

SUBMITTED BY:

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**UNIVERSITY CONTRACT TO LICENSE A TECHNOLOGY TO
DETROIT COLLABORATIVE WORKS (DCW)
NEW COMPANY OWNED IN PART BY WSU COMPUTING & INFORMATION TECHNOLOGY
CURRENT AND FORMER STAFF**

RECOMMENDATION

The Administration recommends the Board of Governors authorize the President or his designee to contract with DCW, INC., to enter into an option for an exclusive license for commercialization of the intellectual property encompassing the Technology entitled “Academica.”

BACKGROUND

Joseph Sawasky, acting at the time as the Chief Information Officer and Associate Vice President in the Division of Computing and Information Technology, led a team that developed a replacement campus-wide portal entitled “Academica.” Named inventors on WSU Tech I.D. #15-1262 include Joseph Sawasky, David Thompson, Adam Lincoln, Bradley Dunn, Michael Ward, Daren Hubbard and Robert Thompson, all staff of C & IT. Development of the Academica Portal was a high priority WSU project.

During the development of this portal, C & IT staff approached the office of Technology Commercialization as it was felt that the developed platform may have commercial value for other educational institutions and target vertical markets.

Joseph Sawasky along with members of the current team formed an L.L.C. in April, 2015. The new company, Detroit Collaborative Works (DCW), LLC, was formed to sell and support sales of this portal to external users. The technology that will be a cornerstone of commercial activities, Academica, has been deemed not viable for patent protection due to the existing commercial component aspects as well as this being a software-based technology. The technology is protectable via copyright and trade secret efforts, and therefore is a candidate for licensing to DCW. This option is targeted for a six-month duration to evaluate the process and commercial value in a real-world setting in order to establish a value foundation to be addressed in a potential conversion to an exclusive technology license.

Joseph Sawasky resigned his position with WSU and is now the CEO of Merit Network Inc., a non-profit, membership model information and data support company based in Ann Arbor, Michigan. In addition to his role as Merit’s CEO, he is also the president and CEO of DCW. It is envisioned that Merit Networks will have a role in the distribution and support of the “Academica” commercial platform via DCW although that is not completely defined at this time.

The technology was disclosed to Wayne State on 10/2/2014 under file number 15-1262. The technology has benefited from WSU financial, facility and equipment resources as well as being a product of WSU administration direction.

Michigan Conflict of Interest law requires specific sunshine procedures in order for a University employee, or a company owned by a University employee, to contract directly or indirectly with the University:

(A) The employee must disclose any pecuniary interest in the contract to the Board and the disclosure must be made a matter of record in the Board's proceedings.

(B) The contract must be approved by a vote of not less than two-thirds of the full membership of the Board in open session.

(C) The Board's minutes must report:

(i) The name of each party involved in the contract.

(ii) The terms of the contract, including duration, financial consideration between the parties, facilities or services of the public entity included in the contract, and the nature and degree of assignment of employees of the public entity for fulfillment of the contract.

(iii) The nature of any pecuniary interest.

If the Board approves this Recommendation, the minutes will report as follows:

The Board of Governors authorized the President, or his designee, to contract with DCW, LLC, of which Joseph Sawasky, a former Wayne State University employee, is President and CEO. The following current WSU C & IT staff (with the exception of Joseph Sawasky) hold the following ownership positions in DCW:

- Mike Gregorowicz: 40%
- Joseph Sawasky: 30%
- Daren Hubbard: 15%
- Robert Thompson: 15%

WSU C & IT staff will therefore have the potential to financially benefit from the commercial success of the company, including the commercialization of the University's Technology known as "Academica."

(i) The parties involved in the contract are Wayne State University and Detroit Collaborative Works, LLC,

(ii) The contract will provide:

(a) An option to acquire an exclusive, worldwide royalty-bearing license for market evaluation purposes.

(b) The option shall be for six (6) months, extendible for up to six (6) months upon request.

(c) Financial consideration of:

(1) Option issue fee of \$750.00;

(2) DCW to pay WSU 12% royalty during option period on all revenue generated related to the licensed technology and commercial uses thereof.

(d) No University employees are assigned in connection with the licensing contract.