



Leveraging intellectual property for exploitation and fundraising

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A land of opportunity – and some danger!

- Role of IP in funding
 - Potential value
 - Obstacles to realisation
- Surveying the landscape
- IP vs. OI?
 - Use of different strategies for different market conditions
- Conclusions



Role of IP in funding

- Total UK investment in intangibles is c £130bn
 - Scientific R&D accounts for around £16bn
 - Similar amount invested in brands*
- Around 75% of the market value of larger businesses cannot be accounted for by their net assets
 - Because it's in their intangibles
- Unsecured commercial lending “dead”
- Intangibles will become the new security of choice
 - Once we get a few little hurdles out of the way...

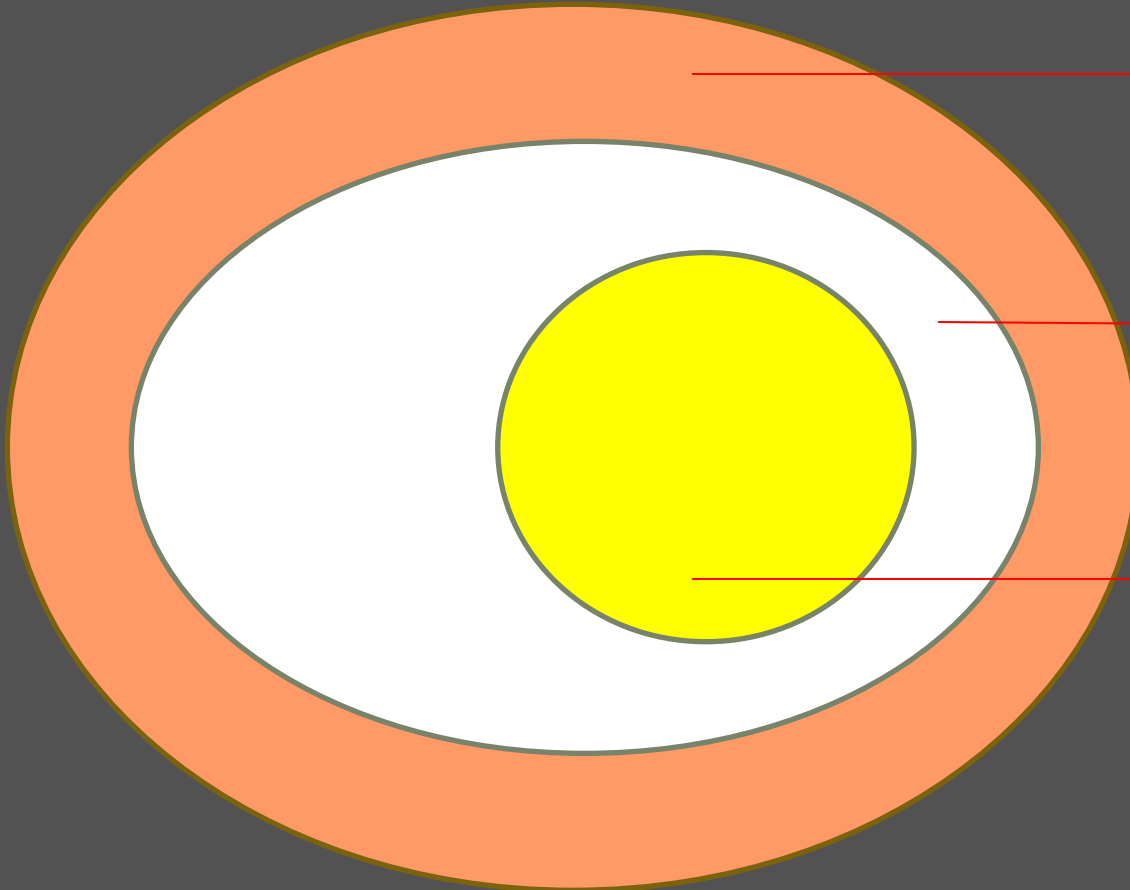
**Sources: HM Treasury/Westminster Business School*

Obstacles

- Practical not legal issues (appropriate rights/contracts exist)
 - Companies can't easily define what they (or others) have got
 - Lenders can't see where the assets lie
 - Important rights (especially copyright) not publicly registrable
 - Lack of a relevant "notice" function
 - No valuation to start the ball rolling
 - No marketplace to support trading
- Inngot created to address these issues
 - Classification system for companies and the key intangibles
 - Indicative valuation mechanism



The IP landscape: a Scotch Egg?



Knowledge capital:

All the knowledge-based resources companies can access and use, including staff & their skills

Intellectual assets:

Identifiable things a company can say it owns, from contracts to specialist know-how to trade secrets

Intellectual property:

Patents, trade marks, registered designs (which require registration) & copyright (which is automatic)



ADDING VALUE TO YOUR IP

Focus on the egg part...

- Intellectual assets (not just IP) form the currency of the knowledge economy
 - It's what you ultimately licence, sell or share
- To use them, you have to know what they are & where they are in your business
 - And they may be well hidden
- They are incredibly versatile
 - Other companies may be able to find uses for them you've never dreamed of





Unusual bedfellows

Openness vs. monopolistic rights

- Corporate patenting policies
 - Protecting 100%, using 10%
- Concerns over ownership disputes
 - “No patent, no talk” policies (especially in US)
- Commercial attitudes of HEIs
 - (Or lack of them)

Generally, too much focus on IP will scare away the very people with whom interacting could provide the most benefit... Intellectual property is beneficial to Open Innovation when it is used more as a signalling device than as a control right.

Does IP Strategy Have to Cripple Open Innovation?,
Alexy, Criscuolo & Salter, MIT Sloan Management Review 2009

Different environments...



Does IP Strategy Have to Cripple Open Innovation?,
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...produce different IP strategies

- “Calm Puddles”
 - Look to augment operations with specific IP, for defined and (relatively) predictable ends
- “Calm Oceans”
 - Need to scan widely to find competitive advantage
 - Ability to own IP will be very important in the solution
- “Turbulent Puddles”
 - Where knowledge is thinly spread, potentially disruptive and high risk, partnering with experts to generate new IP is highly attractive
- “Turbulent Oceans”
 - Many potential sources of knowledge: publish own IP to attract a broad base of customers/users

Where is eco-innovation on this axis?

- A massive global driver
 - Lots of activity across a broad spectrum of related areas
- Quite a lot of financial support is out there
 - Though much of it directed towards particular challenges
- Many competing solutions under development in cleantech
 - There are bound to be winners and losers, but right now, it's hard to pick the winners
- IP exploitation is going to be vital



Make sure your eggs can be found

- Be clear where your capabilities and differentiators lie
- Understand the market dynamic
- Talk to your KTN
 - Knowledge of your field (and links to others)
 - Ability to facilitate introductions
- Pinpoint the opportunity
- Identify preferred strategy
 - License, collaborate, or go for funding and do-it-yourself
- Go for it!





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