

Benetech

Concept Originator Frequently Asked Questions

Why would inventors or entrepreneurs bring their ideas to Benetech?

Inventors or entrepreneurs should first go to the capital market as funding mechanisms for their projects. If the invention or concept is not driven by promising commercial return, but by addressing with great impact an unmet social need, Benetech can assist in several ways:

- Help the idea become a reality: deliver it to the consumer
- Bring the idea to market considerably faster than other sectors (e.g., the government)
- Apply funding inside Benetech to develop and launch the idea
- Provide expertise, organizational support, and nonprofit status and structure
- Connect the innovator with like-minded people
- If needed, provide a salary or, alternatively, a royalty to the inventor or entrepreneur: however, as a nonprofit, Benetech's responsibility is to the public, not to the individual. No one will get wealthy as a result of a Benetech project, but we do offer compensation that is near-market and the tremendous satisfaction that comes from alleviating significant social problems.

Will Benetech give me a grant to develop my concept?

No. Benetech is not a grant-making organization. Benetech operates social ventures under our nonprofit aegis to ensure that projects are managed carefully to comply with our nonprofit requirements.

Will Benetech make a venture capital investment in my company?

No, Benetech does not make venture capital investments. We are an operating nonprofit.

Why should I work with Benetech?

If your technology idea has significant potential to help society, but doesn't offer a strong financial return to a for-profit investor, it's often difficult to deliver that benefit on your own. If what's really important to you is to find a way for your innovation to truly serve humanity, our nonprofit enterprise model may be a strong option.

If we choose to develop your product concept, we will quickly bring it to those who need it most, using our capital resources, product development expertise, organizational capacity and nonprofit status and structure. In many cases, this is the fastest way to develop a non-commercial product or service and to begin delivering social benefits.

How does your process work?

If we decide to develop your concept, we will work closely with you to develop an executive summary of your project. The Benetech management team will then decide whether to fund further work on the project. However, only 10% of concepts evaluated receive additional support. This additional work generally consists of technical feasibility research, market research and the development of a complete social enterprise business plan. The Benetech management team will then meet to decide whether or not to recommend full funding for the project. The recommendation to fund must be approved by Benetech's Board of Directors.

How will I be compensated for my intellectual property or work on the project?

Benetech will work with you to negotiate a no- or reduced-cost license for your technology. As a nonprofit organization, Benetech's responsibility is to the public, not to the individual innovator. No one should expect to make a lot of money from a Benetech project.

What if there's a commercial application of my concept/product/etc.?

If you can obtain funding through traditional for-profit funding mechanisms, we believe you should do so. Capital formation is easier in the commercial sector for ventures that qualify. If you make a lot of money, please consider the applications of your technology to needs that aren't commercially lucrative but may benefit society. There are great tax benefits for donating appreciated stock as well!

If for-profit funding is not possible, but there may be a potential commercial application of your concept in the long term, we would consider negotiating a contingency royalty agreement. Because Benetech is raising the capital as donations from foundations and individual philanthropists, you should not expect to get rich from such an arrangement. If your questions about working with Benetech are focused on making money, then it's unlikely that a relationship with us is the right choice – our focus is on social benefit. Moreover, we are legally obligated not to return profits to individuals.

Alternatively, if you are already pursuing a commercial application of your product, but also see a non-commercial opportunity that you are unable to pursue, please contact us. If we decide to proceed, we will make sure to focus on the non-commercial market and minimize impacts on the commercial prospects of your firm. We have had very successful arrangements with companies such as IBM, HP, Intel and Sony in which our corporate partners have made significant efforts to support our nonprofit projects with commercially developed technologies. In fact, Benetech's most common mode of operation is to adapt commercially developed technology to a new, socially oriented application.

See below for legal issues related to for-profit/nonprofit licensing arrangements.

Can I protect my intellectual property? Who owns the rights to work performed in a project in which I work with Benetech?

Benetech will take great care to protect your existing intellectual property. However, rights to Benetech work are more complicated. We may choose to license your technology on an exclusive or non-exclusive basis. In either case, we must retain the rights to all of our work performed under that license, even if you are involved with the project. That is, while you would retain full rights to your existing intellectual property, you would not be able to convert new intellectual property developed in a Benetech project back to for-profit use. As a nonprofit, we cannot use tax-exempt funds to perform what would essentially be for-profit R&D.

Will Benetech partner with my for-profit / nonprofit organization to develop a concept of ours?

We do partner extensively with nonprofits to develop Benetech projects but only under a licensing agreement in which the project was managed by Benetech and developed with the assistance of the initiating organization. Often, Benetech provides a technology transfer option for projects that are not commercially viable. Similarly, while Benetech does pay for-profit organizations for consulting services or to license technology, Benetech's nonprofit mission is not served by assisting a for-profit company in developing a product that would be sold on a for-profit basis.

What if my concept will not break even financially or has no potential revenue?

How does Benetech evaluate project concepts?

Although social entrepreneurship is our core model, not all worthwhile projects will have the potential to break even. Some projects will break even when the startup funding is not included, and other projects may require an ongoing subsidy to exist. Still other projects may accomplish their social good in a limited time period and come to a successful conclusion. The chief metric used by Benetech is social return on investment, not financial return on investment.

How much will Benetech spend to develop a project concept?

We are specifically seeking projects with a budget of up to \$2 million, but will review and evaluate smaller projects that are in our areas of expertise and interest. This money will come from Benetech general funds, from donor contributions to Benetech, or both.