery research
 - Pharmacokinetic studies
 - Safety and toxicological studies
 - Efficacy studies



I want a piece of those funds, particularly if I can fit within my research interests, answer important questions for my clientele, and can support my graduate students

Animal Health

- Pharmaceutical companies involved with animal health invest ~8 to 11% of their yearly revenues on R&D
 - ✓ Their profit margin is high (50-70%)
- Approximately 40-50% of the R&D funds are used for third party research
 - ✓ Universities
 - ✓ Research laboratories
 - ✓ Privately owned agricultural enterprises (dairy farms, feedlots, etc)
 - ✓ Veterinary groups

Animal Nutrition

- Spend 5 to 10% of their gross profits on R&D
- Journal of Dairy Science in 2012
 - ✓ 33 journal articles published in January-March
 - ✓ 9 acknowledge financial contribution from the corporate sector to fund their research
- Arm & Hammer Animal Nutrition
 - ✓ \$180 million in yearly revenue
 - ✓ 30% is gross profit
 - ✓ 5% of gross profits is invested in R&D
 - 50% is directed to independent research (1.3 million/year)

(Balchem, Alltech, Adisseo, Virtus, Lallemand, Diamond V)

What the Private Sector Expects

- Good idea with proper experimental design and methods
 - ✓ It has to have some relevance to them or to their clientele (which oftentimes our clientele)
- Timely delivery (complete the project on a timely manner)
- Meet commitments (report and feed back)
- Publish results
 - ✓ 3 possible outcomes and publication will happen no matter what the results will be
 - ✓ Transparency
- Unbiased
- Keep your independence in the entire process
 - ✓ I work for the UF, and not for company X

My Approach

- I incorporate company products to research concepts, not to do “product testing”
 - ✓ I have done product testing, but only when there was \$ left to support additional research or a graduate student

- Sell my ideas to develop research with scientific merit
 - ✓ Companies that are serious about R&D do not want to do demonstrations trials

 - ✓ Do not necessarily expect immediate results

My Approach

- Identify priorities within the private sector that might be of my own personal interest
 - ✓ Make the idea of this project interesting to them
- Do not make false promises
 - ✓ Results can be negative, no difference or positive
 - ✓ They are all valid and will be in the public domain once published
- Discuss preliminary results, but do not release anything until we have reviewed all the data
 - ✓ Marketing within the corporate sector can be your worst enemy!

Challenges

- Private sector does not like the 46% IDC
 - ✓ Accept 25% IDC and funding graduate students, but most refuse 46% to go to the university without any visible return to their investment
 - ✓ I have lost 2 grants (\$148,000 and \$174,000) because the university did not accept 25% IDC
- Private sector oftentimes bids and go with institutions in which research is more competitive
 - ✓ Cost is an issue to them and many of us are asking for a piece of the pie
- Few opportunities for matching funds with University or government funds